

3G licenses to follow restructure

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The long-awaited 3G (third generation) licenses will be issued as soon as the current telecom restructuring is complete, the government said on Saturday.

In a joint statement issued during the weekend, the government said it encourages China Telecom to buy China Unicom's code-division multiple access (CDMA) network and China Unicom to incorporate with China Netcom.

The much-awaited overhaul of the telecom industry started on Friday when China Mobile Communications Corp (CMCC), parent of Hong Kong-listed China Mobile Ltd, said in an announcement that it would acquire fixed-line operator China Tietong Telecommunications Corp and disclosed a slew of personnel changes.

Saturday's announcement was jointly made by the Ministry of Industry and Information Technology, the National Development and Reform Commission, and the Ministry of Finance, which said the government encourages CMCC to take control of China Tietong and China Telecom to combine the basic telecom services unit of China Satcom.

Experts estimate the restructuring may take four to six months, given the difficulty in asset assessments, especially those of China Unicom's GSM and CDMA network.

The roll-on of 3G will enable Chinese mobile phone users to enjoy a range of services that support applications such as high-speed Internet access, games and mobile TV.

According to earlier reports, China Mobile will be granted a 3G license based on the country's home-made technology TD-SCDMA, while China Telecom and China Netcom will get theirs based on the WCDMA and CDMA2000 standard respectively.

The 3G licensing will also unleash huge demand for infrastructure, equipment and handsets, presenting opportunities to foreign companies like Ericsson, Motorola and Nokia as well as domestic players such as ZTE and Huawei Technologies.

China is the world's largest mobile phone market with the number of wireless subscribers reaching 583.5 million by the end of last month, according to government figures.

But the country's telecom market has long suffered from a lack of competition under the de facto monopoly of China Mobile, which has been raking in huge revenues in recent years and taking business away from fixed-line carriers China Telecom and China Netcom as users go mobile.

China Mobile's only rival, China Unicom, has not been a serious challenger as it struggled to operate two often-competing networks.

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