



Market News Snapshots

China cellphone market to grow 7.7 pct in 2009 –iSuppli

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BEIJING, Jan 23 (Reuters) - China's cellphone market is expected to grow 7.7 percent in 2009, bucking the declining trend faced by global mobile handset makers, research firm iSuppli said.

The domestic handset market will see the shipment of 239.1 million units in 2009, up from 222.1 million last year, the U.S. research agency said.

However, China's third-generation (3G) handset shipments will not increase dramatically in 2009, iSuppli noted, adding that only 3 percent of the total, or 8 million phones, will be 3G-enabled.

Beijing recently issued three 3G licenses to its three state-run telecom carrier and said investment in the field would amount to 400 billion yuan (\$58.5 billion) over the next three years. [ID:nLM718085]

"China's three wireless operators are attracting new subscribers by reducing service fees. This will greatly contribute to demand from first-time buyers," said Kevin Wang, a senior manager of China research at iSuppli.

New subscribers are expected to exceed 90 million in 2009, partially helped by the government's subsidy policy for consumer electronics purchases in rural areas, Wang added.

China is the world's largest mobile market, with more than 600 million subscribers, according to the latest government statistics.

Among those, nearly three quarters subscribe to China Mobile (0941.HK), with the rest spread between networks operated by China Unicom (0762.HK) and China Telecom (0728.HK).

iSuppli estimates that all Chinese handset producers would ship more than 360 million units in 2009, up 20 percent from 2008, to both domestic and overseas markets.

Local firms Huawei [HWT.UL] and its smaller rival ZTE (0763.HK) 000063.SZ are likely to lead the China's 3G handset market, iSuppli said, without offering sales estimates for either firm.

A pronounced slowdown in consumer spending has taken its toll on the sales of top global mobile phone makers across the world. iSuppli forecasts a 10.7-percent drop in global handset shipment this year.

Nokia (NOK1V.HE) on Thursday reported a worse-than-expected dive in quarterly profit, and warned market volumes would shrink 10 percent this year. Profitability at Nokia's handset unit roughly halved to the lowest this decade. [ID:nLL462427]

Global number three handset maker LG Electronics (066570.KS) posted a record quarterly net loss, and last week number four Sony Ericsson (ERICb.ST) announced a bigger-than-expected loss along with plans for further cost cuts.

Foreign handset makers had 56 percent of the China market a last year with Nokia leading the market, with a 37 percent market share.

Growth in China's cellphone market will continue into the next few years, according to iSuppli, which sees handset shipments climbing to 259.4 million and 278.2 million in 2010 and 2011, respectively. (Reporting by Michael Wei; Editing by Kim Coghill)

Source: Reuters

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