

Emerging markets pushing cell-phone growth

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Cell phones no longer are rare status symbols in developing countries. In fact, mobile-handset manufacturers worldwide should be looking to emerging markets for the bulk of their sales in the near future, an industry analysis firm predicts -- although there is concern strong sales will not necessarily lead to high profits. This week the British arm of Gartner Group, an international telecom research firm with headquarters in Stamford, Conn., reported that mobile-phone sales worldwide will reach 1 billion units by 2009.

"The world's appetite for mobile phones has exceeded even the most optimistic expectations. Mobile phones could go on to be the most common consumer electronics devices on the planet," Ben Wood, Gartner's research vice president for mobile terminals, said in a news release. The company estimates mobile-phone sales will increase 16 percent this year to 779 million units, with one in every four phones sold worldwide in the Asia-Pacific region. Moreover, Asia-Pacific demand is expected to continue to expand and by 2009 account for one in every three phones sold -- with India surpassing China as the biggest market.

The Gartner forecast added that Latin American sales also will be brisk in coming years, with demand in Brazil particularly strong. Such findings were in line with recent research by the International Telecommunication Union in Geneva, which reported in May that about 20 percent of the global population now uses mobile phones, compared with 0.3 percent as recently as 1991. Furthermore, the ITU said about 80 percent of people worldwide are within reach of a mobile-phone signal, and about 50 percent of all households will have phone access over the

next decade. The question is whether there is profit to be made in soaring sales.

One telecom executive, who spoke to United Press International in a telephone interview, said as demand grows there is "even more competition among manufacturers to make cheaper, affordable handsets," so the profit margin in selling phones is shrinking. Other observers, however, think the exploding market in developing regions will provide opportunities beyond those available now from selling ever-more-complex mobile phones to the U.S., European and Japanese markets. For instance, Infineon in Munich said it will slash cell-phone production costs by nearly one-half, to under \$20 from the current \$35, within the next few months. "Around 3.5 billion people now living in areas with mobile phone coverage cannot afford their own mobile phone, but this could soon change," Infineon said in a statement, adding that it will seek to cater to that growing market.

The mobile-phone market is growing rapidly because developing countries are finding it more cost-effective to build cell-phone towers than to bury fiber-optic cables to set up landlines. In some parts of the Middle East and Africa mobile phones are more common than landline phones.

That is the case in Iraq, where one local entrepreneur is trying to expand his company's mobile network. Humam Abuamara, chief executive of Asiacell, told UPI that cell-phone demand in the country is strong, adding that his company expects to double the number of its subscribers to about 1.5 million by the end of this year.

Iraqis "are becoming richer ...and they want more," Abuamara said. That includes better telecommunications networks.

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