



Honourable guests,

Ladies and Gentlemen,

It is my pleasure to welcome you on behalf of the International Telecommunication Union to this opening session of the Asia Telecom 97 Forum. I am proud to say that this, the fourth TELECOM Exhibition and Forum held in the Asia-Pacific region, will be the biggest and, I hope, the best ever. Certainly, in terms of the number and variety of speakers and panelists that have been assembled on the Forum programme, those boasts about biggest and best will easily be met. But it is your active participation which will determine the success of this event. And it is hardly surprising that so many of you are here. I am sure you have come not just because of the quality of the food or the accommodation here in Singapore, though I am glad to say that that it is as wonderful as ever. Rather it is because of what the Asia-Pacific region represents, as a dynamic and increasingly open marketplace.



## **Asia-Pacific Telecommunications**

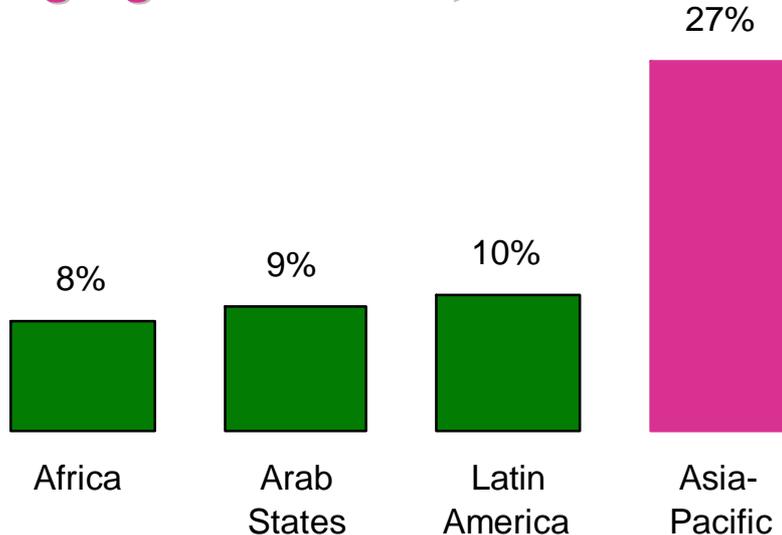
- **New markets:**
  - One half of all new fixed lines installed in 1996
  - Two fifths of all new mobile subscribers in 1996
  - Two thirds of all households without service
- **New players:**
  - More than 80 new market entrants since 1990
  - More than half of global telecom privatisations
- **New media:**
  - Internet doubling in size every year
  - New licences for PCS, PHS and mobile cellular

Indeed, I propose to take this as my theme for this opening presentation: New markets, new players, new media. Few regions of the world can claim to match Asia-Pacific in terms of sales of new telecommunication equipment and services, and none can match it in terms of its potential. A few statistics illustrate this point: In 1996, the Asia-Pacific region accounted for more than half of all the 52 million new telephone lines added worldwide and just over two-fifths of the 46 million new mobile subscribers. But despite this phenomenal expansion, the Asia-Pacific region still has more than two thirds of all the households worldwide that are not yet served with even the most basic telecommunication facilities.

In terms of new players that have entered the market the contrast with other regions is even more striking. One does not need many fingers to count the number of new market players that have been created in other regions of the world such as Africa, Latin America or Eastern Europe, despite the enthusiasm there for market liberalization and privatization. But in the Asia-Pacific region, more than 80 new facilities-based carriers that have entered the market since 1990, and not even all the fingers of the people in this room would be sufficient to count the service-based operators and resellers that have entered the market.

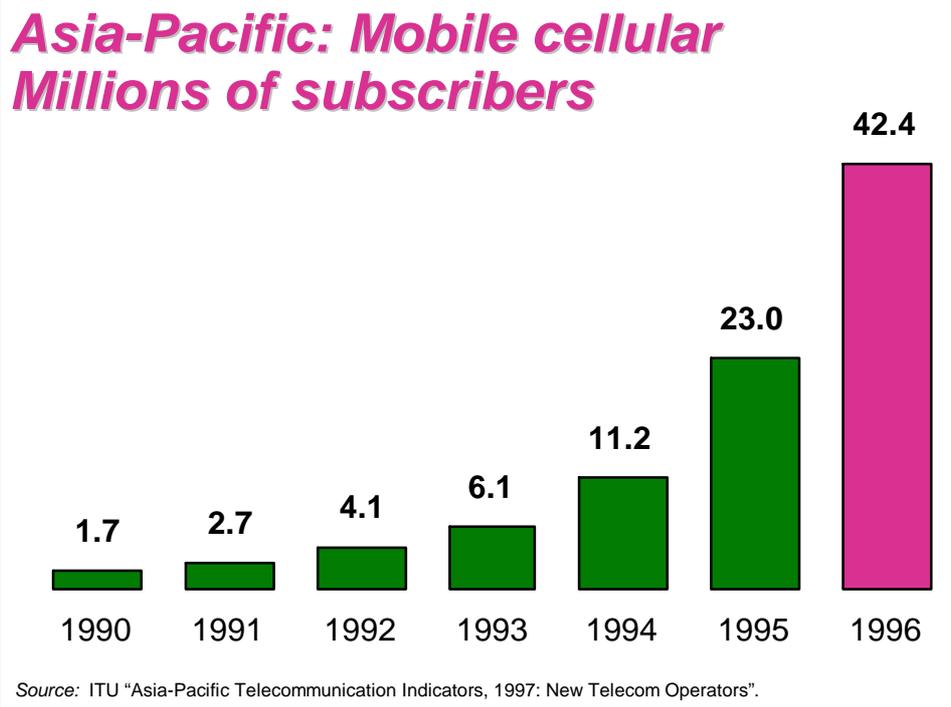
In new media too, though a slow starter, the Asia-Pacific region is now forging ahead with roll-out of Internet, wireless local loop, digital mobile cellular and multi-channel television networks. A dynamic region should make for an exciting conference!

## **Annual growth in telephone network Emerging economies, 1990-95**



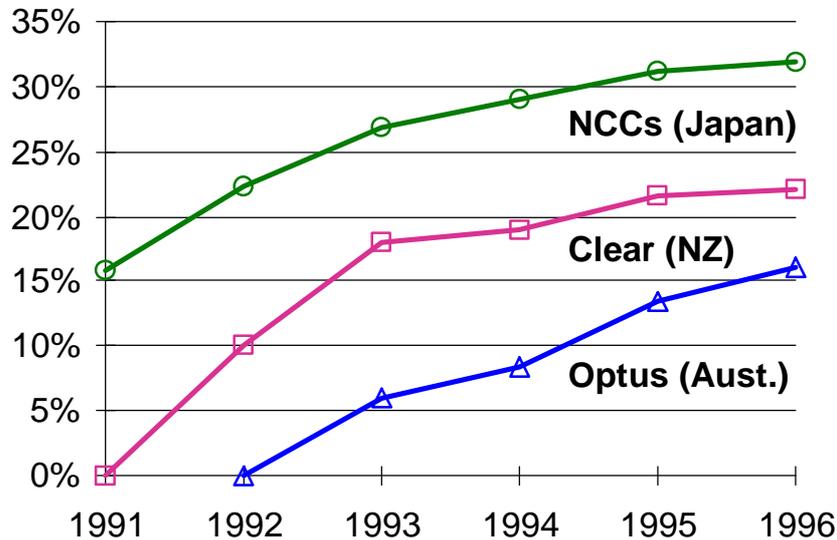
Source: ITU "Asia-Pacific Telecommunication Indicators, 1997: New Telecom Operators".

The dynamism of the region is coming not so much from its developed economies, though they are providing a clear direction, but rather from its emerging economies. The annual average increase in the number of telephone lines since 1990 in the emerging economies of Asia-Pacific has surpassed every other region of the world. But, despite rapid growth, the teledensity (main telephone lines per 100 people) of Asia-Pacific emerging economies is still well below other developing regions such as the Arab States or Latin America. High growth in the region is matched by even greater potential.



This conversion of high demand into high growth is most evident in the mobile cellular market. The number of cellular subscribers in the region increased by 84 per cent during 1996. The total number of cellular subscribers has increased by 40 million since 1990 and the region now accounts for one third of the global total, up from 15 per cent in 1990. The region is well-placed to benefit from the next generation of mobile technology. In Japan, for instance, where digital services were introduced in 1994 and a cordless local access system, based on PHS (Personal Handyphone System) technology, was launched in 1995, the number of mobile subscribers has soared to more than 20 million. The shift to digital and micro-cellular technologies should provide a further boost to growth throughout the region.

## Market share of new operators: As % of national long distance calls



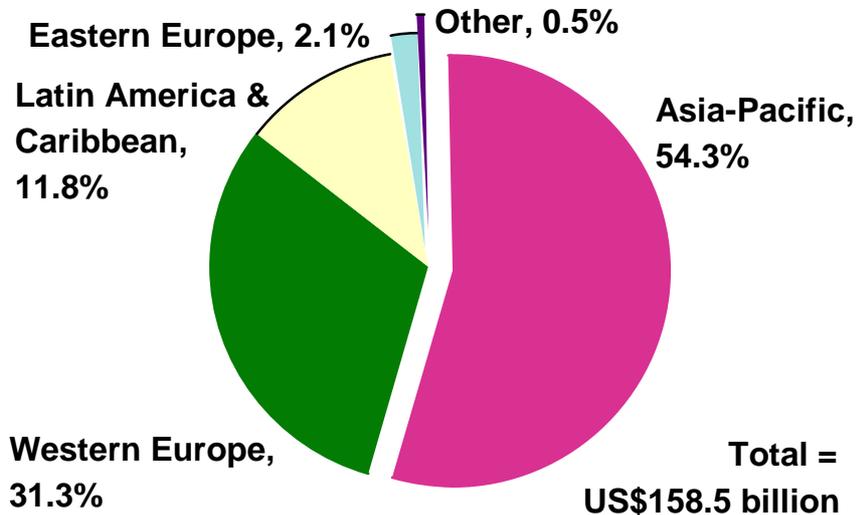
Source: ITU "Asia-Pacific Telecommunication Indicators, 1997: New Telecom Operators".

But technological change is only one part of the picture.

What characterizes the Asia-Pacific telecommunications revolution most clearly is the large number of new operators which have entered the market. In three of the region's developed nations -- Japan, New Zealand and Australia -- those new entrants have succeeded in taking up to a third of the market for long-distance calling. Prices in this part of the market have come down by some 10-15 per cent since 1993 as the incumbent operators have responded to the new entrants. New market entrants have made similar gains in international traffic markets particularly in those countries that have liberalized the market for alternative calling procedures, such as call-back.

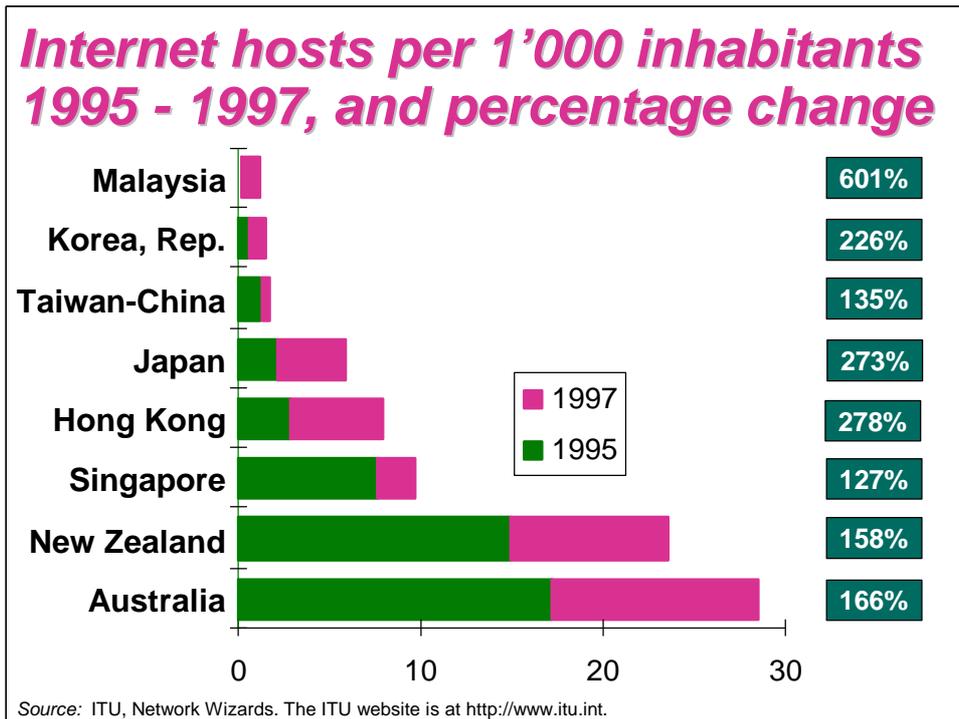
New market entry is now allowed in an increasing number of countries. Among emerging economies, the Philippines has led the way by linking new market entry with universal service obligations. As a result, the Philippines has succeeded in doubling telephone access in just a couple of years. Similarly, economies such as Thailand and Indonesia have introduced privately-owned and financed operators to the market through franchises and Build-Operate-Transfer concessions. Out of the 80 or so new facilities-based new market entrants, I am sure that some will fail, but many will prosper and some may turn out to be the NTT or the SingTel of a new generation.

## **Telecom privatizations, value by region, 1984-96**



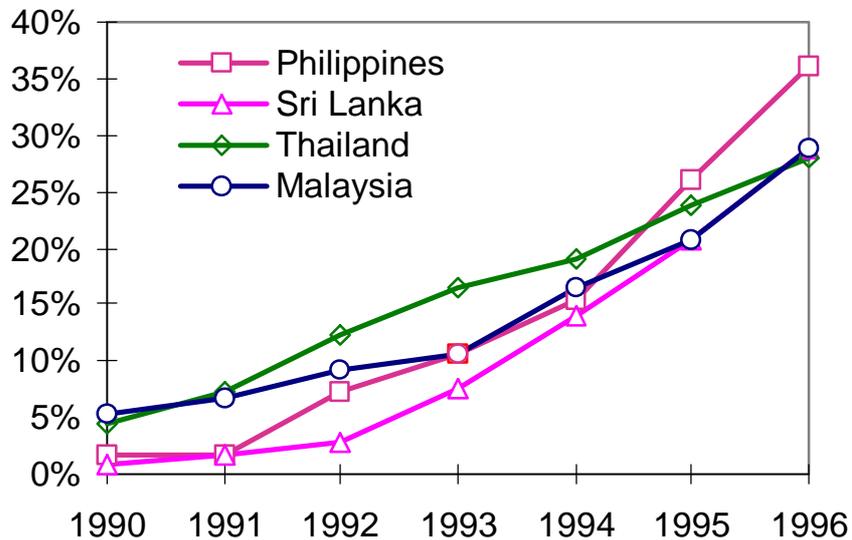
Source: ITU World Telecommunication Development Report, 1996/97.

While new market entrants are bringing a fresh look to the market, the incumbent operators of the region are also changing, notably through the injection of private capital. Of the US\$160 billion or so which has been raised from telecommunication privatisations around the world, the lion's share (or, should I say "the tiger's share") has come from the Asia-Pacific region. Investor markets have shown faith in the future of telecommunications in the region by financing privatisations, bond issues and other capital-raising schemes which are underwriting the ambitious plans of national telecommunication operators.



To this potent combination of new markets and new players, a further element can be added: new media. The Internet was originally slow to take off in the region, but is now showing fast growth. The promise of the Internet lies in its ability to open up new markets and new ways of doing business. At the ITU, for instance, we are already working with software development contractors in India and the Philippines, via the Internet, in ways that would not have been possible at the time of the last Asia Telecom event. Similarly, those of you in the region that wanted to find out information about this event or to buy ITU publications no longer have to wait for the Europeans to wake up, either physically or metaphorically. You can download the information direct from our website.

## Mobile cellular subscribers as a percentage of all subscribers



Source: ITU "Asia-Pacific Telecommunication Indicators, 1997: New Telecom Operators".

Further evidence of the spread of new media is shown in the level of substitution of traditional, wireline telephone systems by wireless cellular systems. In Cambodia, for instance, cellular subscribers now outnumber fixed ones and in several other countries of the region, notably the Philippines, Sri Lanka, Thailand and Malaysia, the cross-over point might not be far away. Again, contrasts with other regions are startling. There are more mobilephones in Thailand, for instance, than in the whole of Eastern Europe and the former Soviet Union combined. A footloose technology, such as mobile cellular, seems particularly appropriate for a dynamic, young and energetic region.



## ***Regional dynamism: The Asian way***

- **Respect for the old, but enthusiasm for the new**
- **Different paths, similar goals**
- **Soaring demand, increasingly liberalized supply**
- **Open to, but not dependent upon, foreign investment**
- **Accelerated path to a multi-player market**
- **Diversity**

To conclude, it is worth considering what really drives the Asia-Pacific market? What makes it different? Is there an “Asian way” which will shape telecommunications in the region and which will differentiate it from, say, a European or a North American way. It is difficult to capture the essence of a region which is so rich in diversity and culture. But I would offer a few thoughts:

The common factor throughout the region is the strength of demand for telecommunication services. This is driven by the general economic dynamism of the region, but other factors also come into play, such as the young demographic profile of the region, the importance of domestic savings, the technophile and entrepreneurial culture. The rise of new operators is symbolic of a region in which, while old ways of doing things deserve respect, there is always more enthusiasm for the “new”.

Expansion and diversification of infrastructure and services is the ultimate goal of all governments trying to supply better communication services to their population, but several different recipes have been followed. Many of the ingredients are the same -- liberalized market entry, increased private sector participation, franchising, regulation -- but the precise blend varies from one economy to another. And that is the way it should be.

If there is one word that sums up the Asia-Pacific region, it is “diversity”. In planning this Forum programme, we have tried to keep that in mind and to reflect the cultural, political, social and economic diversity of the region. I hope that, by the time the Forum ends on Friday, you will agree that we have succeeded.