Europe slow to adopt 4G mobile: sector execs

Leila Abboud and Marie Mawad, Reuters

Europe's rollout of fourth-generation mobile networks is trailing major operators in the United States and parts of Asia which are already offering the service to millions of customers.

In interviews at the Broadband World Forum in Paris, telecom equipment makers and operators said construction of super-fast mobile networks had begun in Germany and Nordic markets including Norway and Sweden.

But other major markets such as France, Spain, Italy and Britain will not start building out of so-called LTE (Long Term Evolution) technology in earnest until 2013 since regulators there were still auctioning 4G licenses.

"Europe is lagging behind," said Philippe Keryer, head of gear maker Alcatel-Lucent's sales to operators worldwide. "Elsewhere, the LTE phenomenon has already begun."

The issue is on the radar of the European Commission and some national governments, which fear their economies will be less competitive as a result.

With the advent of smartphones and tablet computers, people connect increasingly to the web to browse, play games or watch video, leading to an explosion of data traffic on mobile networks.

Telecom operators are responding with a slew of new technologies, including everything from 4G to offloading traffic to fixed networks over Wi-Fi, to try to keep up.

Their aim is also to bring down the cost per bit of transmitting mobile data, so as to protect their profitability.

Europe's existing third generation mobile networks tend to deliver faster speeds and better service than those of their U.S. rivals, according to analysts and industry executives, because they were built more densely to comply with regulatory requirements over the past decade

So unlike in the United States where operators like AT&T suffered serious quality of service problems with the advent of smartphones such as Apple's iPhone, major operators like Telefonica and France Telecom do not have as urgent a need for 4G.

Operators are also likely to rollout 4G mobile gradually, adding it first in areas where data load is heaviest, such as in business districts of big cities.

However, in Germany, operators like Deutsche Telekom and Vodafone have actually started building 4G networks in the countryside first because regulators wanted

them to address the lack of fast broadband in rural areas.

Although 4G buildouts require huge investments in mobile licenses and network equipment, the new technology should eventually spur revenue growth for operators since people using smartphones and tablets usually sign up for more expensive mobile plans, analysts say.

But Johan Wibergh, head of gear maker Ericsson's network business, said so far operators who have deployed LTE do not charge customers more for the improved mobile service.

Mike Wright, who leads Australian operator Telstra's wireless business, said the company would benefit in other ways from the 4G network it just launched across the country in major cities.

"We aren't charging more for LTE because we want people to move over to it," he said. "Not only does it help us keep up with the growth in mobile Internet, it also cheaper for us since it has a lower cost per bit to transmit data."

(Editing by David Cowell)

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