

Submarine Cable in Asia: Bubble or Business as Usual?

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Strong Internet growth and rising demand for redundant capacity in Asia-Pacific are driving renewed submarine cable investment. Some commentators have wondered if this is a bubble that is going to burst. Ovum doesn't think so, but there is potential for danger if the wrong decisions are taken over the next two years.

Like most regions, Asia has seen fast growth in demand for international capacity in recent years, especially Internet capacity. Investment in the Asia-Pacific submarine cable market was dormant between 2002 and 2006. However, during 2007 a number of new trans-Pacific and intra-Asian cable investments were announced. While the Americas and Europe have seen many cable upgrades in the same timeframe, Asia has seen renewed investment in brand new submarine cable systems, not just upgrades of existing systems. These Asian cable systems are scheduled to come on line during the 2008–2010 period, and will add significant new capacity.

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