

Buzz surrounds iPhone before launch in Europe

Speculation about price and operator abounds

Agence France-Presse in Paris
 Updated on Jul 09, 2007

Barely out of the shops in the United States, Apple's eagerly anticipated iPhone is the subject of increasing speculation about how and at what price it would be rolled out in Europe this year. Despite a hefty price tag of either US\$499 or US\$599, depending on the memory size, analysts said Apple had sold between 310,000 and 700,000 of the gadgets since US launch on June 29.

Now the question is which European countries and crucially, which operators, will be first to benefit from the much-hyped device which combines the wildly popular iPod music player with a mobile telephone, email and internet access.

Apple has said it would release the iPhone in Europe this year and in Asia next year, without giving more specific details on timing.

On Thursday, the *Financial Times* reported Apple would limit the launch of iPhones in Europe this year to France, Germany and Britain. The rest of the continent would follow suit with Asia next year.

It also reported that O2, the British unit of Spanish telecommunications group Telefonica, was set to be the first European mobile-telephone operator to reach a deal with Apple over the device.

On Friday, the German daily *Rheinische Post* reported that T-Mobile, the mobile-telephone arm of Deutsche Telekom, had beaten rival Vodafone in the battle to win marketing rights for iPhone in Germany.

Neither of these reports has been confirmed. A spokesman for O2 dismissed them as "speculation", saying it had "not signed a deal with Apple". France Telecom, another potential candidate, has also remained silent.

There is also speculation about the price of the new iPhone. Internet rumours suggest it will cost â€899 (HK\$9,575.78) or â€999, far more than in the US, although specialists predict a cost of between â€400 and â€500.

Another question is whether the iPhone will be equipped to use the 3G network on which European operators have spent so much money - in the US, it uses only the slower 2.5G network.

Despite these concerns, Stephane Dubreuil of Sia Conseil consultancy said that mobile-telephone operators were engaging in a "real battle" over the device.

"[The product] has such an attraction that it will enable them to win new clients over their competitors," he said.

"This is typically a product that firms prefer to see among their own, not among the competition."

Apple has never hidden the fact that it would choose market-leading operators but only on the condition they accept its demands - which may demand sacrifices from the firms involved.

Mr Dubreuil said the "real revolution" of iPhone was the appearance for the first time of a telephone which "short circuits the operator and establishes direct contact with the client".

The prospect "concerns" European operators and might force them to revise their economic models, he said.

Apple has put its iTunes platform at the heart of the iPhone, allowing clients to buy music, video and games content. In doing so, many sources of mobile-telephone revenue now pass from the operator to the phone maker.