

## US-Huawei-ZTE tussle

### Why in news?

The US Federal Communications Commission (US FCC) designated Chinese telecom vendors Huawei and ZTE as national security threats.

### Why has the US banned Huawei and ZTE?

- The first official action on these Chinese telecom equipment makers was taken based on House Intelligence Committee's report (2012).
- The report said that both the companies posed a risk to national security.
- It also said that the US businesses should avoid buying equipment from them.
- On most occasions, the US had accused Huawei and ZTE of working in ways that were contrary to national security or foreign policy interests.

### Why is this ban important?

- Huawei is the world's largest maker of telecom equipment and the second largest maker of mobile phone parts.
- It has been at the forefront of innovation that allowed many companies to build large telecom infrastructure at very low costs.
- ZTE has tied up with several big corporations to manufacture their patented equipment in China at very low costs.
- A ban on both Huawei and ZTE could mean an **increase of up to 30% in cost** of telecom equipment across the board.
- Apart from hardware, Huawei has also been trying to make inroads into the software and operating systems (OS) industry.

### Will the Huawei ban impact India?

- This decision could put pressure on India to take similar action.
- **Equipment market** - The low cost equipment from Huawei or ZTE could provide some relief to domestic telcos.
- Huawei was a major equipment supplier to companies like Vodafone Idea and Airtel during the initial rollout of the 4G services in India.
- Over the years, Huawei has made inroads into nearly 25% of the total telecom equipment market in India.
- **4G expansion** - Now, Department of Telecommunications said that it would

rework the 4G network expansion tenders of BSNL and MTNL.

- This would bar global vendors like Huawei and ZTE from participating.
- **5G trials** - In 2019, the telecom minister said that all players, including Huawei, were permitted to participate in 5G trials in India.
- To allay security fears, Huawei had said it was ready to sign a no backdoor agreement with the government.
- Under the agreement, Huawei would vouch that it did not gain access to any Indian customer's equipment under any circumstance.
- Barring Huawei and ZTE from even bidding in the 5G auctions could mean equipment as much as 30% costlier.

**Source: The Indian Express**

