

# Huawei 5G troubles to test Nordic competitors' bandwidth

February 2 2020, by Sam Kingsley With Johannes Ledel In Stockholm

---



5G deployment is the next frontier in mobile data tech

Tougher UK and EU rules restricting 5G network supplier Huawei should be a golden opportunity for competitors Nokia and Ericsson, but the companies may struggle to meet the increased demand, analysts

warned.

On Tuesday, Britain imposed a 35 percent cap on the role of "high-risk vendors" in building the country's next-generation communications network, over [security concerns](#).

The change will hit Chinese giant Huawei, whom critics accuse of being ultimately under the control of Beijing, an allegation it strongly denies.

The EU followed by releasing guidelines urging member states to avoid dependency on "high risk" suppliers, though the bloc stopped short of naming Huawei or calling for an outright ban.

On the face of it, the biggest beneficiaries from this week's announcements appear to be the Chinese firm's two largest competitors, Nokia and Ericsson.

"BT in the UK thinks it's going to cost it £500 million (\$660 million) to switch out Huawei, so a good chunk of that will now be going to Nokia and Ericsson," analyst Matthew Howett of Assembly Research told AFP.

On Friday, Nokia welcomed the EU's guidelines and commitment to cybersecurity, saying in a statement that "5G starts and ends with trust and security."

Ericsson greeted the "comprehensive approach" agreed by the EU countries. "Ericsson stands ready to support this process to ensure a high level of protection for European citizens and business".

But industry watchers claim that fulfilling the increased demand left by market leader Huawei may not be straightforward.

Huawei is widely seen as providing the most advanced 5G for the super-

fast data transfers, necessary for self-driving cars and remote-controlled robots in factories or operating theatres.

"A discussion needs to take place about Huawei's perceived leadership position, and how ready Nokia and Ericsson are to step up to that over the next three year period," Howett said.

"Can they give network operators the equipment they need in the timescale?"

Last year Nokia downgraded its 2020 earnings forecast in the face of fierce competition over the 5G networks market, while chief executive Rajeev Suri played down the firm's delays in delivering some equipment orders.

Any difficulties in meeting demand will be felt by European consumers, said smartphone analyst Neil Mawston of Strategy Analytics.

"Restricting Huawei kit from the network potentially means the cost of 5G will be slightly higher and the rollout slightly slower," Mawston told AFP.

## **Worldwide concerns**

Britain and the EU are not the first powers to act on security questions around Chinese network equipment.

Washington has imposed a total ban on Huawei's involvement in the rollout of the US's fifth-generation mobile network.



France's Orange went with Nokia and Ericsson

Back in 2010 the Indian government banned imports of Chinese telecoms equipment for several months following a row over hacking.

Telecom analyst Anders Elgemyr from investment bank Carlsquare believes Nokia and Ericsson have already benefited, as operators begin to steer clear of Huawei for fear of driving away clients.

"If you lose customers by using Huawei equipment, then you avoid it," Elgemyr told AFP.

On Friday, both Nokia and Ericsson won contracts with one of Europe's

largest mobile operators, Orange France, to deploy 5G networks across the country.

However, the battle for network contracts in Europe remains fierce, with Orange having used Huawei in its other markets including Spain, Belgium, Poland and Romania.

In Germany, the Chinese firm secured a contract to provide 5G for Telefonica.

As of mid-January, Ericsson told AFP it had signed a total of 79 contracts for 5G while Nokia announced 63.

Huawei told AFP in December it had secured 65 orders.

Elgemyr expected Huawei to fight back by aggressively targeting markets in Asia, South America, the Middle East and Africa—which in turn could lead to more pressure on Nokia.

Meanwhile critics have accused Huawei of enjoying unfair levels of state aid.

A Wall Street Journal analysis of annual accounts found that between 2013 and 2018, the Chinese firm reported receiving 17 times more government money than Nokia, while Ericsson received none at all.

## **Political tug-of-war**

The question of who benefits in the longer term will in part depend on how Britain's and the EU's new regulations are implemented in practice.

"Will the 35 percent UK limit for outer 5G networks be a soft guideline or a hard stop?" Neil Mawston said.

"Is the 35 percent UK cap a political cover to eventually trend Huawei down toward zero?"

Unlike the United States, Britain has been using Huawei technology in its systems for the past 15 years.

But US officials insist there is "no safe option" for Huawei to control any part of the [network](#), and are not convinced by UK and EU plans to exclude risky operators from "sensitive" locations such as nuclear sites and military bases.

"This political 5G tussle will rumble on for the rest of the decade," Mawston predicted.

© 2020 AFP

Citation: Huawei 5G troubles to test Nordic competitors' bandwidth (2020, February 2) retrieved 4 May 2024 from

<https://techxplore.com/news/2020-02-huawei-5g-nordic-competitors-bandwidth.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--