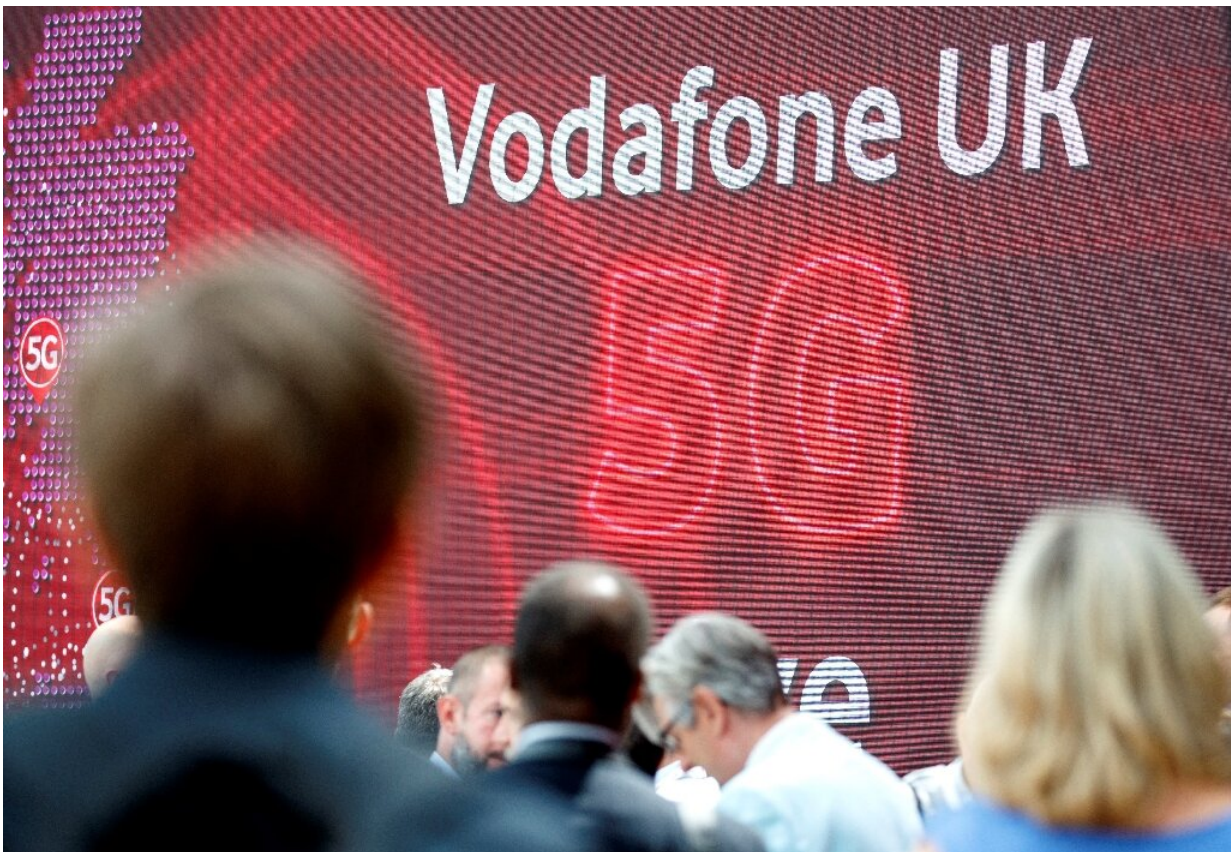


Vodafone takes 200-mn-euro hit from Huawei 5G curbs

February 5 2020, by Roland Jackson



British telecoms giant Vodafone said government and EU restrictions on Chinese peer Huawei over 5G will cost it 200 million euros

British telecoms giant Vodafone revealed Wednesday that it would cost about 200 million euros (\$221 million) over five years to remove

controversial Chinese group Huawei's equipment from core 5G European activities.

"We have now decided, as a result of the EU (recommendations) and the UK government's decision, to take out Huawei equipment from the core," Vodafone CEO Nick Read said in a third quarter conference call to reporters.

"It will take around five years to implement at a cost of approximately 200 million euros," he added, stressing that the cost would mostly apply to its European activities outside of Britain.

The UK government decided last month to exclude Huawei from core parts of the 5G network and also to cap its share of the market at 35 percent, insisting that "high risk vendors" would be excluded from "sensitive" activities.

London's decision came shortly after Brussels said it also would allow Huawei only a limited 5G role in the European Union.

Read added Wednesday that Vodafone had a "very limited amount" of Huawei technology in core European infrastructure—but warned it would take time to remove and swap equipment without disrupting customers.

Huawei 'already on pause'

The London-listed company had already decided last year to pause Huawei usage in core systems in Europe.

"On 5G network security and supply chain resilience, I am pleased that the UK process was conducted on the basis of facts and evidence and informed by advice from the National Cyber Security Centre," Read

said.

"Vodafone UK is already largely compliant with these measures and so we have very limited financial exposure, following our decision last year to pause Huawei in the core of our networks in Europe."

British peer BT said Thursday that it would take a £500-million (\$650-million, 590-million-euro) hit over five years after London limited Huawei's 5G role.

Washington has banned Huawei from the rollout of the fifth-generation mobile network because of concerns that the firm could ultimately be under the control of Beijing, an allegation it strongly denies.

US officials have indicated that the possibility of China using its commercial presence to spy on Britain—or even shut down the network—could force Washington to stop sharing intelligence with London.

A total ban would require huge amounts of infrastructure to be ripped out at great expense.

Warning on 5G delays

Vodafone CEO Read also warned that a market cap on 5G infrastructure vendors could potentially impact network quality, delay rollouts by up to five years—and push up prices for consumers.

"The one element that we would say we do not think is optimal is putting caps in... because I really feel it hugely impacts customers and the quality of the network if we are forced to do an accelerated swap.

"So, though, this isn't an issue in the UK, I wouldn't want this for

Europe.

"Secondly, given the industry's financial constraints, any restrictive cap is ultimately going to divert resources to a swap that we would have done by 5G rollout.

"So you are essentially going to delay 5G rollout by anywhere between two and five years, depending on which country decides if it wants to do some sort of cap—and it could lead to [price increases](#) in that market."

The broader telecoms industry feels that any market caps were "unnecessary"—and preferred to have a diverse [network](#) supply chain, according to Read.

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