



China Update – September 2020

How COVID-19 and 5Geopolitics reset China vs. the U.S.



Table of Contents

CHINA UPDATE – SEPTEMBER 2020	1
HOW COVID-19 AND 5G GEOPOLITICS RESET CHINA VS. THE U.S.....	1
TABLE OF CONTENTS.....	2
ABSTRACT	3
KEY TAKEAWAYS	4
COVID-19 MAGNIFIES CHINA’S INCREASING ECONOMIC AND TELECOM POWER	5
COVID-19 IS THE FINAL TOUCH.....	5
FROM ECONOMIC POWER TO TELECOM SUPERPOWER.....	6
AT THE END OF 2019, CHINA HAD A TOTAL OF 5.4M 4G BTS AND 130,000 5G BTS, BY FAR THE WORLD’S LARGEST BTS FOOTPRINT	7
...AND THE WORLD’S LARGEST MOBILE SUBSCRIBER BASE.....	8
IN 1H20, COVID-19 DID NOT SLOW CHINA DOWN	9
CHINA’S 1H20 TELECOM REVENUE WAS UP 3.2% YOY AND 10% OF THE WORLD’S.....	10
1H20 CAPEX WERE UP 19% YOY AND LOOKING EVEN STRONGER IN 2H20	10
PROVIDING HUAWEI AND ZTE CAN PRODUCE THEIR BTS, THE RAN MARKET WILL SEE A 25% YOY HIKE THIS YEAR.....	11
THE COMBINED MARKET SHARE OF HUAWEI AND ZTE IS 76%.....	12
BUT GEOPOLITICS MAY DERAIL CHINA’S 5G MOMENTUM AND GDP TRAJECTORY	14
AS ZTE STAYED OFF THE U.S. RADAR LAST YEAR, HUAWEI BECAME THE TARGET	14
<i>Huawei’s 5G massive MIMO is just the tip of “the BTS critical component” iceberg.....</i>	14
<i>Huawei’s 3rd generation massive MIMO antenna is full of U.S. components</i>	15
<i>So far so good, but what comes in 2H20 is anyone’s guess!.....</i>	15
<i>At least, China Telecom is confident that Huawei will continue to deliver.....</i>	16
AND FINALLY, SO FAR SO GOOD FOR CHINA’S GDP TOO	16
<i>But Chinese government economists are worried.....</i>	16
<i>...and see 5g as a key enabler of China’s digital economy</i>	17
<i>China’s 5G-based digital economy is rapidly taking off.....</i>	17
<i>Reshoring will be a critical factor for both 5G and GDP growth.....</i>	18
<i>Reshoring chip manufacturing takes time and is not cheap</i>	18
<i>And if cut from U.S. technology, China’s home-grown chip makers won’t be able to expand.....</i>	18
<i>So many things can go wrong.....</i>	19

Abstract

This report focuses on 5G developments in China, including macroeconomics, geopolitics, and technology. The publication date is scheduled a few weeks after the 4 services providers (e.g., China Broadcasting Network, China Mobile, China Telecom, China Unicom) provide their interim report so that we can gather many details about 1H20 and provide a 2H20 outlook and a 5-year forecast. This report also includes RAN vendor market shares and analysis.