

India restricting Chinese telecom purchases: operator

April 30 2010, by Penny MacRae



An Indian farmer talks on his mobile phone as he discusses pricing of oranges at the Kothapeta fruit market. India has blocked its fast-growing telecom sector from buying some Chinese-made equipment, an Indian mobile operator said Friday, in a move set to stoke trade tensions between the emerging giants.

India has blocked its fast-growing telecom sector from buying some Chinese-made equipment, an Indian mobile operator said Friday, in a move set to stoke trade tensions between the emerging giants.

An executive of a Indian [mobile operator](#) said his company had received a letter from the Indian government saying it could not buy equipment

from UTStarcom, a US-based company that manufactures in China.

"We were told we could not buy equipment from UTStarcom. I believe most operators have received such letters," the executive of one of India's larger mobile operators, who asked not to be identified, told AFP.

A manager at UTStarcom, the leading provider of hardware for Internet television services in Asia, said he could not immediately comment.

Earlier Friday, a Chinese trade body complained [telecom equipment](#) makers in the country were being prevented from selling to Indian telecom companies on security grounds.

Last December, India said it was probing whether the use of Chinese-made telecom equipment in sensitive border and insurgency-hit areas could hurt national security.

A spokeswoman for the China Chamber of Commerce for Import and Export of Machinery and Electronic Products Chinese industry group declined to identify the companies affected by New Delhi's restrictions.

But India's Business Line newspaper reported earlier in the week New Delhi had also told mobile operators not to import any equipment made by such Chinese vendors as Huawei Technologies and ZTE Corp.

Huawei on Friday expressed concern over the reports and called for "a fair and non-discriminatory policy" to address the issue of security clearance for its products.

The company, present in India for a decade 10 years, said it had received no official communication from the government and said it was "seeking clarifications from the concerned authorities".

Trade relations are already tense between the neighbours, with Indian firms complaining the country's market is being flooded with cheaper Chinese-made products.

India's mobile sector, the fastest-growing in the world with 15-20 million new subscribers each month, has become an important source of revenue for Chinese companies.

An Indian government official said there was no blanket ban on purchases of telecommunications equipment from suppliers in China or elsewhere, but added all companies must meet security regulations.

India's intelligence agencies have warned Chinese products could have embedded elements enabling China to launch a cyber attack or shut down equipment, according to Indian media reports.

"There is no ban on procurement of any equipment from any company or any country," Indian telecom ministry spokesman Satyendra Prakash told AFP.

But telecom operators must get security clearance from the home ministry before placing orders for equipment with vendors, he added.

He said he could not comment on individual cases but India was not alone in taking security precautions.

"Every government has been taking precautions to ensure equipment is not misused," he said.

The Chinese trade group called on New Delhi to "create a fair and transparent environment for Chinese [telecom companies](#) concerning the state security check issue" and avoid discriminatory measures.

In March, the telecommunications ministry updated its sourcing regulations, saying dependence on foreign engineers "should be minimal or almost nil" within two years of purchase.

Last year India threatened to block 25 million low-end mobile phones without a unique International Mobile Equipment Identity (IMEI) used for tracing calls in a step affecting many imported Chinese handsets.

But later users of handsets without an IMEI number were told they had to pay a small fee to their mobile phone operator to register.

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Citation: India restricting Chinese telecom purchases: operator (2010, April 30) retrieved 27 April 2024 from <https://phys.org/news/2010-04-india-restricting-chinese-telecom.html>

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