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Tech Cold War Between U.S.A and China

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Why in News

Recently, the U.S.A blocked China's access to chip making tools and designated Chinese telecom giants Huawei, ZTE as national security threats. However, with the **5G rollout** approaching, the move will impact several countries including India.

Recently, the **United Kingdom also reversed its earlier decision and blocked Huawei from its 5G network rollout.**

Key Points

- **U.S.A-China Tech Relation:**

- China has **traditionally resisted** against American big-data companies such as
- However, both the Countries still have significant dealings on the technology side.

Last year, Apple recorded USD 100 million of daily sales in China, while Huawei Technologies reported record revenues primarily from its exposure in western markets, including the U.S.A.

- The latest steps by U.S.A against Huawei mark the **first real prohibitory action** by a western government in the nearly two decades.
 - This has been done on the ground that China's equipment is **designed to aid snooping.**
 - There have been apprehensions that American telecoms players are too much dependent on subsidised Chinese technology.

- **Impact of Ban on Chip Making Tools:**

- Huawei could face shortages in its supply of specialist chips for which it relies on the U.S.A.
- Technological cold war could extend beyond the U.S.A and China, and compel other countries, including India, to effectively choose between one of the camps.

Some of the countries perceive the same threat as that of the U.S.A, and others are wary of trade sanctions by the U.S.A.

- This could have a bearing on the growing competition to dominate next-generation technologies such as 5G networks and **artificial intelligence**.
- Impact the plans of most countries preparing to transition to a 5G regime, including India.

- **India's Position:**

- **In 2009**, the Department of Telecommunications (DoT) had advised Indian mobile companies to suspend deals with Chinese equipment makers after fears that Chinese equipment were being **used for hacking and spying**.
- However, India did not took strong actions on any of DoT's recommendations. Indeed, much of India's telecom growth story has been supported by Chinese companies in both hardware and software.
- The approach changed after the **standoff in Ladakh**, wherein India has asked state-owned telecom service providers to exclude Chinese companies from the scope of their network upgrade contracts.

India also justified the **ban on 59 mobile apps** with Chinese links on grounds of a threat to national security.

- This was part of the **wider decision to signal curbs on Chinese investments** and tech companies in the country.
- The border clashes and the U.S.A action could now force India into the anti-China camp.

Conclusion

- With the Chinese being increasingly blocked by governments in 5G networks, other global players could be at a competitive advantage.
 - The other leaders in the telecoms network equipment market are the European players such as Ericsson and Nokia, and South Korea's Samsung.
 - India's Reliance Jio has also designed and developed a complete 5G solution from scratch.
- This could also have a bearing on the global 5G rollout, especially in the countries outside of North America and Europe.

Source: IE