

LCQ17: Impacts on HK's telecommunications services caused by sanction on telecommunications equipment supplier

Following is a question by the Hon Charles Mok and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (May 16):

Question:

The authorities of the United States (US) announced on April 15 (US time) this year an immediate ban on US companies selling telecommunications equipment components to ZTE Corporation (ZTE) for a period of seven years up to March 13, 2025. It is learnt that ZTE's businesses include the supply of telecommunications equipment and network solutions. ZTE is also a supplier of mobile networks and broadband equipment for a number of telecommunications service operators (TSOs) in Hong Kong. Some members of the information technology sector are worried that the sanction will affect the stability of telecommunications services as well as commercial operations and public communications in Hong Kong. In this connection, will the Government inform this Council:

(1) whether it knows, among the TSOs currently providing local fixed carrier services, fixed network broadband services and mobile network services, the respective numbers and detailed situations of those which are using (i) the network infrastructure equipment and (ii) other telecommunications products and services provided by ZTE, with a breakdown of such numbers and information by the service scope of the TSOs (set out in a table);

(2) whether it has taken the initiative to request the various TSOs concerned to draw up contingency plans and take appropriate measures to ensure that the telecommunications services that they provide will not be affected in the event that ZTE is unable to continue its supply of the necessary network infrastructure equipment and related services to them; and

(3) whether it has studied the impacts on the development of 5G mobile communications services by TSOs in Hong Kong (including the testing and the application of the relevant network technologies) in the event that the US authorities impose similar sanctions on other Chinese-funded telecommunications equipment suppliers?

Reply:

President,

My reply to the three parts of the question is as follows:

(1) According to the information the Office of the Communications Authority (OFCA) obtained from the major local fixed network operators (FNOs) and mobile network operators (MNOs), at present four FNOs and two MNOs have respectively used some network equipment and some telecommunications equipment supplied by Zhongxing Telecommunications Equipment Corporation (ZTE).

(2) OFCA has already reminded the relevant operators that they should assess the impact on their telecommunications services in light of the ban imposed on ZTE by the authorities of the United States, and adopt appropriate responsive measures to minimise any possible impact. After conducting internal assessments, the relevant operators considered that the incident would not cause any immediate impact on their services and network operations at this stage. Even if ZTE cannot continue to provide technical support, spare parts, or new equipment, they will be able to source such products from other suppliers in order to maintain the normal service operation.

(3) So far, the United States authorities have not announced that it would impose trade restrictions or other sanctions against other Chinese telecommunications equipment suppliers. It would be difficult at this stage to assess the impact of any such restriction or sanction on the development of fifth generation (5G) mobile services in Hong Kong. The Government will keep a close watch on the situation.