

# LIGHT READING **insider**

TARGETED ANALYSIS OF THE TELECOM INDUSTRY

## China's Big Three Vendors Take On the World

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### May Highlights

**Carrier perceptions of** product quality and service/support have increased significantly for many Chinese vendors

**Low labor costs allow** Chinese manufacturers to set prices 10-15 percent lower than their Western counterparts without impairing profit margins

**However, this advantage is** likely to erode over time as Chinese vendors add employees in the West

**Patent royalties could also** eat into Chinese vendor margins in the medium term

**Huawei is in the best** position of China's Big Three to sell DSL, routers, and optics into Western markets

**ZTE is unlikely to have as** much success beyond developing countries

**UTStarcom's handset deal** bolsters overseas sales, but in a highly competitive segment

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