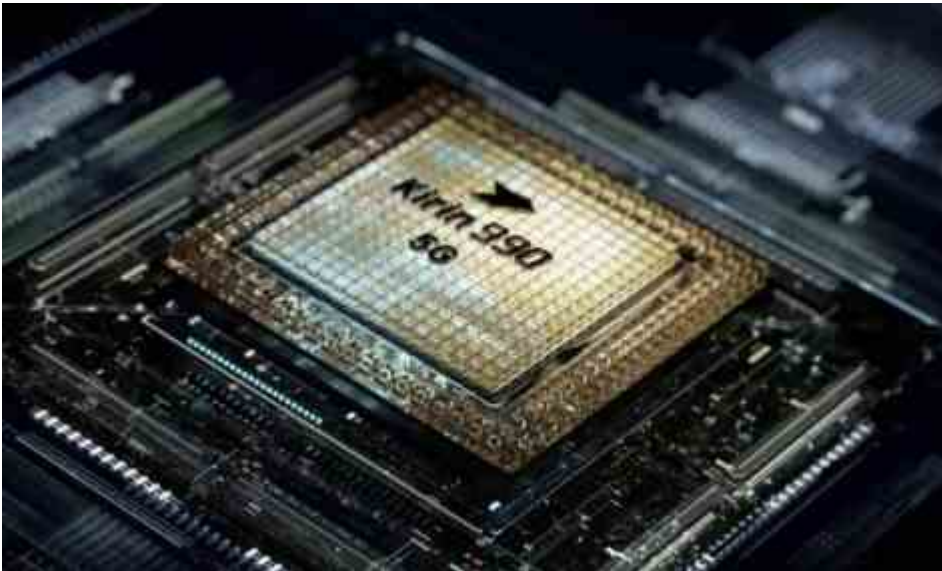


Huawei Struggles in Smartphone Market as Sanctions Bite, Apple Profits

Description

Source: [Global Times](#)



Chinese telecom giant Huawei saw a substantial drop in both smartphone shipments and market share in China market in 2020, following a tough year of US government's strangle on semiconductors supply, allowing US rival Apple to rise to fill up the void.

Under the US' relentless assault, Huawei saw a drop in market share in China from 38.5 percent in the fourth quarter of 2019 to 25.1 percent in the fourth quarter of 2020, the only one of the top five smartphone makers in China whose share declined, an International Data Corp (IDC) report showed on Tuesday.

Industry experts said that Huawei's rare market share decline reflected the US block on chips that affected the supply chain of the company's high-end mobile series.

There were 86.4 million smartphones shipped in China in the fourth quarter of 2020, almost flat year-on-year, with Huawei being the only smartphone maker among the top five that did not grow. The others were Xiaomi, Oppo, Vivo and Apple.

Although there could be many reasons for the changes in market share, Ma Jihua, a veteran industry analyst, told the Global Times on Tuesday that the US chip crackdown on the Chinese technology company created a supply chain crisis for Huawei and left space for others, especially high-end mobile producer Apple, to grab more share.

Apple was the only producer that achieved growth in China last year, with smartphone shipments up 10.1 percent, IDC reported.

Apple, which had a 34.7-percent market share growth in the fourth quarter in China, against Huawei's 34.5 percent, also seized the top spot in the global market with a 23.4-percent share in the fourth quarter of 2020.

Apple released its 2021 fiscal first-quarter results on January 27, with revenue exceeding \$100 billion for the first time and net profit of \$28.755 billion, up 29 percent year-on-year. China was a particularly strong performer, with revenue from the greater China region at \$21.313 billion, up 57 percent year-on-year.

"Apple lost market share to Huawei in 2019, and Huawei's weakened competitiveness last year left it with only one viable competitor to challenge," Liang Zhenpeng, senior industry analyst told the Global Times. Apple's launch of a 5G mobile came later but also helped it to fill a gap as its major market embraced advanced internet connectivity.

However, Apple's growth pace might be hard to sustain at an equivalent high level this year when other Chinese mobile producers such as Xiaomi and Oppo are also targeting the high-end smartphone market, experts said.

"Apple, as an important high-end mobile producer, will see unprecedented competition from a few Chinese brands," said Ma.

Liu Bo, vice president of OPPO, gave a speech on Monday in which the company set higher targets for its growth in 2021, including the comprehensive upgrade of the company's channels and partnership, media reports said.

Meanwhile, Huawei's difficulties may be only temporary.

"Once Chinese 5-nanometer chips can be produced, the whole market will change," said Ma, noting that he expected such chips could be out at the end of this year.

Source: [Caixin Global](#)

The bad news keeps coming for sanction-hobbled Huawei.

IDC has just released its latest quarterly smartphone results and they show that the embattled telecom giant's smartphone sales plunged by nearly half — or 42.4 per cent to be exact — in last year's fourth quarter from a year earlier.

That makes Huawei the world's fifth biggest brand for the period, [a far cry from just two quarters earlier](#) when it was at the top of the heap.

Huawei has been [dogged by US sanctions](#) for nearly two years now, as Washington aims to limit the company's role in the worldwide development of state-of-the-art 5G smartphones and networking

equipment.

First, the US banned American companies from selling components and software to Huawei. And last year it turned up the pressure by leaning on some of Huawei's key non-American suppliers to abandon the company as well.

That has left Huawei with a limited supply of chips and other key components that have hurt its ability to make smartphones, forcing it to rely on stockpiles built up before the sanctions took effect.

Meantime, Huawei's pain has been Apple and Xiaomi's gain. The iPhone maker's smartphone shipments surged 22.2 per cent year on year in the quarter, enough to lift it past Samsung for the smartphone crown, as it shipped 90.1 million iPhones — a record for a single vendor in a single quarter. And Xiaomi's shipments rose by an even stronger 32 per cent, giving it 11.2 per cent of the global smartphone market.