

# Australian government maintains ban on Chinese telecommunications firm

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31 October 2013

Australia's Liberal-National coalition government has announced that Chinese transnational telecommunications giant Huawei will not be awarded contracts connected with the country's fibre-optic Internet infrastructure project.

The decision followed suggestions by senior government figures that the ban—imposed last year by the former Labor government on the advice of the Australian Security Intelligence Organisation (ASIO)—could be lifted. It appears that the Obama administration again intervened to ensure that Beijing cannot cut across its untrammelled surveillance operations in Australia, one of Washington's key "Five Eyes" intelligence partners.

In March 2012, Julia Gillard's Labor government barred Huawei, a privately-owned company that is now the world's largest telecommunications equipment maker, from contracts for the construction of the National Broadband Network (NBN). Previously warm relations between Huawei executives and government officials reportedly came to an abrupt end after Obama's visit to Australia in November 2011. This visit centred on the US president's announcement of the "pivot to Asia," involving a military and strategic encirclement of China—with a new US Marine base in Darwin just part of Australian imperialism's commitment to the provocative strategy.

Huawei has denied any intention or capacity to monitor Internet communications. Company executives and the Chinese government have accused the US authorities of promoting "security" scares to benefit Huawei's American corporate competitors. Industry experts have questioned the veracity of Washington's allegations that the Chinese government could be plugged into Huawei's operations. The company is involved in fibre-optic infrastructure projects in several countries, including Britain and New Zealand.

The revelations about Washington's illegal global

surveillance operations, from former National Security Agency (NSA) contractor Edward Snowden, have exposed the Obama administration's hypocrisy over alleged Chinese spying. The US seeks to record every online communication around the world, of ordinary people and national governments alike. This includes NSA efforts to tap into fibre-optic networks around the world, with Australian company Telstra involved in a secret deal to provide American security agencies with unrestricted access to communications in its cables from the Asia Pacific to the US. Snowden also revealed a program codenamed STORMBREW that involves the NSA collaborating with another "key corporate partner" (reportedly Verizon or Cisco) to give it "access to international [Internet] cables, routers and switches."

Washington's likely real concern with Huawei is less that the company is facilitating Chinese espionage, than that it presents a potential obstacle to its own surveillance operations in Australia and other countries.

Prime Minister Tony Abbott's recently elected government is stripping back Labor's planned \$36 billion fibre-to-the-home network, in favour of a cheaper fibre-to-the-node system, but Huawei's involvement remains an issue. The Chinese company is the world leader in low-cost, high-speed equipment connecting homes to local area nodes. There are clear divisions within the Liberal-National coalition over any Huawei involvement.

Huawei has invested considerable sums in lobbying efforts, hiring as local board members former Howard government Foreign Minister Alexander Downer and ex-Labor premier of Victoria John Brumby. In 2011 and 2012, the company sponsored trips for senior Liberal figures to visit its Chinese headquarters, including current Foreign Affairs Minister Julie Bishop and Trade Minister Andrew Robb. When the former Labor government announced the Huawei ban, Robb denounced the move as "offensive and unprofessional."

Robb last week visited China for trade and investment discussions, and pointedly raised his “strong support” for a planned government review of the Huawei ban. “I know the company well and they are a very successful company in Australia,” he declared at a Shanghai press conference. “They’ve got a big future in Australia, but in terms of the NBN, that is under review.”

The Huawei ban is reportedly one of the obstacles to negotiating a China-Australia free trade agreement. Robb is in charge of the discussions that Abbott wants finalised within 12 months.

The trade minister’s remarks on Huawei followed an interview that Communications Minister Malcolm Turnbull gave to *Business Review Weekly*. The former Liberal Party leader, who has previously criticised Obama’s “pivot” to Asia, declared: “It [Huawei] is involved in building most of the broadband networks around the world. It’s a very credible business. The issue is whether it’s a security threat.”

Having placed a question mark over ASIO’s assessment, Turnbull declared that the security issue was a “technical” question. “Even if you accept the premise that Huawei would be an accessory to espionage—I’m not saying they will be, I’m just saying that’s the premise—if you accept that, then you then have to ask yourself, does the equipment that they would propose to sell have that capacity?”

The Labor opposition rushed to the defence of ASIO and Washington. Shadow attorney general Mark Dreyfus declared: “Mr Abbott should not sacrifice national security in the rush to sign a free trade agreement [with China].”

Labor leader Bill Shorten, a long-time US embassy informant, formally wrote to Abbott to seek briefings with the heads of ASIO and the Australian Signals Directorate. “Labor views the integrity of Australia’s digital infrastructure as a matter of national security,” Shorten declared.

In reality, the Labor Party’s only concern is for the continued viability of Canberra’s relationship with Washington. Its attitude toward communications infrastructure “integrity” was indicated in Julia Gillard’s reaction to reports of US monitoring of German Chancellor Angela Merkel’s telephone discussions—the former prime minister said that if her phone had been tapped, all that would have been heard was praise for Barack Obama.

Attorney General George Brandis—reportedly after discussions with Abbott, and almost certainly also with

the US officials—issued a statement on Tuesday that there would be no change to the Huawei NBN ban.

In a statement, the company said it understood that a decision on its potential role would not be made until after the government’s strategic review into the project. This was promptly shot down, however, by Treasurer Joe Hockey. Asked on Sky News if there was “any way that Huawei would be allowed to invest in our NBN project,” Hockey bluntly replied, “No.”

According to the *Australian Financial Review*, the earlier remarks of Turnbull and Robb triggered opposition within the government: “Cabinet ministers said they were anxious about the reaction of the US to a perceived softening in Australia’s stance on telecommunications security and China generally.”

Josh Frydenberg, one of Abbott’s parliamentary secretaries, told the newspaper that the US was Canberra’s “security guarantor.” He declared that Australia “should always be careful to protect our most important security relationship and do nothing that endangers the high level of intelligence co-operation that we currently enjoy with the US.”

The episode points to the strategic dilemma wracking the Australian ruling elite. As US-China tensions escalate, the bourgeoisie is more divided than ever over how to align itself between Australia’s most important economic partner and its longstanding military and diplomatic patron. Abbott, like Gillard before him, is unconditionally aligned with Washington. Last week, the prime minister used an interview with the *Washington Post* to promise to “do everything I humanly can to work closely with the government of the United States.”

This stance threatens new tensions between Canberra and Beijing. The Chinese government denounced the Huawei ban decision, with a foreign ministry spokesperson stating: “We are opposed to the interference of the normal business cooperation under the pretext of national security. We hope the two sides can work together to create conditions for companies of our two countries to engage in normal business cooperation.”



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