

Australia bans Chinese company Huawei from Web network

March 27 2012, By ROD McGUIRK and JOE McDONALD , Associated Press

(AP) -- Australia has banned Chinese technology giant Huawei from bidding to help build a nationwide high-speed Internet network due to concern about cyber attacks traced to China.

Australian Prime Minister Julia Gillard said Monday the move was among "prudent decisions" to ensure the planned network functions properly.

The ban highlights concern about Beijing's [cyber warfare](#) efforts, a spate of hacking attempts aimed at Western companies and the role of Chinese equipment providers, which are expanding abroad.

Huawei Technologies Ltd. is one of the world's biggest producers of switching equipment that forms the heart of phone and [data networks](#). The company rejected suggestions it might be a [security risk](#) and said it has won the trust of global telecoms carriers.

Beijing's relations with Western governments have been strained by complaints about hacking traced to China and aimed at oil, technology and other companies. A U.S. congressional panel has said it will investigate whether allowing Huawei and other Chinese makers of telecoms gear to expand in the [United States](#) might aid Chinese spying.

The Australian attorney general's office told Huawei late last year it would be barred from bidding for work on the 36 billion Australian

dollar (\$38 billion) network, according to The Australian Financial Review newspaper. It said that decision was prompted by Australian intelligence officials who cited hacking attacks traced to China.

A spokesman for the attorney general's office said it could not comment on individual companies but a Huawei official confirmed the newspaper's account. He spoke to The Associated Press on condition of anonymity because he was not authorized to disclose conversations between Huawei and the government.

Huawei expressed disappointment about the decision. It has operated in Australia since 2004 and said it already works with the country's major telecoms carriers.

"Huawei will continue to be open and transparent and work to find ways of providing assurance around the security of our technology," said a company statement.

China is Australia's biggest trading partner and Chinese demand for iron ore and other minerals has driven an Australian economic boom. But Canberra is uneasy about Beijing's rising military spending and growing assertiveness in Asia.

The United States and Australia announced plans in September to include cyber security in their 61-year-old defense alliance, the first time Washington has done that with a partner outside NATO.

President Barack Obama announced plans in November to send U.S. military aircraft and up to 2,500 Marines to Australia's north for a training hub to help allies and protect American interests across Asia.

Plans approved by Australian lawmakers in 2010 call for building a fiber-optic network to provide [high-speed Internet](#) access to 90 percent of the

country's homes.

Huawei said it is building similar networks in Britain, New Zealand, Singapore, Malaysia and other countries.

"You don't get to that level of success unless you have customers that trust your company, your staff and your technology," the statement said.

Gillard, who was at a security conference in Seoul, said the planned Australian network is a crucial national project.

"You would expect, as a government, we would make all of the prudent decisions to make sure that that infrastructure project does what we want it to do, and we've taken one of those decisions," she said, when asked about Huawei.

Gillard gave no details of the reason for the decision.

Huawei was founded in 1987 by a former Chinese military engineer but says it has no connection to the military. The company says it is employee-owned but has released few details about who controls it, which has fueled questions abroad.

Huawei had been endorsed as a bidder on the Australian project by the technical department of the government-owned National Broadband Network Co., the Financial Review said. It said the attorney general blocked that after [intelligence officials](#) objected.

Huawei, based in the southern Chinese city of Shenzhen, near Hong Kong, reported revenues for the first half of last year of 98.3 billion yuan (\$15.8 billion) and says its equipment is used in 140 countries.

In 2010, it was blocked from taking part in upgrading a U.S. phone

carrier's network and last year was forced to unwind its acquisition of an American computer company after a security panel rejected the deal.

The U.S. House of Representatives intelligence committee said in November it would investigate whether allowing Chinese companies to expand in the United States might aid Chinese electronic spying.

It cited [Huawei](#) and rival ZTE Corp., another telecom equipment supplier, as being among the companies to be examined.

The panel said it will look into the role Chinese companies play in supplying components for U.S. telecoms systems and whether access to those systems might allow foreign governments to gather information.

More information: Huawei Technologies Ltd.:
<http://www.huawei.com>

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