

# Australia says broadband ban on China's Huawei stays (Update)

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Australia's new government on Tuesday said Chinese telecoms giant Huawei will remain shut out of bidding to build Australia's national broadband network on advice from security agencies.

The previous Labor government last year banned Huawei from helping build infrastructure for the National Broadband Network (NBN) on "strong advice" from intelligence operatives. Huawei criticised the decision and denied it posed a security risk.

But Attorney-General George Brandis said the new conservative government of Prime Minister Tony Abbott, which took power after winning September 7 national elections, had no plans to relax this stance.

"The decision of the previous government not to permit Huawei to tender for the NBN was made on advice from the national security agencies," Brandis told AFP in emailed comments.

"Since the election the new government has had further briefings from the national security agencies. No decision has been made by the new government to change the existing policy."

Brandis said the government would not comment on advice from the agencies.

The new government has announced a strategic review of the NBN in hopes of cutting its cost to Aus\$29.5 billion (US\$28 billion). Huawei is

hoping for a change of stance in the wake of the review.

"Huawei understands no decisions have been made by the government regarding the NBN, pending outcomes of the strategic review," a spokesman said.

China's foreign ministry on Tuesday criticised the continued isolation of Huawei from Australian government contracts.

"Chinese companies conduct their operations and cooperations based on market rules," said foreign ministry spokeswoman Hua Chunying. "It's mutually beneficial and serves the interests of both sides, as well as economic and social development of the two countries, and we are opposed to the interference of the normal business cooperation under the pretext of national security."

She added: "We hope the two sides can work together to create conditions for companies of our two countries to engage in normal business cooperation."

Brandis' comments come after Huawei, a leading global information and communications technology provider, mounted an intense lobbying campaign in Canberra for the ban to be lifted, the Australian Financial Review reported.

The business newspaper said Brandis had overruled a push by some colleagues within the government to relax the ban on Huawei.

It said other cabinet members were against changing the previous government's policy, and had expressed concerns that granting Huawei the ability to bid could be seen as a problem by the United States.

Washington has previously raised concerns that Huawei's alleged ties to

the Chinese state could see telecoms equipment it supplied being used for spying and cyber-attacks.

The company denies it has any direct links to the Chinese state, but the US Congress last year called for its exclusion from US government contracts. Huawei has accused Washington of protectionism.

Brandis's comments come as Australia seeks to revive long-stalled free trade agreement talks with China, the country's biggest trading partner, with Prime Minister Tony Abbott saying he would like to see the pact secured within a year.

Huawei, founded by a former engineer in the Chinese army, started as a provider of telecoms network equipment, and is now seeking to make inroads into mobile devices.

The Australian Financial Review said it was not clear whether the Chinese company would be excluded from bidding for less sensitive equipment for the NBN.

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