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China Slams 'Cold War Mentality' in U.S. Report

By [MARK MCDONALD](#)

HONG KONG - China struck back Tuesday at a U.S. congressional report that says two leading Chinese telecommunication companies represent potential security threats to the United States.

The bipartisan report from the House Permanent Select Committee on Intelligence - the full report is [here](#) - said Huawei Technologies and ZTE should be barred from doing business with the U.S. government. American companies were also cautioned about trading with Huawei and ZTE.

The companies make equipment vital to wireless networks, including those that operate in the United States.

As my colleagues Michael Schmidt, Keith Bradsher and Christine Hauser [report](#) in The New York Times: "Allowing the Chinese companies to do business in the United States, the report said, would give the Chinese government the ability to easily intercept communications and could allow it to start online attacks on critical infrastructure, like dams and power grids."

A [commentary](#) on Tuesday by Xinhua, the Chinese state news agency, said the House report was "totally groundless and comes out of protectionism." Any perceived security threat, Xinhua said, was "based on wild guesses."

Chinese energy and telecom firms "have long been viewed through colored spectacles by some U.S. lawmakers on misplaced security concerns," the Xinhua report said. "The report laid bare a Cold War mentality as well as protectionism among politicians at Capitol Hill to contain Chinese investments, which could offer new business and job opportunities for the sluggish U.S. economy.

"Protectionism or anti-market intervention is not a wise choice for Washington."

An [opinion piece](#) on Tuesday in Global Times, a newspaper affiliated with the Community Party, said: "The U.S. has repeatedly obstructed Chinese companies from entering into U.S. domestic competition under the pretext of 'national security.' The U.S. is gradually becoming reduced to an unreasonable country."

An [article](#) in the state-run newspaper China Daily also slammed the House report and quoted Huo Jianguo, director of the Chinese Academy of International Trade and Economic Cooperation Institution, who saw domestic U.S. politics playing a role in the report's tone and timing.

"The report is not just about economic issues, but goes further with guesswork about alleged conspiracy," Mr. Huo said. "It has obvious political intentions because displaying a tough attitude to Chinese companies may help win more votes with a presidential election campaign going on."

The House report cites a lack of candor, cooperation and transparency by both companies in its investigation, especially Huawei, which is by far the larger of the two. An excerpt from the report:

Neither company was willing to provide sufficient evidence to ameliorate the Committee's concerns. Neither company was forthcoming with detailed information about its formal relationships or regulatory interaction with Chinese authorities. Neither company provided specific details about the precise role of each company's Chinese Communist Party Committee. Furthermore, neither company provided detailed information about its operations in the United States.

Both companies contacted Chinese state news outlets to reject the report's findings.

China Daily said it had received an e-mail message from Bill Plummer, a Huawei vice president, that said: "Baseless suggestions purporting that Huawei is somehow uniquely vulnerable to cyber mischief ignore technical and commercial realities, recklessly threaten American jobs and innovation, do nothing to protect national security, and should be exposed as dangerous political distractions from legitimate public-private initiatives to address what are global and industry-wide cyber challenges."

A ZTE statement quoted by Xinhua said the company "has set an unprecedented standard for cooperation by any Chinese company with a congressional investigation."

The House report went beyond the critiques of the two companies, assailing the Chinese government itself. Citing U.S. security analyses, the document said "Chinese intelligence collection efforts against the U.S. government are growing in 'scale, intensity and sophistication.' "

An excerpt from the report:

Chinese actors are also the world's most active and persistent perpetrators of economic espionage. U.S. private sector firms and cybersecurity specialists report an ongoing onslaught of sophisticated computer network intrusions

that originate in China, and are almost certainly the work of, or have the backing of, the Chinese government. Further, Chinese intelligence services, as well as private companies and other entities, often recruit those with direct access to corporate networks to steal trade secrets and other sensitive proprietary data.

These cyber and human-enabled espionage efforts often exhibit sophisticated technological capabilities, and these capabilities have the potential to translate into efforts to insert malicious hardware or software implants into Chinese-manufactured telecommunications components and systems marketed to the United States.