

Chinese communications giant Huawei has hit back at detractors in the lead-up to an anticipated decision by the Australian government. The company is likely to be [barred from participating](#) in the building of Australia's next-generation 5G mobile network because of its links to the Chinese government and military.

John Lord, Chairman of Huawei's Australian subsidiary, in his [address](#) to the National Press Club yesterday, has called claims that the company is a national security risk "uninformed" and "plain wrong".

Read more: [Explainer: why Chinese telecoms participating in Australia's 5G network could be a problem](#)

Huawei's role in China's global strategy

Lord asserts that Huawei is not controlled by the Chinese government because unlike state-owned enterprises, Huawei is privately owned. While this may be technically true, the company has an [opaque history](#) with strong links to the Chinese government and military.

In fact, government support was crucial to Huawei's success. As one of China's "[national champions](#)" ,

Huawei was nurtured through a combination of protectionist measures, cheap financing, subsidies, favourable regulations, and diplomatic support abroad.

Currently, Huawei plays an important role in China's global strategy, including by connecting participant countries in [China's ambitious Belt and Road Initiative](#) through building telecommunications networks.

Another concern that Lord addressed was Huawei's obligations to assist Chinese authorities, intelligence agencies or the military under China's national intelligence and cyber security laws. He insisted that Huawei would obey Australian law and that Chinese law has "no legitimacy outside China".

Read more: [Chinese company Huawei in limbo over proposed foreign register](#)

Those acquainted with the Chinese Communist Party would know that it is [above the law](#), and on occasions has acted contrary to Chinese law, including its constitution. Recent cases have demonstrated the willingness of Chinese tech giants to work with the Chinese government. This has included helping the Chinese government crack down on dissent through [censorship](#), and [spying on Chinese citizens](#).

Lord also made a strong argument based on Huawei's profit motive and reputation. Huawei clearly has a commercial incentive to ensure that it does not compromise Australia's national security, for example through working with Chinese intelligence. However, it is rather doubtful that Huawei would be able to resist demands from the Chinese government given its massive power and reach.

What does all this mean?

Huawei will almost certainly be barred from participating in the building of Australia's next-generation information infrastructure.

Without Huawei, the 5G networks will probably be [more expensive](#) to build and of lower quality. However, this would reduce some national security risks that come with Huawei's participation, such as cyber espionage concerns.

The real question is whether the reduced risk is worth the cost.

Read more: [How China's Huawei is taking on Samsung and Apple](#)

On a broader level, as Lord rightly points out, Australia needs to accept that:

...innovation and technological advances do not always come from traditional companies and countries.

The emergence of China as a tech giant puts into sharp focus the question of how to deal with Chinese companies with close links to the Chinese government and military.

In the future, many of China's high-tech companies may look to operate or invest in sectors that are crucial to Australia's national security. As shown by the Huawei case, there is a [real trade-off](#) between economic and security imperatives for Australia. How to strike the right balance is a tough question indeed.

Adam Ni does not work for, consult, own shares in or receive funding from any company or organisation that would benefit from this article, and has disclosed no relevant affiliations beyond their academic appointment.

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Huawei is a test case for Australia in balancing the risks and rewards of Chinese tech

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