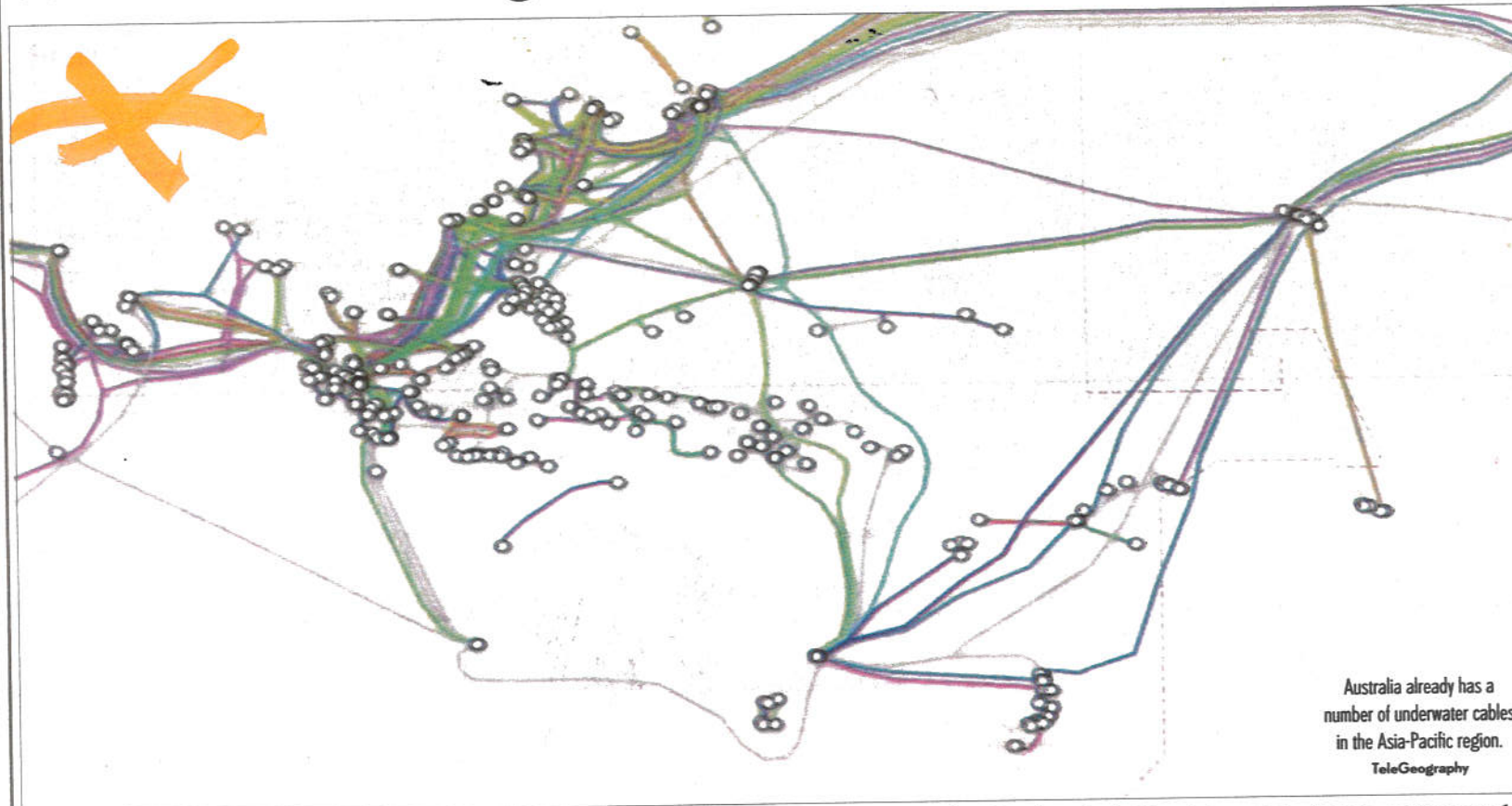


# US and Australia working to counter China's PNG internet bid, top US diplomat confirms



## THE TOP US DIPLOMAT IN

Australia has publicly confirmed the two countries are working to stop Chinese telco Huawei from building a domestic internet cable network in Papua New Guinea.

The Federal Government has already stepped in to build an undersea internet cable to both Papua New Guinea and the Solomon Islands — in part because security agencies were unwilling to give Huawei access to Australia's internet

infrastructure.

But Canberra responded with alarm when the PNG Government announced Huawei would build a domestic network branching off the cable, sparking fresh cyber security fears.

The Federal Government has also banned Huawei from taking part in the rollout of Australia's 5G mobile network, because it could be subject to "extrajudicial decisions" by Beijing.

Australia has been trying to head off China by offering to finance PNG's network from a joint infrastructure fund with the US and Japan.

Australian Ministers have refused to comment publicly about the geopolitical arm wrestle — but the US Charge d'Affaires James Carouso gave a blunt answer when asked about the network on the ABC's AM program.

"It's up to the PNG Government at the end of the

day. But the whole idea is to give alternatives."

"This is not to say don't do business with China. Chinese offers are out on the table. It's up to us to be competitive."

The US and Australia have both been unnerved by China's ramp up of infrastructure investments in the region, accusing Beijing of fostering corruption and saddling small nations with unsustainable debts.

In May the US, Australia

and Japan announced a trilateral partnership for "infrastructure investment in the Indo-Pacific".

The US Secretary of State Mike Pompeo said at the time that the United States would spend more than \$US100 million (\$139 million) on infrastructure projects across the region.

Just sign here and you will get ... whatever you want'

Some Pacific island and South-East Asian nations

have complained that seeking funding infrastructure from the United States and other traditional donors like the World Bank can be time consuming and complicated.

Mr Carouso conceded that some financing arrangements were "hard to use" and excessively complex.

"When we let the current system go forward we have our overseas private corporation, our private companies and the Asian Development Bank and the World Bank, all coming in separately," he said.

He said the United States would not abandon the checks and balances in its system, but would do more to help smaller nations negotiate the process.

"So what we are going to do is say we are going to help you, we are going to lead you along the way, along a transparent process that tells you exactly what you are going to get," he said.

"How much it's going to cost, how you are going to pay back any loan, whether should it be a loan or a grant, how much domestic content there will be from your country including labour, material, and services. What is it going to do to your GDP?"

"As opposed to 'sign here and get a port'. We think that's a pretty good model".