



HD **Chinese** companies at heart of US cyber espionage claims have Australian links, says expert

BY By Dylan Welch

WC 597 words

PD 21 May 2014

SN Australian Broadcasting Corporation (ABC) News

SC ABCNEW

LA English

CY (c) 2014 Australian Broadcasting Corporation

LP

The three state-owned **Chinese** companies at the centre of US cyber espionage claims have deep and long standing involvement in Australia, according to an American cyber security expert.

On Monday US attorney-general Eric Holder .

TD

Washington claims that from 2006 five officers from a secretive hacking unit of the People's Liberation Army (PLA) called "Unit 61398" hacked the computers of US companies and stole secrets beneficial to three **Chinese** state-owned enterprises (SOEs) that were their direct competitors.

Dmitri Alperovitch is a former vice-president of threat research at security software **company** McAfee and has led two investigations into **Chinese** hacking and cyber-espionage against American companies.

The US did not name the three **Chinese** companies, only labelling them as SOE1, SOE2 and SOE3, but Mr Alperovitch told 7.30 it is clear from evidence in the indictment the companies are global aluminium giant **Chinalco**, Baosteel and nuclear **company** SNPT.

The three companies have long and deep connections with Australia.

"These are massive companies with **billions** of dollars in revenue and heavily involved in the world market," Mr Alperovitch said.

"Baosteel is in the **acquisition** stage of trying to acquire resources in an Australian **company** right now, so all these companies would be familiar to the Australian audiences because they're massive companies in **China** and they are very interested in resources and extracting resources from Australia and other countries."

He is referring to Baosteel's current attempt to takeover Australian **iron** and **coal company**, Aquila.

Baosteel has joint business interests with Andrew Forrest's Fortescue **Mining** and funds a research and development centre in Queensland involving four major east coast universities.

Chinalco was behind the failed 2009 merger with British-Australian miner Rio Tinto, while an ASX-listed wholly owned subsidiary of **Chinalco**, Yunnan **Copper** Resources, runs five **mining** projects in north Queensland.

SNPT buys vast amounts of Australian **uranium** and was involved in a 2011 takeover bid for a Perth **company** with large **uranium** holdings.

Mr Alperovitch is bound by confidentiality agreements regarding Australian companies that have been hacked, but says "they're major companies and they have lost significant intellectual property".

He says evidence indicates the **company** referred to in the indictment as SOE2 is Baosteel.

According to the indictment, a Unit 61398 officer created a secret database at SOE2 which was used to hold corporate intelligence about the **iron** and steel industries.

In early 2010, America's largest steel maker, US Steel, was embroiled in a legal dispute with Baosteel.

In the middle of the dispute, an email supposedly from US Steel's chief executive was sent to 20 of its senior employees.

It was actually sent by cyber hacker Sun Kai Liang, who used a technique known as spearfishing.

A link in the email downloaded intrusive malware onto US Steel computers, which enabled Wang Dong - operating under the pseudonym of UglyGorilla - to steal data from more than 1,700 US Steel computers.

Dmitri Alperovitch says the US Steel hack was typical of Unit 61398.

"We are seeing these patterns over and over again. We are seeing situations where companies are going into partnership with **Chinese** companies, or they have info that a **Chinese company** wants and we are seeing hacking attempts by the PLA to get that intellectual property and then that property ends up at these companies," he said.

"So it shouldn't be surprising if major manufacturing companies doing business in **China** are being hit by the PLA to benefit SOEs."

CO almcors : Aluminium Corporation of China Limited

IN i22 : Primary Metals | i224 : Non-ferrous Metals | i2245 : Aluminum | ibasicm : Basic Materials/Resources

NS ghack : Computer Crime | c181 : Acquisitions/Mergers/Takeovers | gpol : Domestic Politics | gspy : Espionage | c18 : Ownership Changes | cactio : Corporate Actions | ccat : Corporate/Industrial News | gcat : Political/General News | gcns : National Security | gcrim : Crime/Courts | gdef : Armed Forces | gpir : Politics/International Relations | ncat : Content Types | nfact : Factiva Filters | nfcpx : FC&E Executive News Filter | nfcpx : FC&E Executive News Filter

RE austr : Australia | china : China | namz : North America | usa : United States | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRIC Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia

IPD Unit

PUB Australian Broadcasting Corporation

AN Document ABCNEW0020140521ea5i000gq