Telecoms

China pulls back from global subsea cable project as US tensions mount

Telecoms groups withdrew investment in Sea-Me-We 6, which will transmit data between Asia and western Europe

Since 2020, the US has denied permission for several subsea telecoms cables that involved Chinese companies or directly connected the US to mainland China or Hong Kong, citing national security concerns. © David Oller/Europa Press/ABACA/Reuters

Anna Gross and **Alexandra Heal** 8 HOURS AGO

China has cut its participation in an internet cable project to link Asia with Europe, as tensions grow between Washington and Beijing over control of the physical infrastructure that transmits the world's online traffic.

Two of China's biggest telecoms groups, China Telecom and China Mobile, withdrew their combined investment of roughly 20 per cent from the subsea cable project last year after a US company was selected to build the line over Hengtong Marine, the country's biggest provider in the sector, according to three people briefed on the decision.

Their exit from the Sea-Me-We 6 pipeline — which is estimated to cost around $500mn to lay 19,200km of cables connecting south-east Asia to western Europe — highlights the growing battle between China and the US over who builds and owns the infrastructure underpinning the global internet.

The departure of China Mobile and China Telecom is an indication of intensifying tensions between Washington and Beijing, according to industry figures with knowledge of the project. Another member of the consortium described their involvement as "important but not critical".

China Unicom, a much smaller state-owned company, has remained involved with an unspecified investment in the project, which is expected to complete in 2025.

Since 2020, the US has denied permission for several subsea telecoms cables that involved Chinese companies or directly connected the US to mainland China or Hong Kong, citing national security concerns.

> **You've got China and Russia that have particular views on how the internet should be monitored and what role that plays, which is very different from sort of traditional western thought.**
>
> **April Herlevi, Center for Naval Analyses**

The strained Sino-US relationship is reshaping the global technology sector, as companies and countries are forced to respond to the pressure exerted by the two economic powerhouses.

Last October, Washington unveiled tough export controls to prevent China obtaining advanced chips or securing the technology and equipment to make high-end semiconductors domestically.

The Sea-Me-We 6 consortium, which includes Microsoft, Orange and Telecom Egypt, opted for US company SubCom to build the line rather than the bid from Hengtong Marine — prompting the two Chinese state-owned groups to exit, the people said.

While Sea-Me-We-6 is not the world's largest international cable, it is similar in length to the Peace cable, laid exclusively by Chinese companies, which spans 21,500km and connects Singapore to France.

Around 95 per cent of all intercontinental internet traffic — data, video calls, instant messages, emails — is transmitted via more than 400 active submarine cables that extend for 1.4mn km. The infrastructure has come under scrutiny amid global concerns around espionage, because the stations where cables land are seen as vulnerable to interception by governments, hackers and thieves.

Several western security experts said China's recent data security law — which mandates that domestic companies and institutions share data with the government if the information in question pertains to matters of national security — suggests that data operated by Chinese companies could be vulnerable to state interception.

Alexandra Seymour, an associate fellow of technology and national security at the

Alexandra Seymour, an associate fellow of technology and national security at the Center for a New American Security, said China's ambition to own subsea cables through its three state-owned telecoms companies "raises a lot of espionage concerns" because it gives the government the tools to direct data traffic.

"There's just a lot of different ways that data can be compromised", from espionage to software hacking to physical cable damage, added Seymour.

Some telecom industry experts fear that heightened suspicions fostered by both superpowers could lead to a decoupling of the internet's infrastructure, with US companies increasingly building the pipes connecting allied nations, while China invests in those connecting much of Asia and Africa.

Some argue this stems from Chinese and Russian efforts to build domestic internet infrastructure that is more suited to surveillance and is therefore incompatible with the decentralised model developed in the US and used around the world today.

"The risk of fragmentation, I do think that's big," said April Herlevi, an expert in China's foreign economic policy at the Center for Naval Analyses.

"You've got China and Russia that have particular views on how the internet should be monitored and what role that plays, which is very different from sort of traditional western thought."

SubCom, Microsoft and Orange declined to comment. China Telecom and China Mobile did not respond to a request for comment.

Additional reporting by Qianer Liu in Hong Kong

Follow [Anna Gross](#) on Twitter