

# What lies behind the Chinese ‘spy chip’ scare?

By Richard Bardon

Usually, Western media organisations propagandise against China, Russia, Iran, et al. with the blessing, and often at the behest, of their countries’ political and “national security” establishments. It is curious therefore that to keep alive the Bloomberg News scare-story that Chinese manufacturers had secretly installed spying hardware in computer equipment built for Apple, Amazon and other US companies and government departments, the media have virtually blacked out the denials not only of the allegedly affected corporations, but of the US intelligence community itself. Whilst corporate spokesmen have unequivocally denounced the Bloomberg story, US government officials have been somewhat coy. This, coupled with the fact that the story emerged amidst a dramatic escalation of the Trump Administration’s antagonism towards China,<sup>4</sup> points towards the White House and/or intelligence community having orchestrated the story themselves after all, to help build up an enemy image of China in the minds of the American public—albeit in such a manner as to provide them “plausible deniability” when it is debunked.

Under the headline “The Big Hack: How China used a tiny chip to infiltrate US companies”, Bloomberg’s *Businessweek* magazine reported 4 October that in mid-2015, Amazon had hired a Canadian security company to inspect

computer servers sold by US video-compression and data-streaming company Elemental Technologies, which Amazon was in the process of acquiring. “Nestled on the servers’ motherboards”, Bloomberg reported, “the testers found a tiny microchip, not much bigger than a grain of rice, which wasn’t part of the boards’ original design.” When reported to US authorities, the discovery “[sent] a shudder through the intelligence community”, Bloomberg continued, because Elemental’s servers were used in Department of Defence data centres; the Central Intelligence Agency’s (CIA) drone program; and the on-board networks of US Navy warships. Supermicro, the company that built the servers for Elemental, is the world’s largest supplier of motherboards, and according to Bloomberg has 900 customers in 100 countries. It is based in California’s Silicon Valley, and the Elemental servers were apparently assembled there; but its motherboards are almost all made by subcontractors in China, which Bloomberg’s anonymous sources (of which it claimed seventeen in all, including “six current and former



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senior national security officials”) said is where the spying chips had been inserted—“by operatives from a unit of the People’s Liberation Army”, no less.

According to Bloomberg, “During the ensuing top-secret probe [by the Federal Bureau of Investigation and other agencies], which remains open more than three years later, investigators determined that the chips allowed the attackers to create a stealth doorway into any network that included the altered machines. ... One official said investigators found that it eventually affected almost 30 companies, including a major bank, government contractors, and the world’s most valuable company, Apple Inc. ... Three senior insiders at Apple say that in the summer [i.e. June-August] of 2015, it, too, found malicious chips on Supermicro motherboards.” One source, described as a former US intelligence official, is quoted that because Supermicro hardware is virtually ubiquitous, “attacking Supermicro motherboards is like attacking [Microsoft operating system] Windows. It’s like attacking the whole world”.

### No investigation or evidence

Every organisation named in the report, however, has denied that the “hardware hack” ever happened. Supermicro said in a press release that “we are not aware of any investigation regarding this topic nor have we been contacted by any government agency in this regard.” Amazon posted a statement on its website the same day the Bloomberg story was published, which said: “At no time, past or present, have we ever found any issues relating to modified hardware or malicious chips in SuperMicro motherboards in any Elemental or Amazon systems. Nor have we engaged in an investigation with the government.” There was indeed an external security review, but it “did not identify any issues with modified chips or hardware ... [and it] was the sole external security report

commissioned. Bloomberg has admittedly never seen our commissioned security report nor any other (and refused to share any details of any purported other report with us).” Apple stated that it too had “never found malicious chips, ‘hardware manipulations’ or vulnerabilities purposely planted in any server ... [nor] had any contact with the FBI or any other agency about such an incident. We are not aware of any investigation by the FBI, nor are our contacts in law enforcement.” The company even wrote a letter to the US Congress on 8 October stating that ever since Bloomberg first contacted them about the alleged malicious chips in October 2017, “we methodically dispelled the often-shifting nature of their claims ... [and] our internal investigations directly contradict every consequential assertion made in the article.”

The FBI and Department of Homeland Security (DHS) have also denied the story, though comparatively weakly. FBI Director Christopher Wray, in 10 October testimony to the Senate Homeland Security Committee, advised committee chairman Sen. Ron Johnson to “be careful what you read”, and implied that no investigation had taken place, just as Amazon and Apple had stated. But Wray invoked the FBI’s policy never to confirm nor deny that an investigation is under way, to avoid saying so directly. Similarly, Homeland Security Secretary Kirstjen Nielsen told the committee that the DHS had no evidence to support the article and “no reason to doubt what the companies have said”, only to add: “We continue to look into it. What I can tell you though is it is a very real and emerging threat that we are very concerned about.” Given the Trump Administration’s increasingly hostile rhetoric, it may reasonably be presumed that these equivocal statements are tailored to let doubts linger, and encourage the media to persist with the story despite the dearth of evidence—including the alleged chips themselves, none of which has yet been shown to the public.