

## Britain and US spy on world

**Big Brother satellites over Indian and Pacific oceans intercept Internet, fax and phone messages**

**By Duncan Campbell and Mark Honigsbaum**

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Britain and America are involved in a global spying network that allows them to eavesdrop on telephone, fax and e-mail communications anywhere in the world.

Until now the ground-based satellite interception system, Echelon, has been shrouded in secrecy. The Foreign Office refuses to 'confirm or deny' its existence and Prime Ministers have dismissed some claims that Britain, the United States and Canada routinely exchange signals intelligence (Sigint) information as 'claptrap'.

But, in an investigation with an Australian television company, The Observer has obtained the first official confirmation of Echelon's existence.

Martin Brady, the director of Australia's Defence Signals Directorate (DSD) - the equivalent of the Government Communications Headquarters (GCHQ) - revealed last night on Nine Network's Sunday Programme that Australia routinely intercepts fax, phone and Internet communications via satellites over the Indian and Pacific oceans. The intercepts are sifted by computers searching for 'key words' and forwarded to GCHQ in Cheltenham and the US National Security Agency in Maryland under the 'UKUSA alliance' deal.

Although he refused to discuss details, Brady disclosed DSD 'does co-operate with counterpart signals intelligence organisations overseas under the UKUSA relationship'. He also claimed DSD and its counterpart Sigint organisations 'operate internal procedures to satisfy themselves their national interests and policies are respected by others'.

However, Brady's claims are challenged by former Sigint officers in two countries that are signatories to the agreement: Canada and New Zealand. They say members of the alliance exchange confidential information on each other's citizens and sometimes conduct unauthorised bugging as a 'favour' to sister Sigint organisations.

Mike Frost, a former intelligence officer in Canada's Communications Security Establishment (CSE), claims GCHQ asked CSE in 1983 to bug two members of Margaret Thatcher's Government. He said a GCHQ liaison officer in Canada told his boss that a request had come through GCHQ from Thatcher asking if CSE could do something 'to aid her in finding out if two of her Cabinet Ministers were, to use her terms, "on side".'

Frost's colleague, Frank Bowman, was sent to London with a special receiver in his briefcase. Using frequencies provided by GCHQ, Bowman allegedly eavesdropped on the Ministers' carphone conversations from the Canadian High Commission in London. Frost claims Bowman handed the tapes to GCHQ. In his book *Spyworld*, published in 1994, Frost said Bowman never disclosed the identities of the Ministers.

Questioned in Parliament, John Major, then Prime Minister, dismissed Frost's claims as 'claptrap'. But Frost says he does not believe Bowman was lying.

Frost, who retired from the CSE in 1990, says he carried out similar operations as a 'favour' to the US National Security Agency (NSA), and that Canada bought Sigint intercepts from France and Norway, which are not party to the UKUSA agreement.

The system works like a giant vacuum cleaner, hoovering up satellite communications from ground stations all over the globe. Echelon feeds the communications through computer 'dictionaries', to pick out key words. It may be able to recognise voices. The Observer can reveal the main sites are at Morwenstow, Cornwall; Sugar Grove, Virginia, and Yakima, Washington, in the US; Sabana Seca, Puerto Rico; Leitrim, Canada; Waihopai, New Zealand; and Geraldton, Australia.

In 1997 a New Zealand television company infiltrated the Waihopai base and filmed the operations centre. The station was virtually empty, confirming suspicions that intercepts are automatically forwarded from New Zealand to the US and the UK.

Staff at Waihopai are supposed to remove the names of New Zealand citizens and companies from the intercepts. Similarly, the NSA is required to apply to a national security court for permission to target US citizens, and if it accidentally intercepts US citizens' communications, it is supposed to throw the intercept away. However, in Britain, there are no built-in safeguards to prevent GCHQ bugging the conversations of British citizens, if the intercepts are external to the UK.

This should make British organisations exempt. But, as The Observer has revealed, this has not prevented companies such as Lonrho and those owned by the late Robert Maxwell being targeted by the security services.

The European Parliament is concerned about Echelon's role in economic espionage. Three years ago security experts at the European Union's Luxembourg offices discovered the NSA had intercepted e-mails between EU officials and bureaucrats.

And, in 1993, the NSA intercepted phone calls between Brazilian officials and the French firm Thomson-CSF, showing Thomson was offering bribes to land a \$1.4 million deal to build an environmental surveillance system for the Amazon rainforest. The intercepts were reportedly used to ensure US defence contractor Raytheon got the deal instead.

The US Congress is proposing procedures to require the NSA and CIA to report to it within 60 days of making an intercept. In Australia senior intelligence officials would welcome a change to the law to be able to refuse 'improper' intercept requests from Ministers. In Britain there are no plans to subject GCHQ to such controls.

'Never over-exaggerate the power these organisations have to abuse a system such as Echelon,' warns Frost. 'Don't think it can't happen, because it does.'