

China's Predatory Intellectual Property Policies Hurt U.S. Companies and American Workers

2017 National Trade Estimate Report on Foreign Trade Barriers (USTR, March 2017)

A full 18 pages of the 2017 [National Trade Estimate](#) Report on Foreign Trade Barriers published by the United States Trade Representative are devoted to China's anti-competitive practices.

- "...inadequacies in China's IPR protection and enforcement regime continue to present serious barriers to U.S. exports and investment." (p. 77)
- "...actors affiliated with the Chinese government and the Chinese military have infiltrated the computer systems of U.S. companies, stealing terabytes of data, including the companies' intellectual property (IP), for the purpose of providing commercial advantages to Chinese enterprises." (p. 78)
- "U.S. companies across industry sectors continue to face Chinese applicants registering their marks and "holding them for ransom" or seeking to establish a business building off of U.S. companies' global reputations." (p. 78)
- "Online piracy continues on a large scale in China, affecting a wide range of industries, including those involved in distributing legitimate music, motion pictures, books and journals, software and video games." (p.79)
- "China continued to pursue a wide array of industrial policies in 2016 that seek to limit market access for imported goods, foreign manufacturers and foreign service suppliers, while offering substantial government guidance, resources and regulatory support to Chinese industries." (p. 80)

The Worst Innovation Mercantilist Policies of 2017 (ITIF, January 2018)

The Information Technology & Innovation Foundation (ITIF) issued a [report](#) highlighting the worst innovation policies designed to distort trade and advantage foreign technology firms and production activities to the detriment of U.S. companies.

- "...a new cybersecurity law that comingles new cybersecurity rules with discriminatory industrial policy...provides a broad framework for China's government to discriminate against foreign tech firms and their products and otherwise distort the trade in IT hardware and the flow of data that underpins a broad range of trade and economic activity." (p. 7)
- "...it remains commonplace for China to require that firms transfer technology in exchange for being granted the ability to invest, operate, or sell in China." (p. 7)
- "China introduced new rules that force foreign electric vehicle (EV) makers to transfer intellectual property (IP) into the country as a condition of market entry, despite World Trade Organization (WTO) laws that prohibit such practices... (p. 22)

U.S.-China Economic and Security Annual Report (USCC, November 2017)

In its [annual report to Congress](#), the U.S.-China Economic and Security Review Commission offered detailed analysis on China's "Industrial Policy Toolbox" used to disadvantage foreign firms and obtain foreign technology through predatory actions.

- "China has laid out an ambitious whole-of-government plan to achieve dominance in advanced technology. This state-led approach utilizes government financing and regulations, high market access and investment barriers for foreign firms, overseas acquisitions and talent recruitment, and, in some cases, industrial espionage to create globally competitive firms." (p. 507)
- "The Chinese government continues to conduct pervasive industrial espionage against U.S. companies, universities, and the government and direct efforts to circumvent U.S. export controls to gain access to cutting-edge technologies and intellectual property in strategic sectors." (p. 513)
- "In a 2016 report prepared for the Commission, the Defense Group, Inc. found that China's industrial robotics industry has rapidly increased production and research but remains plagued by a lack of talent, and high quality precise components. The report noted that China is seeking to close these gaps through technology acquisition and investments, informal knowledge and technology transfers, and illicit technology acquisition such as cyber espionage or illegal exports." (p. 525)