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## Responding to Chinese Economic Espionage

Several Western companies and states have suffered from a prolonged trend of Chinese cyber-enabled intellectual property theft. After a significant decrease in Chinese cyber espionage following the 2015 U.S.-China agreement, it resurged as bilateral relations soured.

### COUNTERMEASURES



**Sanctions:** The Obama administration combined the threat of sanctions with the application of import/export controls and access restrictions to pressure China to acquiesce.



**Indictments:** The U.S. indicted five Chinese military hackers, marking their intentions in counter-economic espionage enforcement. More indictments also came before and after the 2015 agreement.



**Bilateral Agreement:** China and the US produced a Memorandum of Understanding (MOU) in 2015, which agreed upon a prohibition of cyber-enabled IP theft. After a significant decrease, Chinese economic espionage resurged as bilateral relations soured.

### SECOND-ORDER NORMATIVE EFFECTS

The Trump administration's sweeping trade and tariff war, isolated the norm violation and threat of IP theft as a bilateral issue. It may lead Chinese policymakers to believe they have little to gain from honoring the agreement.

Politicizing indictments can escalate lawfare – something that China and Russia are often accused of. They may therefore act more aggressively and freely to politicize international law enforcement as a response.

The subsequent break with the agreement signals that although Beijing briefly changed its behavior, it may not have done so in the manner Washington promoted in differentiating between 'acceptable' and 'unacceptable' forms of espionage.

## NORM EMERGENCE

### Norm prohibiting cyber-enabled intellectual property theft

The U.S.-China agreement introduced a norm against cyber-enabled intellectual property theft for economic benefits. The US sought to *persuade* China by promising better bilateral ties and its partners by linking the costs of IP theft to its economy and national security, whilst *framing* it in such a way that it would allow conventional political-military espionage operations. It *coerced* China to adopt the norm through indictments and the threat of sanctions, and *socialize* the norm by using the G20 as a platform.

