

THE IP COMMISSION

THE COMMISSION ON THE THEFT OF
AMERICAN INTELLECTUAL PROPERTY

PRESS RELEASE

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Media Contact: Dan Aum

202-347-9767

media@IPCommission.org

GOOD FIRST STEP TO COMBAT CHINESE THEFT OF AMERICAN IP, BUT MORE TO BE DONE, SAYS IP COMMISSION IN RESPONSE TO SECTION 301 INVESTIGATION

WASHINGTON, D.C. | The Commission on the Theft of American Intellectual Property (IP Commission) welcomes the release of the report from the Section 301 investigation conducted by the U.S. Trade Representative (USTR) into Chinese intellectual property (IP) theft. The report highlights Chinese practices and policies of forced technology transfer, adverse licensing terms, ongoing cyber operations, and state-led investment in the United States as a tool of an overall Chinese industrial policy to capture future technologies.

In a memorandum outlining implementation actions, President Trump announced remedial steps to mitigate the damage and stem the further theft of American IP, including the following:

- The United States will issue tariffs on more than 1,300 product lines, intended to generate \$50 billion in revenue to address the current bilateral trade imbalance.
- The Treasury secretary will impose restrictions on Chinese investment in the United States, specifically on mergers, acquisition activity, and joint ventures. This measure is intended to complement a review by the Committee on Foreign Investment in the United States.
- The United States will pursue a WTO case against China for adverse licensing practices.

"It has been almost five years since the IP Commission recommended strong action, rather than words, to stop the loss of America's innovative edge to China," said Admiral Dennis Blair, co-chair of the IP Commission. "We welcome the president's action today. This is the first time foreign intellectual property thieves face real consequences beyond hearing lectures. This is a solid first step toward dealing with Chinese economic aggression against this country. It is unlikely to be the last."

These new policy directives are consistent with the recommendations made by the executive director of the IP Commission, Dr. Richard Ellings, who testified at the [Section 301 hearing](#) in October 2017, and with the [new policy recommendations](#) provided by the IP Commission

earlier in March in consideration of the Section 301 investigation. Additional steps that the administration could take include the following:

- Use and expand the authority of the executive branch to deny access to the U.S. market and banking system to Chinese and other foreign companies that steal and benefit from stolen American IP.
- Create new national policy centers that coordinate efforts across relevant agencies, including the Department of Commerce and the Department of Treasury, to monitor and protect American IP.
- Establish multilateral policy dialogues with Japan, the European Union, Australia, South Korea, Singapore, and other states that share interests in protecting IP to strengthen policies to harmonize national, legal, and regulatory frameworks and to share information.

The damage to the U.S. economy from IP theft is significant: in its [2017 report](#), the IP Commission estimated that the economic cost from counterfeit goods, pirated software, and the theft of trade secrets could be as high as \$600 billion annually.

"The administration is acting to protect American interests in the face of coordinated political and commercial pressure from China to take the intellectual property of American companies and force their transfer of technology," said Dr. Ellings. "Our system must respond as an integrated whole to this challenge, and so charging the secretary of the Treasury to limit Chinese investment in the U.S. economy where it runs counter to American national security interests is a good first step."

The following experts are available for interviews upon request:

- **Admiral Dennis C. Blair**, Co-chair of the IP Commission; Chairman of the Board and Distinguished Senior Fellow at the Sasakawa Peace Foundation USA; former commander of the U.S. Pacific Command; and former U.S. director of national intelligence
- **Dr. Richard Ellings**, Executive Director of the IP Commission; President of the National Bureau of Asian Research
- **Roy Kamphausen**, Deputy Director of the IP Commission; Senior Vice President for Research at the National Bureau of Asian Research

About the IP Commission

The Commission on the Theft of American Intellectual Property is an independent and bipartisan initiative of leading Americans from the private sector, public service in national security and foreign affairs, academia, and politics.

About the Commissioners

Co-chairs:

- **Admiral Dennis C. Blair**, Co-chair of the IP Commission; Chairman of the Board and Distinguished Senior Fellow at the Sasakawa Peace Foundation USA; former commander of the U.S. Pacific Command; and former U.S. director of national intelligence

- **Craig Barrett**, former Chairman and CEO of Intel Corporation

Other Commissioners:

- **Charles W. Boustany Jr.**, Chair of the Center for Innovation, Trade, and Strategy at the National Bureau of Asian Research; former six-term U.S. Representative from Louisiana
- **Slade Gorton**, former U.S. Senator from Washington State, member of the 9/11 Commission
- **William J. Lynn III**, CEO of Leonardo North America and DRS Technologies
- **Deborah Wince-Smith**, President and CEO of the Council on Competitiveness
- **Michael K. Young**, President of Texas A&M University

Media inquiries: (202) 347-9767 or media@IPCCommission.org

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