

CLEIMUN20

“Diplomacy in a Challenging Global Environment”

A Research Report

COMMITTEE: Political

QUESTION OF: Intellectual Property Theft

AUTHOR: Connor Stanton

Introduction & Background

Economies flourish through interdependency and thus the international community allows for the flow of commerce across land, ocean, and air. Our world has become globalized such that soybean farmers in Shambaugh, Iowa depend on bankers in Shanghai, China. The present global environment encourages international trade and exchange of resources and ideas. However, there are sectors of the global economy that reject this tenet of internationalism. We have been witness to this philosophy in the past. In the space race between the United States and the Soviet Union, trade secrets, innovation, and other forms of intellectual property were closely guarded.

Reaching the moon, both countries concluded, would serve as a boon to their economies and prestige. Today the focus is not on the stars but on technological dominance. Now, countries rely on corporations to bring innovative products to market. Nations attempt to enact measures precluding bad actors from absconding with high value information. In this new dynamic, the competitors have also changed. The United States and Western societies have turned their sights from the Soviet Union to China. According to the Commission on the Theft of American

Intellectual Property, “China’s intellectual property (IP) theft costs the U.S. economy between \$225 billion to \$600 billion annually.” This statistic has manifested in the White House, via executive order, commanding US companies not to use technology produced by anyone considered a national security threat including the Chinese-linked telecommunications juggernaut Huawei. Later, the Department of Commerce placed the corporation and seventy of its affiliates on its “Entity List,” blacklisting it from purchasing components from American corporations without prior government approval. American security officials and institutions have been vocal about the dangers the company potentially poses. In his testimony, FBI Director Christopher Wray stated “we’re deeply concerned about the risks of allowing any company or entity that is beholden to foreign governments ... to exert pressure or control over our telecommunications infrastructure ... It provides the capacity to maliciously modify or steal information, and it provides the capacity to conduct undetected espionage.”

The United States is not the only nation threatened by intellectual property theft. Japan’s Sony Corporation was targeted by foreign actors who obtained data and files significant to the company. Damages totaled \$35 million in trade secrets, high risk information, and other critical data were lost; security specialists suspect that the Democratic People’s Republic of Korea carried out the breach. While modernized societies are at the most risk of intellectual property theft, the impacts have potential far reaching implications. The Recession of 2008 demonstrates the interdependency of the global economy on Western markets. The American GDP declined by 2.9% and found its unemployment rate at 10% after the economic failure. Yet Greece, a nation 5,860 miles from mainland America, with a divergent cultural experience and identity, was not spared near economic collapse. The nation’s unemployment rate reached 28%; clearly the

Mediterranean island nation could not escape the consequences of a recessed American economy.

Nations are reliant on each other for prosperity. Trade, imports and exports define countries and structure their societies. Ultimately, when a grand economy shrinks or deflates, the results are globally felt. It is imperative for the health of the international economy that nations avoid intellectual property theft.

How should nations ensure that their intellectual property is safely guarded in a competitive, global economy?

The United Nations encourages nations to defend their sovereignty, culture, and innovation. As such, the passage of domestic policy and regulation safeguarding the significant advancements of nations is strongly recommended as a preliminary measure. States are similarly advised to develop productive international trade strategies in which they strengthen and build international economic bonds taking steps to form new relations and interdependence. History shows that economic alliances result in greater mutual understanding between governments and peoples. Such a safeguarding strategy may significantly mitigate this issue.

Past Efforts To Solve This Problem

The United States is a noted leader in the conversation of intellectual property theft. Relations between the nation and the People's Republic of China have suffered as a result of both nations campaigns for technological dominance. The White House's executive order targeting Huawei, as previously discussed, is among the most recent attempts to curtail intellectual property theft.

Past administrations have threatened to impose tariffs on China for stealing trade secrets. The Clinton administration signed into law the Economic Espionage Act in 1996. The effort was largely ineffective as the law was only used in 96 cases between 1996 and 2009. Civil penalties were signed into law by the Obama administration after Congress passed the Defend Trade Secrets Act. President Obama also reached a bilateral cybersecurity and intellectual property theft deal with China in which both nations pledged not to steal each other's intellectual property.

Possible Solutions

International trade and the global economy have dominated the conversations of leaders. Nations' economies are intertwined in strange and complex ways. United Nations members, who are interested in promoting fair trade practices, should consider the benefits of interreliance. Internationalism's ability to make friends of geographically separated states is significant. The networks that link London and Sydney, San Francisco and Tokyo, and Toronto and Ho Chi Minh allow for the formation of closer relationships. In turn, the future of each grows more reliant on the prospering of the relationship. Damage to the relationship hurts both and thus harmful activities like intellectual property theft are likely to be avoided.

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