



Department of Justice

FOR IMMEDIATE RELEASE
THURSDAY, NOVEMBER 1, 2018
WWW.JUSTICE.GOV

AG
(202) 514-2007
TTY (866) 544-5309

ATTORNEY GENERAL JEFF SESSION'S CHINA INITIATIVE FACT SHEET

Background

The Attorney General's Initiative reflects the Department's strategic priority of countering Chinese national security threats and reinforces the President's overall national security strategy. The Initiative is launched against the background of previous findings by the Administration concerning China's practices. In March 2018, the Office of the U.S. Trade Representative announced the results of a months' long investigation of China's trade practices under Section 301 of the Trade Act of 1974. It concluded, among other things, that a combination of China's practices are unreasonable, including its outbound investment policies and sponsorship of unauthorized computer intrusions, and that "[a] range of tools may be appropriate to address these serious matters."

In June 2018, the White House Office of Trade and Manufacturing Policy issued a report on "How China's Economic Aggression Threatens the Technologies and Intellectual Property of the United States and the World," documenting "the two major strategies and various acts, policies, and practices Chinese industrial policy uses in seeking to acquire the intellectual property and technologies of the world and to capture the emerging high-technology industries that will drive future economic growth."

The National Security Division (NSD) is responsible for countering nation state threats to the country's critical infrastructure and private sector. In addition to identifying and prosecuting those engaged in trade secret theft, hacking and economic espionage, the initiative will increase efforts to protect our critical infrastructure against external threats including foreign direct investment, supply chain threats and the foreign agents seeking to influence the American public and policymakers without proper registration.

Statements

Attorney General Jeff Sessions

Chinese economic espionage against the United States has been increasing—and it has been increasing rapidly. Enough is enough. We're not going to take it anymore. I have ordered the creation of a China Initiative led by Assistant Attorney General John Demers and composed of a senior FBI Executive, five United States Attorneys including Alex, and several other Department of Justice leaders and officials, including Assistant Attorney General Benczkowski. This Initiative will identify priority Chinese trade theft cases, ensure that we have enough resources dedicated to them, and make sure that we bring them to an appropriate conclusion quickly and effectively.

Assistant Attorney for National Security John C. Demers

"China wants the fruits of America's brainpower to harvest the seeds of its planned economic dominance. Preventing this from happening will take all of us, here at the Justice Department,

across the U.S. government, and within the private sector. With the Attorney General's initiative, we will confront China's malign behaviors and encourage them to conduct themselves as they aspire to be: one of the world's leading nations."

Assistant Attorney General Brian Benczkowski

"To counter the threat of Chinese malign economic aggression, prosecutors in the Criminal Division are redoubling our efforts to aggressively investigate Chinese companies and individuals for theft of trade secrets," said Assistant Attorney General Brian Benczkowski. "We will work hard to do our part, in partnership with other Department components, to assure fairness in the global economic system."

FBI Director Christopher Wray

"No country presents a broader, more severe threat to our ideas, our innovation, and our economic security than China," said FBI Director Christopher Wray. "The Chinese government is determined to acquire American technology, and they're willing use a variety of means to do that – from foreign investments, corporate acquisitions, and cyber intrusions to obtaining the services of current or former company employees to get inside information. If China acquires an American company's most important technology – the very technology that makes it the leader in a field – that company will suffer severe losses, and our national security could even be impacted. We are committed to continuing to work closely with our federal, state, local, and private sector partners to counter this threat from China."

US Attorneys in Working Group

- Andrew E. Lelling (District of Massachusetts)
- Jay E. Town (Northern District of Alabama)
- Alex G. Tse (Northern District of California)
- Richard P. Donoghue (Eastern District of New York)
- Erin Nealy Cox (Northern District of Texas)

Components of Initiative

The Attorney General has set the following goals for the Initiative:

- Identify priority trade secret theft cases, ensure that investigations are adequately resourced; and work to bring them to fruition in a timely manner and according to the facts and applicable law;
- Develop an enforcement strategy concerning non-traditional collectors (e.g., researchers in labs, universities, and the defense industrial base) that are being coopted into transferring technology contrary to U.S. interests;
- Educate colleges and universities about potential threats to academic freedom and open discourse from influence efforts on campus;
- Apply the Foreign Agents Registration Act to unregistered agents seeking to advance China's political agenda, bringing enforcement actions when appropriate;
- Equip the nation's U.S. Attorneys with intelligence and materials they can use to raise awareness of these threats within their Districts and support their outreach efforts;
- Implement the Foreign Investment Risk Review Modernization Act (FIRMA) for DOJ (including by working with Treasury to develop regulations under the statute and prepare for increased workflow);
- Identify opportunities to better address supply chain threats, especially ones impacting the telecommunications sector, prior to the transition to 5G networks;

— Identify Foreign Corrupt Practices Act (FCPA) cases involving Chinese companies that compete with American businesses;

— Increase efforts to improve Chinese responses to requests under the Mutual Legal Assistance Agreement (MLAA) with the United States; and

— Evaluate whether additional legislative and administrative authorities are required to protect our national assets from foreign economic aggression.

To launch the initiative, Assistant Attorney General Demers will convene a meeting of the above-mentioned U.S. Attorneys, senior FBI officials, and his counterpart in the Criminal Division, Assistant Attorney General Brian Benczkowski.

###

18-1436