

**2019 Sustainable Industrial Processing Summit & Exhibition**  
*McNeil International Symposium on Laws and their Applications for Sustainable Development*

# **International Trade and Tariffs: It's Business!... *But Not as Usual***

*Presented by*

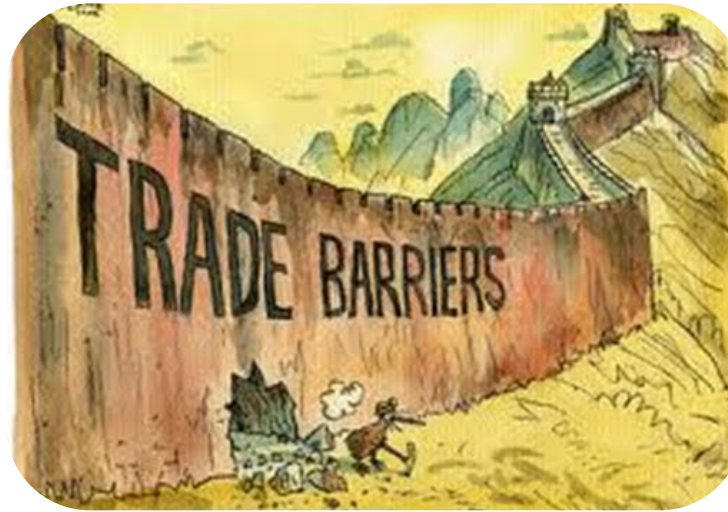
**Malcolm S. McNeil**

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# Top 3 Trends



Theft of Intellectual  
Property and  
Counterfeiting



Rising Tariffs



Government  
Confiscations of  
Shipments

# Trend 1: Theft of Intellectual Property and Counterfeiting

## Large issue between US and China

- Although many EU lawmakers have raised grave concerns about China's practices as well

## Theft occurs in China through:

- Force technology transfers
- Joint Venture requires with Chinese/Chinese-state owned businesses

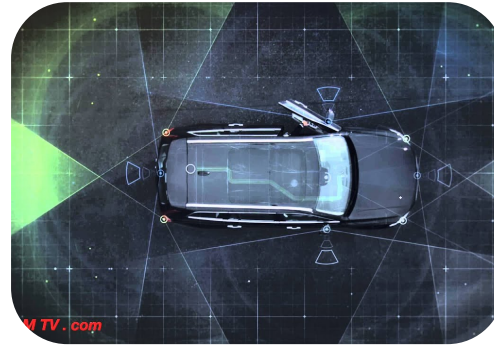
## Theft also occurs in US with Chinese immigrant workers

- Highly skilled (and not so skilled but sneaky) Chinese workers work at US tech companies and steal trade secrets



**Arent Fox**

## **Example: Jizhong Chen**



*Apple employee arrested by the FBI for stealing IP.*

*He was one of 5000 Apple employees working on Project Titan, a secret R&D project for self-driving cars.*

*Apple's team found Chen had "over two thousand files containing confidential and proprietary Apple material, including manuals, schematics, and diagrams," according to the charging document. They also found "hundreds" of photographs of computer screens with sensitive company information displayed, including some that were clearly of his own laptop.*

*He told Apple he needed to return to China to visit his sick father. In fact, he had ties to another autonomous car company in China. The FBI arrested him before he was set to fly off. He faces up to ten years in prison.*

## ...Trend 1: Theft of Intellectual Property and Counterfeiting



US has also blocked investment in tech from China, as well as tightening export controls of tech to China.



CFIUS is the agency which oversees foreign investment. It has blocked many potential deals where Chinese companies sought to acquire US companies.



Bureau of Industry and Security within the Department of Commerce (BIS) has also added several very large Chinese firms on its “Entity List,” including Huawei.

Foreign Investment Risk Review Modernization Act (FIRRMMA) is a new law that has expanded BIS's power. Under the law, BIS will promulgate and update a list of high technologies which will be restricted. Some of these technologies include:

- Biotechnology
- Artificial intelligence (AI) and machine learning technology
- Computer vision
- Position, Navigation, and Timing (PNT) technology
- Microprocessor technology, such as: (i) Systems-on-Chip (SoC); or (ii) Stacked Memory on Chip
- Advanced computing technology, such as Memory-centric logic
- Data analytics technology, such as: (i) Visualization; (ii) Automated analysis algorithms; or (iii) Context-aware computing

### Some of the technologies include (cont.):

- Quantum information and sensing technology
- Logistics technology
- Additive manufacturing (e.g., 3D printing)
- Robotics, such as: (i) Micro-drone and micro-robotic systems; (ii) Swarming technology; (iii) Self-assembling robots; (iv) Molecular robotics; (v) Robot compliers; or (vi) Smart Dust
- Brain-computer interfaces
- Hypersonics
- Advanced materials, such as: (i) Adaptive camouflage; (ii) Functional textiles (e.g., advanced fiber and fabric technology); or (iii) Biomaterials
- Advanced surveillance technologies, such as Faceprint and voiceprint technologies



These regulations are far reaching and comprehensive. It is also a long-term strategic battle. It will likely continue regardless of political administration in the US.



## Trend 2: Rising Tariffs



This story has probably seen the most news of the three, and is closely related to growing anti-globalism sentiments in the US and Europe

The US-China Section 301 tariff negotiations have been some of the most prominent, but there have been others as well

US and EU have also increased tariffs on each other

# Non-Tariff Barriers

Non-Tariff barriers have been seen by many as another form of economic gamesmanship

E.g. GDPR as an attempt to harm US technology companies, as EU does not have many technology companies that can compete with Facebook, Apple or Google

# Global Trend: Renegotiation of Trade Deals



## Brexit

- EU trade → Post-Brexit package



## NAFTA

- NAFTA → USMCA



## TPP

- TPP → US-Japan Trade Agreement



## EU

- EU is currently in talks with a trade deal with Thailand

## Social Media

- Social Media and Public Sentiment may start to play a larger role in affecting trade:

Consumers have started caring more about the brands they buy

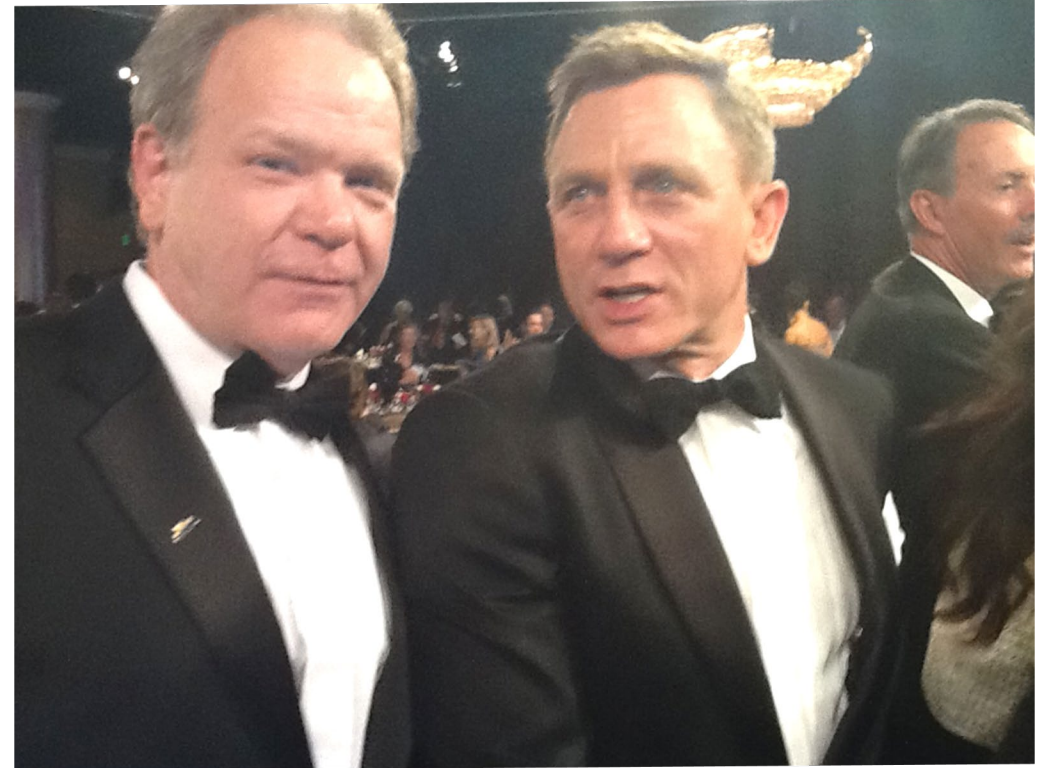


# NBA-China Fiasco



- Houston Rockets GM Daryl Morey tweeted support for Hong Kong Protesters
- China levied pressure on the NBA to attempt to rebuke the tweet
- NBA removed HK protesters from its games, and its biggest name, LeBron James, called GM Morey “misinformed”
- In the US, the NBA and James have faced heavy criticism for perceived kowtowing to China

# Questions?



*Malcolm McNeil*

[Malcolm.McNeil@arentfox.com](mailto:Malcolm.McNeil@arentfox.com)

213.443.7656



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