US brings charges of economic espionage against six Chinese engineers and businessmen

Patrick Martin
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The US Justice Department has brought charges of economic espionage against six Chinese citizens, including three who studied together at the University of Southern California (USC) a decade ago, the agency announced Tuesday.

The department unsealed a grand jury indictment on Monday night, May 18, two days after one of the six men, 36-year-old Professor Zhang Hao of Tianjin University, was arrested upon arrival at Los Angeles International Airport. He was coming to the US from China to attend a conference.

The other five are believed to be in China, according to press reports, and would not likely travel to the US now that an indictment against them has been made public. Their names and ages are given in the indictment as Pang Wei, 35; Zhang Huisui, 34; Jinping Chen, 41; Chong Zhou, 26; and Zhao Gang, 39.

Zhang Hao, Zhang Husui and Pang Wei all received degrees in electrical engineering in 2006 from USC, then went to work at three separate small American companies: Avago, in Colorado; Skyworks, in Massachusetts; and Micrel Semiconductor in California.

The three men discussed plans to form a Chinese company that could develop technology similar to what they were working on in the United States, which sought to filter out unwanted noise from wireless devices like cellphones. Avago and Skyworks are both suppliers of filter chips to Apple for use in its iPhone, which came out in 2007. Similar chips are used by Samsung, Motorola, Nokia and other cellphone makers, with the overall market valued at about $1 billion.

The three engineers had returned to China by 2009 and formed several companies, in which the other three indicted men were allegedly involved, filing patents in the acoustic technology area. Some of the companies were joint ventures with Tianjin University, where the engineers had obtained academic positions. According to US press reports this week, Avago learned about the “thefts” of its technology in the fall of 2011 and went to the US authorities.

Even if the facts are as presented in the indictments—which certainly remains to be proven—the actions of the six Chinese men amount to garden-variety practices of capitalism in the technology industry, on both sides of the Pacific, where the hoarding, purchase and theft of “business secrets” is commonplace. Companies in Silicon Valley are notorious for raiding each other’s engineers in order to gain access to technology.

The charges were brought under the Economic Espionage Act, using a provision that requires proof that theft of business information is on behalf of a foreign power. In this case, the link to the “foreign power,” China, is flimsy, based on the joint venture with Tianjin University, a state-run educational institution.

Nonetheless, US government officials were at pains to present the case as a major national security issue. The US Attorney for San Francisco, Melinda Haag, whose office is handling the prosecution, said, “Sensitive technology developed by US companies in Silicon Valley and throughout California continues to be vulnerable to coordinated and complex efforts sponsored by foreign governments to steal that technology.”

State Department spokesman Jeff Rathke added, “Economic espionage is something that we take very

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seriously. We're always vigilant about these kinds of concerns."

Such statements, however, beg the question, given that more than three years have passed since this supposedly major technology theft came to the notice of federal investigators. The timing of the arrest and the indictments suggests other considerations are driving the case.

The well-publicized indictment comes as the Obama administration is ramping up its military-diplomatic campaign against China, dubbed the "pivot to Asia," which involves presenting China as an aggressive, expansionist power threatening the position of US imperialism in the Asia Pacific.

In particular, the arrest of Professor Zhao comes on the eve of votes in the House and Senate to grant Obama "fast-track" authority to complete the negotiations for the Trans-Pacific Partnership (TPP), a grouping of 12 Pacific rim countries, including the United States and Japan, excluding China, and based on trade and investment rules unfavorable to Beijing.

Faced with a strident protectionist campaign against the TPP mounted by the AFL-CIO and Senate liberals like Elizabeth Warren and Sherrod Brown, which led to an embarrassing, if temporary, setback in the Senate last week, the White House has stepped up its arguments for the TPP as a national security measure aimed against China.

As the *New York Times* wrote May 12, "Mr. Obama has repeatedly framed the Pacific accord as a way to counter China's rising power in Asia, giving countries like Malaysia, Brunei, Japan, Singapore and Vietnam an economic alliance that would be a counterweight to China's increasingly assertive policies in the region."

The *Washington Post* elaborated on this theme in a lengthy article May 18, reporting that "Washington's Democratic foreign policy elite has mounted a fierce defense of the pact as crucial to the Obama administration's national security strategy. Behind their warnings lies the uncomfortable truth that some inside the administration view the TPP, a broad 12-nation accord, as a policy aimed foremost at China."

There is little doubt that these geo-strategic considerations, rather than anything the six Chinese men have actually done, accounts for their indictment and the arrest of Professor Zhao.

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