

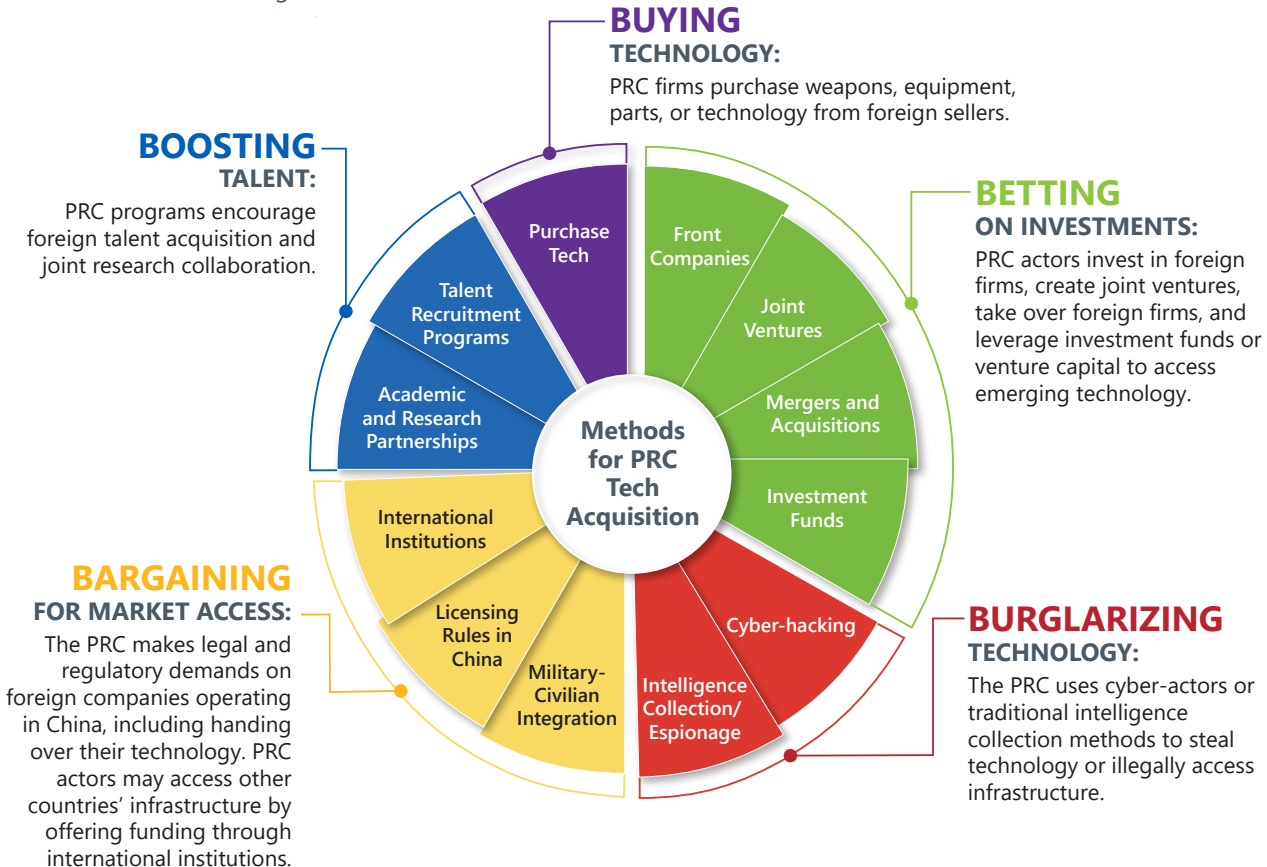
THE PEOPLE'S REPUBLIC OF CHINA USES DIVERSE TOOLS TO ACCESS FOREIGN TECHNOLOGY AND CRITICAL INFRASTRUCTURE

THE PRC USES LEGAL AND ILLEGAL METHODS TO OBTAIN UNSANCTIONED ACCESS TO TARGETED TECHNOLOGY AND CRITICAL INFRASTRUCTURE.

- The PRC has a large “toolkit” it can use—often employing several tools at once.
- PRC methods continually evolve to evade or bypass other countries’ legal and regulatory measures.
- When one method of technology acquisition fails, PRC actors will pursue another.
- The PRC can use these methods to impede supply chains by limiting exports from PRC manufacturers, taking control of overseas manufacturers, or hampering business operations.

WHAT TOOLS DOES THE PRC EMPLOY TO ACCESS FOREIGN TECHNOLOGY AND INFRASTRUCTURE?

China’s activities can be categorized into 5 B’s.

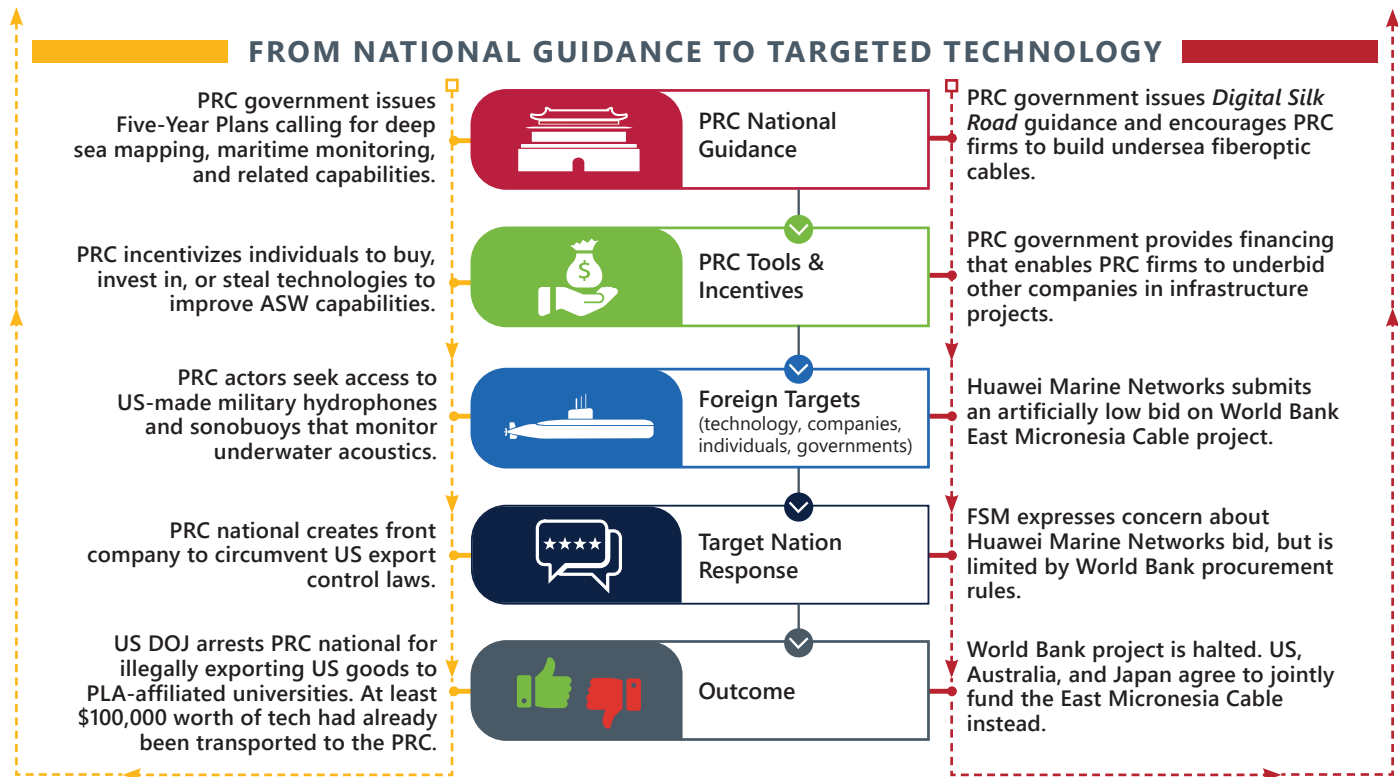


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PRC ACTIONS TO ACCESS FOREIGN TECHNOLOGY AND INFRASTRUCTURE FOLLOW A COMMON PATTERN

PRC national guidance provides insights into the types of technologies and infrastructure that the PRC is likely to target. This guidance is then turned into action by government organizations, companies, and individuals through a series of observable steps. Case studies below illustrate this process.

SONOBUOYS	UNDERSEA CABLES
<p>Hydrophones and sonobuoys are key technologies that could help the PLA improve its antisubmarine warfare (ASW) capabilities. In 2014, a PRC national created an intermediary front company, LinkOcean Technologies, to acquire underwater technologies. LinkOcean exported hydrophones from the United States to the PRC without obtaining the required export licenses. End-users were concealed from the US manufacturer and illegally exported products were provided to two PRC universities that are closely associated with the PLA. In 2021, this individual was convicted of money laundering, making false statements, smuggling, and conspiracy to violate US export control laws.</p>	<p>Pacific Island nations have substantial unmet needs for internet connectivity. In 2018 the World Bank and Asian Development Bank agreed to fund the East Micronesia Cable project to connect the Federated States of Micronesia (FSM), Kiribati, and Nauru. The cable would have joined to the HANTRU-1 trunk, which links Guam and the Marshall Islands and may carry sensitive US military communications. Huawei Marine Networks, a PRC firm now on the US Entity List, won the project with a very low bid. World Bank projects may not disqualify bids on criteria other than price unless they have been specified in advance. In 2021 the three recipient nations withdrew from the World Bank project.</p>



MANY OF CHINA'S ACTIVITIES OCCUR IN PLAIN SIGHT. PROTECT YOUR TECH BY KNOWING WHAT TO LOOK FOR!

For additional information, please contact: chinastudies@cna.org

For additional CNA work on this topic, see: <https://www.cna.org/centers/cna/cip/economic-statecraft>

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