

All Roads Lead to Intellectual Property in the U.S. – China Rivalry by Noelle Borao

WASHINGTON, DC, VIRGINIA, UNITED STATES, June 4, 2021 /EINPresswire.com/ -- While there is no official acknowledgment, there is little doubt that the “Quad” of U.S., Australia, India, and Japan was designed to thwart China’s aims in the Indo-Pacific region. The Quad discussed not only producing and delivering COVID vaccinations in the March meeting, but also explored building a supply chain for producing rare-earth minerals to counter China’s 60% dominance in that market. However, Beijing’s ambitions extend beyond dominating the global supply infrastructure for strategic goods relevant for U.S. security. Its road to power over Western allies would likely come from misappropriation of commercial technology innovations—or intellectual property (IP) theft—that also have public, military uses. It is therefore critical that the Biden administration calibrate its strategy toward China’s IP theft, in particular.

U.S. officials have long warned about the Chinese Party-State’s practice of military-civil fusion of science and research activities, intended to either develop or acquire technologies explicitly for bolstering its military power. The U.S. – China rivalry in the 21st century has evolved from disputes over a persistent trade surplus to the potential for an unprincipled State to close the military-technology gap with the U.S. Consequently, stakeholders in the West from policymakers to corporations, to consumers, should zero in on IP when considering the stakes in the U.S. - China rivalry.

Consider that a developed nation’s growth and prosperity depends on its ability to innovate and disrupt existing commercial practices, then reaping the economic rewards from satisfying global consumer demand for the subsequent revolutionary products or services. America’s path to prosperity has come largely from creating the conditions and environment that cultivate innovation and entrepreneurship. China seeks prosperity, too, but has chosen a path that relies on technology and knowledge acquisition—oftentimes illegitimately from the West—than incubation.

Dropping that indispensable iPhone app or making that affordable electric car with range to get to grandma’s house requires pioneering technology. It also requires savvy entrepreneurs willing to sweat the effort and bear the sizable financial risks. But entrepreneurs need the promise of potential rewards and profits to inspire their efforts, in addition to the deep beliefs that they are creating solutions for the betterment of society.

Owning those groundbreaking creations of the mind—that ethereal liquid gold known as

IP—provides the potential rewards that motivate the pursuit of ground-breaking discoveries. In fact, experts estimate that intangible assets account for 90% of the economic value of public firms today, compared to just 17% in 1975. Yet, owning such property through copyrights, trade secrets, and patents carries the promise of potential rewards only when these ownership rights are well defined and reliably enforced for the duration of time for which these rights are endowed to their creators. While the democratic, market-based economies of the West do a reasonable job of this, this is simply not true for China when it comes to respecting western IP.

The global economy creates win-win opportunities from economic cooperation between allies. But globalization also creates zero-sum games from economic conflict when one or more partners does not fulfill its obligations under agreements it has repeatedly signed. This is especially true when an authoritarian government does not perceive transparent market mechanisms to offer the expediency needed to close the economic-military gap with the West: stealing or misappropriating IP is so much more efficient. Whether the misconduct is referred to as “larcenous learning” or “involuntary sharing” by these actors, the economic losses borne by American firms resulting from IP misappropriation are significant. This was estimated to be as much as \$600 billion annually in a 2017 study, a value that represents costs rather than potential revenue. The Chinese Party-State is allegedly responsible for approximately 50% to 80% of this total.

What’s more, the way technology is diffused through any economy has cemented the nexus of commerce and national security. Most of today’s disruptive technologies are driving dual or multiple-use functionality that produces both commercial and military applications. Consider how the development of semiconductors and microelectronics created more than just calculators and mobile phones. These innovations helped develop smart bombs and military drones. Facial recognition and artificial intelligence technology are making electronic devices more secure, but also aid in identifying known terrorists in international airport security systems. Thus, when IP is misappropriated by authoritarian States or their state-owned enterprises, there are far-reaching consequences for individuals, firms, and States.

The Trump administration used immediate-term instruments like trade tariffs and sanctions to constrain China’s economic antagonism, which appeared to be the most effective mechanisms in the short term. With the benefit of time and planning, the Biden administration appears to be pursuing an optimally strategic approach: uniting historic U.S. allies around a multilateral effort to contain Beijing’s influence in the Asia-Pacific region, and the world. The administration would be even wiser to orient its calculus toward IP, specifically.

Noelle Borao is a scholar at the University of Denver’s Daniels College of Business who melds research with over a decade of international business experience with major retailers and manufacturers

Jeff Johnson
Allen Media Strategies

+1 703-819-6777

[email us here](#)

This press release can be viewed online at: <https://www.einpresswire.com/article/542898800>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2021 IPD Group, Inc. All Right Reserved.