

**XI JINPING'S ECONOMIC
CYBERSECURITY AGREEMENT
WITH BARACK OBAMA**

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Executive Summary

1. Chinese President Xi Jinping and US President Barack Obama had reached an agreement to curb cybertheft between the two countries during President Xi's visit to the United States in September 2015.
2. For the first time, the two countries' governments agreed not to conduct or knowingly support cyber-enabled theft of intellectual property, including trade secrets or other confidential business information, with the intent of providing competitive advantages to companies or commercial sectors.
3. A Cabinet-level dialogue mechanism between the countries on cyber espionage and a red-phone system for the United States to register complaints were established.
4. The agreement is a diplomatic success for the United States as the superpower has persuaded the rising power to clamp down on alleged economic cyberthefts from the Chinese side that have posed serious threats to US business interests and economic security.
5. Cybersecurity has long been a contentious issue between China and the United States, with the Chinese side denying all accusations that the Chinese government or military forces had orchestrated cyberattacks against US firms or government agencies.
6. Since 2013, US security companies have reported that the People's Liberation Army Unit 61398 in Shanghai was traced to have engaged in frequent cyberwarfare against American corporations and government agencies.

7. Since 1991, China has increasingly funded, developed, acquired and deployed advanced cyber technology in its government, military and civil sectors.
8. Senior Chinese officials issued high-level directives and created several high-level Leading Small Groups to provide domestic coordination and strategic guidance on cybersecurity.
9. The vulnerabilities in the cyberspace have allowed sophisticated cyber actors and nation-states to conduct cybercrimes that could possibly disrupt the delivery of essential services and even jeopardise states' relations.
10. The effectiveness of the agreement in curbing rampant cyber espionage activities is however doubted due to the complexity of cyber issues, difficulty of enforcement and lack of mutual trust between the world's two largest economies.