Reforms to CFIUS and Export Control Laws Mark Breakthrough for Protecting U.S. IP

WASHINGTON, D.C. | President Trump signed into law today the Foreign Risk Review Modernization Act (FIRRMA) of 2018, which revamps the Committee on Foreign Investment in the U.S. (CFIUS), and the Export Control Reform Act of 2018. Both bills are part of the broader 2019 National Defense Authorization Act (NDAA).

"FIRRMA and the Export Control Reform Act in the NDAA represent the most significant change in national security–related investment and export control policy in over 40 years," said Dr. Richard Ellings, executive director of the IP Commission. "As the leading voice bringing the issue of IP theft to the attention of Congress, the IP Commission is pleased to have contributed to informing this legislation through testimony before the Congress and the U.S. Trade Representative and to securing its broad, bipartisan support."

Under the reforms, CFIUS may consider an expanded range of factors when deciding whether to block transactions by foreign persons into the United States. Those factors include, but are not limited to:

- whether a covered transaction involves a "country of special concern" that has a demonstrated or declared strategic goal of acquiring a type of technology or critical infrastructure that would affect America's leadership in the national security arena;
- the impact on national security if a foreign entity has cumulative control of any one type of critical infrastructure, energy asset, critical material, or critical technology;
- whether the transaction creates or exacerbates cybersecurity vulnerabilities in the United States;
- the foreign investor's record in complying with U.S. laws and regulations;
- investments and real estate transactions, as well as mergers, acquisitions, or takeovers.

The reforms also strengthen the government's capacity to execute oversight by:
• authorizing increased appropriations for staffing and funding for CFIUS
• establishing an interagency process—that includes the Secretary of Commerce, the Secretary of Defense, the Secretary of Energy, the Secretary of State, and the heads of other Federal agencies as appropriate—to identify emerging and foundational technologies essential to U.S. national security

"This much-needed reform of CFIUS makes enormous progress toward protecting American intellectual property," said Admiral Dennis Blair, Co-chair of the IP Commission. "The new law shores up the loopholes in our current CFIUS and export controls process so that we can tackle the theft of our American IP in a more comprehensive and streamlined way. Now we need to ensure this law is implemented effectively, and the IP Commission will continue to provide data and guidance for this purpose."

For more information, the following experts are available for interviews upon request:

• **Admiral Dennis C. Blair**, Co-chair of the IP Commission; Chairman of the board and Distinguished Senior Fellow at the Sasakawa Peace Foundation USA; former commander of the U.S. Pacific Command; and former U.S. director of national intelligence

• **Dr. Richard Ellings**, Executive Director of the IP Commission; President of the National Bureau of Asian Research

• **Roy Kamphausen**, Deputy Director of the IP Commission; Senior Vice President for Research at the National Bureau of Asian Research

**About the IP Commission**

The Commission on the Theft of American Intellectual Property is an independent and bipartisan initiative of leading Americans from the private sector, public service in national security and foreign affairs, academia, and politics.

**About the Commissioners**

Co-chairs:

• **Admiral Dennis C. Blair**, Co-chair of the IP Commission; Chairman of the board and Distinguished Senior Fellow at the Sasakawa Peace Foundation USA; former commander of the U.S. Pacific Command; and former U.S. director of national intelligence

• **Craig Barrett**, former Chairman and CEO of Intel Corporation

Other Commissioners:

• **Charles W. Boustany Jr.**, Counselor to the National Bureau of Asian Research; former six-term U.S. Representative from Louisiana
- Slade Gorton, former U.S. Senator from Washington State, member of 9/11 Commission
- William J. Lynn III, CEO of Leonardo North America and DRS Technologies
- Deborah Wince-Smith, President and CEO of the Council on Competitiveness
- Michael K. Young, President of Texas A&M University

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