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Heads of FBI, MI5 Issue Joint Warning on Chinese Spying

Officials say Beijing employs large-scale hacking and global network of agents to steal Western technology; U.S. also warns about efforts to influence policy-making



By *Max Colchester* [Follow](#)

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LONDON—The heads of the FBI and Britain’s domestic security service issued sharply worded warnings to business leaders about the threats posed by Chinese espionage, especially spying aimed at stealing Western technology companies’ intellectual property.

In a rare joint appearance on Wednesday at the headquarters of MI5, Christopher Wray, director of the Federal Bureau of Investigation, and Ken McCallum, director-general of MI5, urged executives not to underestimate the scale and sophistication of Beijing’s campaign.

“The Chinese government is set on stealing your technology—whatever it is that makes your industry tick—and using it to undercut your business and dominate your market,” Mr. Wray told the audience of business people. “They’re set on using every tool at their disposal to do it.”

China uses state-sponsored hacking on a large scale, along with a global network of intelligence operatives in its quest to gain access to technology it considers important, Messrs. Wray and

McCallum said.

U.S. counterintelligence officials issued a separate notice on Wednesday warning state and local government leaders and business executives about a different Chinese threat—accelerating efforts to influence policy-making through overt and covert means.

The notice, from the U.S. National Counterintelligence and Security Center, cited tactics ranging from open lobbying, where Beijing's role is acknowledged, to collecting personal information about state and local leaders, and leveraging trade and investment to reward or punish officials.

Combined, the warnings from Mr. Wray and the counterintelligence center underscore what Washington sees as the persisting, systemic challenge China poses to the U.S. economy and government. Relations between the U.S. and China have deteriorated, with their once-entwined economies now facing barriers to trade and technology flows amid a rivalry for global influence.

“We want to send the clearest signal we can on a massive shared challenge—China,” Mr. Wray said in the appearance with his U.K. counterpart. Tackling the threat is essential, he said, “if we are to protect our economies, our institutions and our democratic values.”

China is engaged in “a coordinated campaign on a grand scale” that represents “a strategic contest across decades,” Mr. McCallum said. “We need to act.”

In a statement on Wednesday, a spokesman for China's embassy in Washington, Liu Pengyu, criticized what he characterized as “U.S. politicians who have been tarnishing China's image and painting China as a threat with false accusations.”

China's government denies that it interferes in the affairs of other countries. Mr. Liu reiterated Beijing's position that it is a defender of cybersecurity and a victim of cyberattacks, and that its government never condones such activity. He also accused the U.S. of launching mass online surveillance and urged the U.S. to “be a truly responsible actor in cyberspace.”

Mr. Wray said that China is drawing lessons from the West's response to Russia's war in Ukraine, potentially to be used if Beijing decides to try to forcibly take Taiwan, the democratic island off the Chinese coast that was part of China in the past.

“We've seen China looking for ways to insulate their economy against potential sanctions, trying to cushion themselves from harm if they do anything to draw the ire of the international community,” Mr. Wray said. “In our world, we call that kind of behavior a clue.”

Messrs. Wray and McCallum and the notice from the U.S. counterintelligence center pointed out that their warnings are directed at the conduct of China's government and the ruling Chinese Communist Party, and not ethnic Chinese people more broadly. Mr. Wray said Chinese immigrants in the U.S. "are themselves frequently victims of the Chinese government's lawless aggression."

Most of Mr. Wray's and Mr. McCallum's comments focused on the threat of Chinese espionage to business interests. Both their governments have urged businesses to be vigilant, and the U.K. has joined a U.S. effort to limit Chinese equipment from next-generation telecommunications networks.

Mr. Wray said the FBI is opening a new counterintelligence investigation into China roughly every 12 hours. Mr. McCallum said MI5 was running seven times as many investigations into suspicious Chinese activity now as it was in 2018.

In his remarks, Mr. Wray ticked off a litany of ways he said China seeks to get its hands on Western technology and to use Western companies to otherwise advance its interests. He also pointed to Chinese laws and regulations that he said made foreign companies operating in China vulnerable.

The FBI director said he didn't want to discourage companies from doing business with China altogether. But he voiced serious skepticism about commercial interactions with Chinese partners and said executives need to evaluate the risk of such dealings correctly.

"Maintaining a technological edge may do more to increase a company's value than would partnering with a Chinese company to sell into that huge Chinese market, only to find the Chinese government and your partner stealing and copying your innovation," he said.

The separate notice from the National Counterintelligence and Security Center cited a broader challenge from China's influence operations.

The goal, the notice says, is to advance U.S. policies favorable to China and to reduce criticism of Chinese policies regarding Taiwan and on human rights in the China-controlled regions of Tibet and Xinjiang, as well as on other issues. Ultimately, it says, the Chinese government's efforts can "threaten the integrity of the U.S. policy-making process and interfere in how U.S. civil, economic, and political life functions."

Michael Orlando, who leads the NCSC, said the pace of influence operations directed at state and local leaders has accelerated as views of Beijing in Washington, including among members

of Congress, have stiffened. These operations have “become more aggressive and pervasive,” he said.

Officials from the NCSC, the FBI and the Department of Homeland Security advised state and local officials from around the country at a February event hosted by the Senate Intelligence Committee about the risks of Chinese influence operations, according to people familiar with the situation. The officials have since conducted other outreach efforts, the people said.

—James T. Areddy, Kate O’Keeffe and Warren P. Strobel contributed to this article.

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