U.S. Says Hacking Undermines China's Interests

CHRISTOPHER BODEEN, Associated Press

BEIJING (AP) — Hacking that originates inside China is undermining its relationship with the United States and harms Beijing's long-term interests, a top U.S. diplomat said Tuesday, in the latest high-level public expression of concern over a problem that has prompted threats of commercial retaliation from Washington.

The U.S. believes cyber intrusions originating from China that result in the theft of sensitive information have reached very high levels, adding to existing problems with the lack of protection for intellectual property rights, U.S. undersecretary of state for economic growth, Robert Hormats said.

He urged China to take firm action against hacking and said Chinese officials needed to question whether such activity "serves China's real interests" as it seeks to upgrade its economy, the world's second largest.

"The long term interest of the Chinese government is to investigate and halt these cyber intrusions wherever in this country they come from," Hormats said. "The U.S. government is taking an active role in addressing this issue and we continue to raise our concerns with senior Chinese officials."

Hormats' comments in an address to an Internet Industry conference in Beijing follow a forensically detailed report by Internet security company Mandiant that accused a Chinese military unit of carrying out a years-long hacking attack against U.S. companies.

China's government and military deny carrying out cyberattacks. A senior Chinese official attending the conference repeated Beijing's contention that Beijing was itself a victim of hacking.

"Our opposition to all forms of hacking is clear and consistent," said Qian Xiaoqian, a vice minister and deputy director of the State Internet Information Office.

"Lately people have been cooking up a theory of a Chinese Internet threat, which is just an extension of the old 'China threat' and just as groundless," Qian said.

Such statements seem to be doing little to allay concerns over a suspected official role in wholesale hacking linked to China. Foreign military and government organizations have been targeted by the attacks, as well as private companies, including those in sensitive industries such as energy and aerospace.

Craig Mundie, a senior adviser to the CEO of Microsoft, a sponsor of the conference, said that regardless of whether China-based hacking was the work of rogue actors, Beijing's efforts to stop it are clearly not effective.

"And given that China's policy position is that such activity is absolutely illegal, our two countries clearly need to work together to figure out how to enforce that policy more effectively, because right now the evidence suggests China's policy enforcement approaches are not working adequately," Mundie said.

Mandiant, a Virginia-based cybersecurity firm, released a torrent of details in February that tied a secret Chinese military unit in Shanghai to years of cyberattacks that compromised more than 140 companies. Mandiant linked the breaches to the People's Liberation Army's Unit 61398.

In response to the hacking reports, the Obama administration has been considering fines and other trade actions against China or any other country guilty of cyberespionage.

However, the administration is expected to proceed cautiously because of the issue's sensitivity, and Hormats and other conference attendees repeatedly called for communication and joint efforts against hacking rather than outright confrontation.

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