

# China's new anti-espionage law is sending a chill through foreign corporations and citizens alike

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Earlier this year, China [updated](#) its anti-espionage law amid an intensifying rivalry with the US and growing distrust of the Western-led international order.

The law broadens the scope beyond what it originally sought to prohibit – leaks of state secrets and intelligence – to include any ‘documents, data, materials, or items related to national security and interests.’

The law also empowers authorities with new surveillance powers. These include the ability to access people’s emails or social media accounts on electronic devices.

The Chinese government is clearly using the new catch-all provision to cast a wider net to identify ‘spies’. It is targeting not only Westerners working in China, but also Chinese nationals who work for foreign companies or organisations or interact with foreigners in any way.

The law is more than just theoretical – it has teeth. Last month, a new national campaign was launched with rewards of up to [500,000 renminbi](#) (just over A\$100,000) for anyone reporting suspicious individuals or suspected espionage activities.

Red banners have started appearing on Chinese streets, proclaiming

Implement the new anti-espionage law, mobilise collective efforts to safeguard national security.

Posters with a hotline number for reporting suspicious individuals can now be found on public transport, as well.

These visible signs serve as reminders that spies could be anywhere, potentially feeding sensitive information to foreign entities that pose threats to China’s national security and interests.

## Implications of the new law

The new law has sent a chill through multinational corporations, Chinese companies and other organisations.

State-owned companies or those affiliated with the government are [distancing themselves](#) from multinationals offering legal, investment and consultancy services, fearful of being associated with foreign entities.

Multinationals themselves were once welcomed with open arms to help accelerate China's economic and technological development. Now, they find themselves entangled in a complex web of regulations governing the cross-border transfer of data and other information. Many are considering [decoupling](#) their data and IT systems from China.

From an individual standpoint, anyone with foreign affiliations, including those who have returned from overseas, feel as if they are on a kind of community 'watch list' upon arrival in China.

Some Chinese firms indicate in [recruitment](#) drives for new employees they will not consider applicants who have returned from certain overseas regions. The perception is they may have been exposed to foreign forces who use money, friendship or even romance to coerce them into becoming an undercover agent or informant.

An invisible net has been cast over every stratum of Chinese society. Many Chinese people will no doubt become more hesitant in their interactions, cautious in their communication and sceptical in their collaborations. This will only further encourage people to retreat into silence or resort to coded language in both face-to-face conversations and social media.

And those perceived as having divergent political or ideological views will especially be under scrutiny. This includes private businesspeople, entrepreneurs and those working in non-government sectors who openly voice political or ideological values that go against the Communist Party.

The expansive nature of the law evokes memories of the Cultural Revolution, an era in which little trust existed in society and even among family members.

An unsettling divide is emerging today between those in governmental circles and everyone else. Having a foreign diploma or other affiliation was once seen as a positive, offering one a different perspective and international experience. Now, however, it could be seen as a liability or even a crime.

### **Ambiguity has risks**

The first iteration of the anti-espionage law was enacted in 2015 and was aimed at bolstering national security and generally protecting against espionage activities detrimental to the country's interests.

The updated law comes in a changed world. The rivalry between the US and China has escalated in recent years in trade, technology, defence and influence over global institutions. Both nations are actively engaging in intelligence operations to understand each other's capabilities, intentions and vulnerabilities.

Because the new law is so expansive and ambiguous, however, the implementation and enforcement could be difficult. And it could diverge significantly from the initial objectives of lawmakers.

When laws are ambiguous, it leaves ample room for interpretation and potential exploitation. The lack of clarity with the revised anti-espionage law could give rise to witch hunts, leaving people vulnerable to accusations that lack substantial evidence. The ripple effect could extend beyond China's borders, affecting academic exchanges, technological cooperation and diplomatic relations.

If collaboration with the outside world becomes secondary to perceived threats, it could also deter both foreign investment and domestic private enterprises in China, stifling economic growth.

At a time when the Chinese economy is grappling with domestic challenges and an increasingly hostile global environment, this could hasten the 'decoupling' from China that many in the West are advocating for.

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