



## PRESS RELEASE

London, UK

Thursday July 25th, 2019

The Federation of International Employers (FedEE) writes at 09:50 am BST

### **Paranoia, Huawei and the big attention gap**

The problem with industrial espionage is not only that it is growing in volume and complexity every day, but that its threat is being used by rivals and governments to discredit perfectly honest and legitimate businesses that do not deserve the slur. That may well be the case with Huawei Technologies, which is mainly guilty of being too much of a success and therefore a danger to the global dominance of some US technology companies.

What is also curious is that the danger need not only be non-existent, but not even something an individual rival is greatly concerned about. All it takes is a Twitter from a deranged politician for the whole panoply of suspicion and distrust to be set in action. Far wiser perhaps to direct that suspicion and distrust to its political source where all that madness began.

Most Managers are aware of the ongoing debate about the value and legality of non-compete, anti-poaching and non-solicitation clauses in employment contracts, without necessarily being also aware of the broader and much more sinister picture of which they form part.

The overall economic costs of espionage are considerable. Even back in 1997 the American Society for Industrial Security (ASIS) estimated that in that year alone US industry lost US\$300bn through espionage targeting proprietary information. Worldwide, even then, it was near US\$700bn. Over the two decades since then we can expect the total to have doubled or even trebled.

Given the colossal damage that this threat can have within a company how much executive attention is given to it and who should take the lead in executing counter measures?

To the extent that the weakest points are the direct infiltration by informers; paid informants; leaks from disaffected staff in situ; the poaching of key staff; inadvertent divulgence by staff when chatting to friends or colleagues in public places and variants of cyberattack - the natural lead must necessarily come from the Human Resources Department. However, how many companies have trade secret policies written and enforced by HR? How many HR departments have Commercial Confidentiality Managers who carry out pre-employment checks to identify candidates who are possibly working for a rival? How much ongoing monitoring for internal informers takes place - to the extent that it is lawful? How many companies have even closely defined what their trade secrets actually are and operate strict right to know policies?



In the UK, it is now established through common law precedent that if a company takes sufficient steps to protect its trade secrets then their loss is actionable by law. Since 2016, the EU has had a tough new Trade Secrets Directive in place which is now incorporated into almost all EU states. This defines such data and sets down ways that they may be protected. In the USA, most individual States have adopted the Uniform Trade Secrets Act, whilst the even tougher Economic Espionage Act makes it a criminal act to steal sensitive data for commercial or economic purposes. The Defend Trade Secrets Act is the latest Federal Measure which allows the courts to seize property to prevent the spread of a trade secret.

There is now more than ever a need for companies to put considerable resources into this field, especially where they operate in states with widespread corruption and a poor rule of law.

According to the Secretary-General of the Federation of International Employers (FedEE), Robin Chater, *"Data protection is not just about personal privacy, it has a big sister called commercial confidentiality. This is an even vaster threat to deal with. Whether or not Huawei's alleged misdemeanours are largely a fiction (just part of a state-sponsored fake news machine) is less important than the case for every company to put up a strong defence against any substantive attacks on their commercially sensitive data. Such onslaughts can come from many directions, and when a company finally guesses right - it is probably already too late."*

For further information please contact Valentina Christodoulidou at the FedEE Press Office on [press@fedee.com](mailto:press@fedee.com) and 0044 203 608 4412.

## What is FedEE?

The Federation of International Employers ([FedEE](#)) is a leading organisation for multinational companies. It was founded in 1988 with financial assistance from the European Commission. Today it is an independent body with members all around the globe.