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# China's Cybersecurity Law Roils US Businesses

By Alex Lawson

Law360, New York (November 7, 2016, 1:47 PM EST) -- Chinese lawmakers on Monday ratified a sweeping new law that gives the government more power to tackle cybersecurity threats, despite fervent opposition from overseas business associations that have blasted the measure as a draconian attempt to lock foreign companies out of critical Chinese industry sectors.

Set to take effect in June, China's new law empowers calls for sweeping security reviews for equipment and data in strategic sectors and also gives a cybersecurity justification for the country's censorship efforts by targeting companies that allow certain unapproved information to appear on the internet.

But James Zimmerman, chairman of the American Chamber of Commerce in China, said that the law will do little to accomplish whatever legitimate policy objectives the government may have and will damage China's effort to continue opening itself up to foreign competition.

"We believe this is a step backwards for innovation in China that won't do much to improve security," Zimmerman said in a statement. "The Chinese government is right in wanting to ensure the security of digital systems and information here, but this law doesn't achieve that. What it does do is create barriers to trade and innovation."

Zimmerman did give Beijing a modicum of credit for improving its transparency by allowing foreign companies to comment on the law as it was being drafted, he bemoaned the fact that the companies' warnings about the law's severity were largely ignored.

"Broad restrictions on cross-border data flows ... provide no security benefits but will create barriers to Chinese as well as foreign companies operating in industries where data needs to be shared internationally," he said. "Moreover, some of the requirements for national security reviews and data sharing will unnecessarily weaken security and potentially expose personal information."

China released the final version of the bill in Chinese only, and the business community will undoubtedly be poring over its contents for the next few days as it decides how to urge the

**government**

**to**

**respond.**

**For its part, the Chinese government has already hit back at criticisms of the law’s allegedly discriminatory provisions, stressing that it does not draw a line between foreign and domestic cybersecurity threats.**

**“I would like to emphasize that specific articles in this law are nothing significantly different from similar laws adopted by other countries,” Chinese Foreign Affairs Ministry spokesman Lu Kang said Monday. “What’s more, as provided for by this law, it levels the playing field for and holds no discrimination against all companies concerned, be it Chinese or foreign ones.”**

**The U.S. has butted heads with China numerous times over the past two years regarding Beijing’s evolving cybersecurity rules. The administration succeeded in convincing China to delay a new set of rules for the banking sector last year, but was unable to forestall the newest legislative change.**