



BGS Counselor Michael Morell On CBS This Morning Discusses The U.S. Department Of Justice's Indictment Of Five Chinese Military Officers

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China's Foreign Ministry is calling the United States "bullies" and "hypocrites" for accusing five Chinese army officers of hacking American companies and stealing trade secrets, but that is likely only the beginning.

Expect the Chinese to make the U.S. pay an economic price in retaliation, said former CIA deputy director and CBS News senior security analyst Mike Morell.

"Some sort of economic deal that we would like to see happen will quietly go away, and the Chinese will send a very strong signal that way," Morell said.

It is the first time the United States has brought such indictments against the Chinese with potential for diplomatic and business fallout. The army officers were accused of illegally accessing protected computers, identity theft, economic espionage and stealing trade secrets.

"The theft of U.S. intellectual property is a very serious problem," Morell said. "I've seen estimates of the cost of \$250 billion a year, not only by China, but by a number of countries. U.S. has been in quiet dialogue with the Chinese for a couple of years, trying to work this out. There was very little progress, so I think this step was designed

to get not only China's attention on this issue, but other country's attention as well."

The Chinese Foreign Ministry released a statement saying the indictments are "based on deliberately fabricated facts... [The U.S. has] long been involved in large-scale and organized cyber theft as well as wiretapping and surveillance activities..."

While most countries acknowledge they spy on one another, Morell said, in his experience the U.S. does not and has not conducted economic espionage against other countries for economic advantage.

"In general, we are not even interested in economic secrets," Morell said. "We are interested in national security information that can help the president keep our country safe and, for the most part, economic secrets don't fall into that category."