



Safeguarding Western Tech Startups:

Exploitation of International Pitch Competitions

OVERVIEW

International pitch competitions, particularly those affiliated with the Chinese government or Chinese Communist Party (CCP), can pose significant risks to Western tech startups. While these events offer tech startups exposure and funding opportunities, they may be exploited by foreign entities seeking to acquire Western innovation and talent for their own advantage.

Startups participating in these competitions can lose their intellectual property (IP), have their data misused, and see their talent recruited by competitors. Ultimately, they can fail if their stolen assets are used by competitors to outperform them in global markets. These events can also help hostile foreign nations acquire Western technology and skills to bolster their economic and military capabilities.

THREAT

For several years, entities affiliated with the Chinese government and the CCP have organized pitch competitions in cities across the United States, Canada, and other nations. These competitions often encourage startups to pitch their innovative projects in hopes of winning paid trips to China to compete for cash awards, subsidies and investment, preincubation support, market-entry opportunities, and other benefits in China.

While billed as lucrative opportunities for Western startups, evidence suggests these competitions are geared primarily to attract overseas technology and talent to China to benefit China's technology hubs and to advance China's stated goals of achieving global leadership in key technology sectors.

The host of a 2023 online competition in Atlanta noted, on a Chinese website, how the event would "attract overseas talent" to China and "promote China's influence and competitiveness in the field of global innovation and entrepreneurship." Pitches on semiconductors and intelligent transistors were among the U.S. finalists at the 2023 event. The following year, event organizers boasted of collecting "nearly 200 overseas talent projects" from the 2024 Atlanta competition.

Some events require startups to make detailed disclosures in the application and contest phases, including data on patents; business, financial, and marketing strategies; and personal data and photos. Final prizes and investment may hinge on the startup forming a business in China, where foreign firms often face state-sponsored efforts to acquire their IP, data, production processes, or talent through illicit and licit means.

In 2024, a city government in China held pitch competitions in the United States, Australia, Canada, the United Kingdom, and other nations. Winners were pressed to create a business in the Chinese city and provide detailed banking, personal, and passport data to receive awards and investment. All pitches had to correspond to seven technologies in the Chinese city's industrial policies, including semiconductors, biomedicine, new energy, high-end manufacturing, and other technologies China prioritizes in its strategic competition with the West.

The China Association for Science and Technology (CAST) is a key player in many of these events. The U.S.-China Economic and Security Review Commission describes CAST as "a constituent body of the Chinese People's Political Consultative Congress" that plays "a central role in the Chinese government's technology transfer efforts." CAST says it serves as a "bridge that links the Communist Party of China and the PRC government to the country's S&T community." Internal CAST documents say it serves as an "important force for the country to...build China into a world S&T powerhouse."

Since 2016, CAST has held the annual China Overseas Talent Innovation and Entrepreneurship Competition at locations worldwide, receiving a total of more than 7,400 project pitches. CAST notes that its 2024 competition alone "collected 2,032 scientific and technological innovation projects from 50 countries."

MITIGATION

Below are basic mitigation steps startups can consider prior to entering pitch competitions.

Due Diligence: Thoroughly research those operating the competition, as well as others privy to these events, before registering and pitching your innovative project.

- Verify who they say they are, including whether they are affiliated with foreign governments, and the origin of their funding. Confirm their intentions align with yours.
- Carefully review the competition guidelines to understand how your data will be used.
- Research the laws where the competition organizers and potential investors operate. Determine if they are compelled by law to share data or assist their host government.
- If considering forming a business in China, review recent laws that provide the Chinese government enhanced legal grounds for accessing data of foreign firms in China.

Data Protection: Consider filing for patent protection in Canada, in the U.S. and in the host nation of the event before the competition. Publicly disclosing your invention before filing for patent protection can make it ineligible for patentability. Consult with a legal professional or seek expert advice if you have concerns or questions about disclosing information or protecting your intellectual property.

- Consider using Non-Disclosure Agreements (NDAs) with anyone privy to your pitch and insist on strict protocols for handling your data appropriately.
- Include legal protections for your assets within all contracts and investment documentation. Ensure they are enforceable in the host nation of the competition.
- As a baseline, have no expectation of privacy on electronic devices when traveling abroad and plan accordingly if bringing proprietary or other sensitive data on the trip or if transferring such data to foreign-owned servers.
- Use secure presentation tools to safeguard your data from unauthorized access.

Limit Your Exposure: Only reveal what is necessary.

- Determine what is appropriate to share before the competition.
- Set red lines and responses if a judge, potential foreign investor, or other party requests information beyond what you would normally share about your innovative project.
- Review all documents that competition hosts or investors may require for signature.
- Document all interactions and agreements related to the pitch, including NDAs.
- Consider what you could lose if the competition hosts or investors renege on a deal.

Continuous Monitoring: Regularly monitor the market for potential infringements related to your startup during and after the competition, and be prepared to act.

- Monitor and record any increased foreign contact or interest in your firm after the event.

Engage: Engage federal agencies and others in your industry to gather and share up-to-date threat information and risk mitigation resources.

- If traveling abroad to participate in a competition, consult travel security guidance for startups, e.g. those from the American National Counterintelligence and Security Center (NCSC), and register your travel in advance with your government's foreign embassy.

REPORTING INCIDENTS

In the United States:

- If you believe that you, your personnel, or your company's data have been targeted, or are at risk of compromise, contact your local Federal Bureau of Investigation (FBI) Field Office: www.fbi.gov/contact-us/field-offices.
- To report foreign investment of concern in U.S. defense critical technology sectors, contact the U.S. Air Force Office of Special Investigations at www.osi.af.mil/Submit-a-Tip
- To report a tip about a potential foreign investment with U.S. national security implications, contact CFIUS.tips@treasury.gov or (202) 622-1860.
- For more threat awareness materials or publications, visit the NCSC website at www.ncsc.gov/ or contact NCSC_Outreach@odni.gov.

In Canada:

- To report non-immediate threat information related to national security, contact the Canadian Security Intelligence Service by phone at 613-993-9620 or online at www.canada.ca/en/security-intelligence-service/corporate/reporting-national-security-information.html.