

**Coburn Amendment #2682—
Requiring a National Counterintelligence Executive Report Identifying
Nation State Sponsors of Economic/Industrial Espionage Against US
Businesses and Persons**

What the Amendment Will Do: This amendment requires an annual report by the Office of the National Counterintelligence Executive (NCIX) identifying nation-state sponsors of economic or industrial espionage against US businesses and persons. NCIX must prepare an annual classified and unclassified report including a list of state-sponsors. This language would allow the Secretary of State to review the report 30-days prior to its scheduled release, and require a 60-day extension (if the timing of the report's release would interfere with any pressing, short-term diplomatic matters).

State Sponsored Economic or Industrial Theft is a National Security Issue and a Serious Threat to Our Economy

Every day, hackers around the world—many of whom are sponsored by nations—work to compromise the networks of US businesses and persons, and steal their wealth and intellectual property.

Many of these hackers work for (or are sponsored by) foreign governments.

In a recent speech, General Alexander of NSA and US Cyber Command called cyber espionage the “greatest transfer of wealth in human history.”¹

According to an October 2011 National Counterintelligence report, “Foreign Spies Stealing US Economic Secrets in Cyberspace,” economic espionage costs the United States economy as much as \$400 billion or more per year.²

¹ “Cyber Espionage and the Greatest Transfer of Wealth in Human History,” InfoSecIsland.com, July 10, 2012.

² *Office of the National Counterintelligence Executive*, “Foreign Spies Stealing US Economic Secrets in Cyberspace: Report to Congress on Foreign Economic Collection and Industrial Espionage,” October 2011: http://www.ncix.gov/publications/reports/fecie_all/Foreign_Economic_Collection_2011.pdf.

This may be a gross under-estimate.

Last fall, General Alexander warned that the cost of lost corporate and government information could range as high as \$1 trillion.³

Gen. Alexander cited an example of an unnamed company that lost \$1 billion worth of proprietary technology, which took 20 years to develop, that was “stolen by adversaries” overnight.⁴

A former executive assistant director of the Federal Bureau of Investigation recently warned that the biggest online threat was from foreign intelligence organizations looking to steal our nation’s intellectual property.

In his words, “Everything we do—R&D, intellectual property, and corporate strategies—is stored or transmitted electronically. The DNA of companies is available to bad guys.”

Given the Serious Economic Challenges We Face, We Cannot Afford to Let Foreign Nations Steal Our Nation’s Wealth and Intellectual Property

Economic or industrial espionage is robbing our companies and our citizens of their wealth and the fruits of their hard work in research, development, and investment.

And this has real implications for American citizens’ jobs and futures.

According to the most recent Labor Department statistics, 8.2 percent of Americans are employed.⁵ Millions more have simply given up looking for work.

³ “Computer-based attacks emerge as threat of the future, general says,” *Washington Times*, September 13, 2011.

⁴ “Computer-based attacks emerge as threat of the future, general says,” *Washington Times*, September 13, 2011.

⁵ Bureau of Labor Statistics.

Many more Americans would have the opportunity to work if foreign nations were not stealing as much as \$400 billion in US wealth and intellectual property.

And our nation would also be in a better position to meet its long term fiscal challenges if our companies and entrepreneur.

The National Debt is \$15.9 trillion and will soon surpass \$16 trillion.⁶

Our ability to pay that debt and our other obligations in the future depends on a strong economy—which in-turn depends on ongoing technological develop and innovation by US companies.

This Amendment Requires the Office of the National Counterintelligence Executive to Issue and Annual Report Assessing Which States are Sponsors of Economic or Industrial Espionage

The Office of the National Counterintelligence Executive published a report in October 2011 that highlighted the problem of foreign economic espionage.

This amendment would require the Office of the National Counterintelligence Executive to continue monitoring this problem and to go a step further—*publishing an annual report that identifies, which countries are engaging in or sponsoring economic or industrial espionage.*

It requires both a classified and unclassified report, and reporting to the appropriate federal agencies and the Congress.

⁶ <http://www.usdebtclock.org/>

Importantly, this Amendment Addresses a Potential Concern that Publishing this Report Would Upset or Interrupt US Diplomacy.

The legislation requires the Office of National Counterintelligence Executive to submit a copy of this report to the Secretary of State 30 days before its release.

The Secretary of State can review the report and provide feedback.

She can also delay the report's release for up to 60 days (to ensure that the report's release do not upset a short-term diplomatic engagement or negotiation).

This will make sure that Congress, the White House, and key agencies get needed information in a manner that does not harm our national security.

Requiring this Annual Report is a First-Step to Stopping the Problem of State-Sponsored Economic or Industrial Espionage

Perhaps the strongest section of the (Lieberman-Collins) cyber bill is its call for greater international cooperation.

I fully agree that we should be trying to improve international cooperation and work with other countries to prevent cyber crime and protect our networks.

We also need to begin considering which countries are attacking our networks every day and consider ways to stop them from doing so.

Given our \$16 trillion national debt, and the serious economic challenges we face, the United States cannot afford to allow foreign nations to steal hundreds of billions of dollars of our citizens' wealth and intellectual property every year.