

Mr. SCOTT of Virginia: Mr. Speaker, I rise in support of H.R. 6029, the Foreign and Economic Espionage Penalty Enhancement Act of 2012.

This legislation will help to protect the intellectual property and competitive strengths of American businesses by increasing the maximum penalties for engaging in the Federal offense of economic espionage. This crime, which has serious repercussions for the victim companies and our economy, consists of knowingly misappropriating trade secrets with the intent or knowledge that the offense will benefit a foreign government.

As reported by the U.S. Intellectual Property Enforcement Coordinator, economic espionage is a serious threat to American businesses by foreign governments. Economic espionage inflicts a significant cost on victim companies and threatens the economic security of the United States. These companies incur extensive costs resulting from the loss of unique intellectual property, the loss of expenditures related to research and development, and the loss of future revenues and profits. Many companies do not even know when their sensitive data has been stolen, and those that do find out are often reluctant to report the losses, fearing potential damage to their reputations with investors, customers, and employees.

Unfortunately, the pace of the economic espionage collection of information and industrial espionage activities against major United States corporations is accelerating. During fiscal year 2011, the Department of Justice and the FBI saw an increase of 29 percent in economic espionage and trade secret theft investigations compared to the prior year. Foreign competitors of United States corporations with ties to companies owned by foreign governments are increasing their efforts to steal trade secret information and intellectual property by infiltrating our computer networks.

Evidence suggests that economic espionage and trade secret theft on behalf of companies located in China is an emerging trend. For example, at least 34 companies were reportedly victimized by attacks originating from China in 2010. Over the course of these attacks, computer viruses were spread via emails to corporate employees, allowing the attackers to have access to emails and sensitive documents. In response to these growing threats, the United States Intellectual Property Coordinator, in her 2011 annual report, called upon Congress to increase the penalties for economic espionage, and this bill is consistent with that recommendation.

I want to commend Members on both sides of the aisle for their work on this bill, particularly the gentleman from Texas, the Judiciary Committee chairman, Mr. Smith; the gentleman from Michigan, the ranking member of the committee, Mr. Conyers; my colleague from Virginia (Mr. Goodlatte); and the gentleman from North Carolina (Mr. Watt).

I urge my colleagues to support the bill.