White House announces anti-theft trade strategy

NEDRA PICKLER - Associated Press - Associated Press

The Obama administration announced a broad new effort Wednesday to fight the growing theft of American trade secrets following fresh evidence linking cyberstealing to China's military.

The plan includes a new diplomatic push to discourage intellectual property theft abroad along with better coordination at home to help U.S. companies protect themselves. The administration says indications are that economic espionage is increasing, not only through electronic intrusion over the Internet but also through the recruitment of former employees of U.S. companies with knowledge of inside trade information.

"Trade secret theft threatens American businesses, undermines national security and places the security of the U.S. economy in jeopardy," said a report from the White House. "These acts also diminish U.S. export prospects around the globe and put American jobs at risk."

Earlier this week, a Virginia-based cybersecurity firm, Mandiant, accused a secret Chinese military unit in Shanghai of years of cyberattacks against more than 140 U.S. companies. The accusations and supporting evidence increased pressure on the United States to take more action against the Chinese for what experts say has been years of systematic espionage.

The Chinese government denied being involved in cybertheft, with China's defense minister calling the Mandiant report deeply flawed. China's Foreign Ministry said that country has also been a victim of hacking, much of it traced to the United States.

Wednesday's Obama administration report did not specifically target any one violator, but the China problem is evident in the case studies it cited. Those examples did not involve cyberattacks, but rather the theft of hundreds of millions of dollars in trade secrets by former employees of U.S. corporations including Ford Motor Co., DuPont Co., General Motors Corp., Cargill, Dow Chemical Co., Valspar and Motorola.

President Barack Obama signed an executive order last week aimed at helping protect the computer networks of American industries from cyberattacks. It called for the development of voluntary standards to protect the computer systems that run critical sectors of the economy such as the banking, power and transportation industries. It directed U.S. defense and intelligence agencies to share classified threat data with those companies.

He also prodded Congress during his State of the Union address to go further.

"Now, Congress must act as well by passing legislation to give our government a greater capacity to secure our networks and deter attacks," Obama said.

The president said America's enemies are "seeking the ability to sabotage our power grid, our financial institutions and our air traffic control systems. We cannot look back years from now and wonder why we did nothing in the face of real threats to our security and our economy."

The new report was short on specific consequences for trade secret theft, with no new fines or other trade actions announced. It included five actions to protect American innovation:

— Applying diplomatic pressure by senior officials to foreign leaders to discourage theft.

— Promoting best practices to help industries protect against theft.

— Enhancing U.S. law enforcement operations to increase investigations and prosecutions.

— Reviewing U.S. laws to determine if they need to be strengthened to protect against theft.

— Beginning a public awareness campaign.

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Associated Press writer Lolita Baldor contributed to this report.

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