

**Opening Statement of the Honorable Fred Upton
Subcommittee on Oversight and Investigations
Hearing on “Cyber Espionage and the Theft of U.S. Intellectual Property and Technology”
July 9, 2013**

(As Prepared for Delivery)

Today's hearing continues the Energy & Commerce Committee's oversight of cyber threats and cyber security. This committee has jurisdiction over a number of industries and sectors that have long been the target of cyber attacks and espionage, including the oil and gas industry, the electric utility industries, the food services and pharmaceuticals industries, information technology and telecommunications, and high-tech manufacturing. Just last May, Vice Chairman Blackburn convened a full committee hearing to examine the mounting cyber threats to critical infrastructure and efforts to protect against them.

Today, we focus on the damage and costs to U.S. industry when the efforts of foreign nations and hackers to steal U.S. technology and intellectual property are successful. American innovation and intellectual property are the foundations of our economy. Based on government estimates from 2010, intellectual property accounted for \$5.06 trillion in value added to the U.S. economy or 34.8 percent of U.S. GDP. When foreign nations are able to infiltrate networks and take our technology and proprietary business information to benefit their own companies, U.S. firms lose their competitive advantage. The IP Commission, on whose behalf we welcome former Senator Slade Gorton's testimony this morning, has translated the costs of these attacks into hard numbers: as Chairman Murphy mentioned, this theft costs the United States over \$300 billion a year, and 2.1 million lost jobs. If our IP is being targeted, U.S. jobs are being targeted, and this must stop.

I am especially interested in learning more from today's witnesses about this growing threat; how the U.S. government is combatting it; and what American job creators themselves can do to protect against the theft of their intellectual property.

We will continue our efforts to protect our nation from the ever-growing cyber threat. It is an issue that commands and demands our immediate attention.

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