

US report blasts China, Russia for cybercrime

LOLITA C. BALDOR - Associated Press - Associated Press

Cyber-attacks by Chinese and Russian intelligence services, as well corporate hackers in those countries, have swallowed up large amounts of high-tech American research and development data, and that stolen information has helped build their economies, U.S. intelligence agencies have concluded.

The report, offering the first such detailed public accusations from U.S. officials, said computer attacks by foreign governments are on the rise and represent a "persistent threat to U.S. economic security."

Assessing the implications, the agencies said they "judge that the governments of China and Russia will remain aggressive and capable collectors of sensitive U.S. economic information and technologies, particularly in cyberspace."

For years, experts and officials have complained about cyber-attacks emanating from China. But this report, set for release later Thursday, provides some of the sharpest and most direct criticism from the U.S. government about those intrusions.

A senior U.S. intelligence official, speaking on condition of anonymity to discuss the report before its public release, said the Chinese and Russians are using the high-tech espionage to boost their own development.

Despite the broad accusations, neither the report nor the U.S. officials offered many details about the Chinese or Russian cyber-attacks. They also did not say how many of the attacks are government sponsored. While they said attacks can be traced to the two countries, they noted that identifying the exact culprit is difficult.

The report did note several instances in the past year or so where cybersecurity experts have traced attacks to Internet protocol addresses in China, but were unable to determine exactly who was behind them.

Among the examples were the breach of Google Inc.'s networks in January 2010, and an instance where data was stolen from a Fortune 500 manufacturing company during business negotiations when the company was trying to buy a Chinese firm.

Officials said the National Science Foundation has put the value of public and private research and development at about \$400 billion in 2009, and the U.S. International Trade Commission estimates that as much as \$50 billion was lost due to espionage, cyber-attacks and other counterfeit and trademark crimes. Officials said they could not determine how much of the total was lost due to cyber-attacks.

The report is part of an increasing drumbeat by U.S. officials about the risks of cyber-attacks in this growing high-tech society. People, businesses and governments are storing an increasing amount of valuable and sensitive information online or

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accessing data through mobile devices that may not be as secure as some computers.

The Obama administration has tried to raise the level of awareness about these threats so individuals and the corporate world will better protect their data.

In the report, officials said foreign intelligence services have used independent hackers as proxies, thereby giving the agencies "plausible deniability."

It also said accused the Chinese of being "the world's most active and persistent perpetrators of economic espionage."

Attacks from Russia are a "distant second" to those from China, according to the report. But it said Moscow's intelligence services are "conducting a range of activities to collect economic information and technology from U.S. targets."

Officials said other nations they would not name are also suspect, and the report suggested that U.S. allies may be using their access to American institutions to acquire economic and technology information.

The report said some of the most desired data includes communications and military technologies, clean energy, health care, pharmaceuticals and information about scarce natural resources. Of particular note, the report said, is interest in unmanned aircraft and other aerospace technology.

U.S. officials have called for greater communication about cyberthreats among the government, intelligence agencies and the private sector, which owns or controls as much as 85 percent of computer networks. The Pentagon has begun a pilot program that is working with a group of defense contractors to help detect and block cyberattacks.

The report, issued by the national intelligence director's office of the counterintelligence executive, comes out every two years and includes information from 14 spy agencies, academics and other experts.

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