

viewed the oily sheen covering Rhode Island waters on the nightly television news—would say that Ms. DiVall has it just right.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CHAFEE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. McCathran, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT OF THE DEPARTMENT OF TRANSPORTATION FOR FISCAL YEAR 1994—MESSAGE FROM THE PRESIDENT—PM 112

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Commerce, Science, and Transportation:

To the Congress of the United States:

In accordance with section 308 of Public Law 97-449 (49 U.S.C. 308(a)), I transmit herewith the Annual Report of the Department of Transportation, which covers fiscal year 1994.

WILLIAM J. CLINTON.

THE WHITE HOUSE, January 25, 1996.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. COHEN:

S. 1525. A bill to amend title 18 of the United States Code to prevent economic espionage and to provide for the protection of United States proprietary economic information in interstate and foreign commerce, and for other purposes; to the Committee on the Judiciary.

By Mr. JOHNSTON:

S. 1526. A bill to provide for retail competition among electric energy suppliers, to provide for recovery of stranded costs attributable to an open access electricity market, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. GREGG:

S. 1527. A bill to amend the Internal Revenue Code of 1986 to treat recycling facilities

as solid waste disposal facilities under the tax-exempt bond rules, and for other purposes; to the Committee on Finance.

By Mr. BRADLEY:

S. 1528. A bill to reform the financing of Senate campaigns, and for other purposes; to the Committee on Rules and Administration.

S.J. Res. 47. A joint resolution proposing an amendment to the Constitution to permit the Congress to limit contributions and expenditures in elections for Federal office; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. COHEN:

S. 1525. A bill to amend title 18 of the United States to prevent economic espionage and to provide for the protection of United States proprietary economic information in interstate and foreign commerce, and for other purposes; to the Committee on the Judiciary.

THE ECONOMIC ESPIONAGE AND PROTECTION OF PROPRIETARY ECONOMIC INFORMATION ACT OF 1995

Mr. COHEN. Mr. President, when France, Germany, Japan, and South Korea are included in a list of nations, we automatically assume that this must be a list of America's allies—our military and political partners since the end of the Second World War. Unfortunately, this is not only a list of America's trustworthy friends, it is also a list of governments that have systematically practiced economic espionage against American companies in the past—and continue to do so to this day.

The term "espionage" evokes images of the cloak-and-dagger side of the United States-Soviet confrontation in the cold war. Since the end of the East-West struggle, however, an equally damaging and pervasive form of spying has received increasing attention—the spying that nations undertake against foreign-owned corporations in order to give their own firms an advantage in the increasingly cut-throat world of international business.

Unlike the politico-military espionage of the cold war, economic espionage pits friendly nations against each other. Instead of military strategy and weapon technologies, the sought-after secrets in economic espionage are marketing strategies and production technologies. While the cost of politico-military espionage was reduced military security, and damage from economic espionage comes in the form of billions of dollars annually in lost international contracts, pirated products and stolen corporate proprietary information. The direct cost of this espionage is borne by America's international corporations. The indirect costs are borne by the American economy as a whole—jobs and profits are lost; the competitive edge is stolen away.

The 103d Congress adopted an amendment I sponsored requiring the President to submit an annual report on foreign industrial espionage targeted against U.S. industry.

The unclassified version of the President's first annual report, which is very understated compared to the classified version, acknowledged "the post-cold-war reality that economic and technological information are as much a target of foreign intelligence collection as military and political information." The report goes on to state:

In today's world in which a country's power and stature are often measured by its economic/industrial capability, foreign government ministries—such as those dealing with finance and trade—and major industrial sectors are increasingly look upon to play a more prominent role in their respective country's (economic) collection efforts. While a military rival steals documents for a state-of-the-art weapon or defense system, an economic competitor steals a U.S. company's proprietary business information or government trade strategies. Just as a foreign country's defense establishment is the main recipient of US defense-related information, foreign companies and commercially oriented government ministries are the main beneficiaries of US economic information. That aggregate losses that can mount as a result of such efforts can reach billions of dollars per year, constituting a serious national security concern.

According to Joseph Recci of the American Society for Industrial Security, "American corporations are losing billions of dollars each year in valuable technology and proprietary information to foreign espionage." In a recent survey of Fortune 500 companies, the society notes that the number of corporations reporting that they have been victims of economic espionage has grown by 260 percent since 1985. Peter Schweizer, in his 1994 study of state-sponsored economic espionage, "Friendly Spies," estimated that such espionage costs American business upwards of \$100 billion annually.

This alarming trend in foreign corporate and state-sponsored economic espionage will continue in coming years. Intelligence agencies in industrialized nations have found themselves with a lot of time on their hands since the end of the cold war, and the governments of these nations have come to see economic competition as the new central threat to their national security. In testimony before the Senate Select Intelligence Committee earlier this year, then acting Director of Central Intelligence Adm. William Studeman predicted, "the threat to U.S. economic interests will absolutely increase as foreign governments attempt to ensure the success of their companies."

A few examples of actual cases should illustrate how pervasive the problem has become:

Pierre Marion, the former head of the French intelligence agency, the DGSE, has admitted that up to 15 hotel rooms of foreign business executives are broken into in Paris every day by DGSE agents. Proprietary papers are copied, and this information is then passed on to French companies to give them an edge in competition and negotiation.

Japanese, Korean, and German intelligence agents and corporations have