



Department of Justice

**STATEMENT OF
E.W. PRIESTAP
ASSISTANT DIRECTOR
COUNTERINTELLIGENCE DIVISION
FEDERAL BUREAU OF INVESTIGATION**

**BEFORE THE
COMMITTEE ON THE JUDICIARY
SUBCOMMITTEE ON BORDER SECURITY AND IMMIGRATION
UNITED STATES SENATE**

**AT A HEARING CONCERNING
STUDENT VISA INTEGRITY: PROTECTING EDUCATIONAL OPPORTUNITY AND
NATIONAL SECURITY**

PRESENTED

JUNE 6, 2018

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Chairman Cornyn, Ranking Member Durbin, Members of the Subcommittee. Thank you for inviting me here today. I look forward to discussing with you this unique challenge we confront – how to protect America’s free and open academic environment while mitigating potential risks to U.S. national and economic security.

Balancing Risk and Benefit – Summary of the Challenge

As of March 2018, more than 1.4 million international students and professors were participating in America’s open and collaborative academic environment. The inclusion of these international scholars at U.S. colleges and universities entails both substantial benefit – and notable risk. Many of these visitors contribute to the impressive successes and achievements enjoyed by these institutions, which produce advanced research, cutting-edge technology, and insightful scholarship. However, this open environment also puts academia at risk for exploitation by foreign actors who do not follow our rules or share our values.

Some foreign actors, particularly foreign state adversaries, seek to illicitly or illegitimately acquire U.S. academic research and information to advance their scientific, economic, and military development goals. By doing so, they save their countries significant money, time, and resources while achieving generational advances in technology. Through their exploitative efforts, they reduce U.S. competitiveness and deprive victimized parties of revenue and credit for their work. Foreign adversaries’ acquisition efforts come in many forms, including overt theft, plagiarism, and the commercialization of early-stage collaborative research.

As foreign adversaries use increasingly sophisticated and creative methodologies to exploit America's free and open education environment, the United States faces an ever-greater challenge to strike a sustainable balance between unrestricted sharing and sufficient security within this education ecosystem. Through a whole-of-society approach that includes increased public awareness, academic vigilance, industry self-protection, government and law enforcement collaboration, and legislative support, the U.S. higher education system can continue to enjoy the manifold contributions that international academics provide, while minimizing the risk they (and their affiliated home governments) pose to U.S. security priorities. The FBI maintains that striking this balance is possible and necessary.

The Risk

U.S. academic environments offer valuable, vulnerable, and viable targets for foreign espionage. These environments offer visiting academics access to cutting-edge research, advanced technology, data about technologies that may later be further developed in classified environments, world-class equipment and expertise, free exchange of ideas, and substantial private-sector and government-backed funding. They are, by default, open and inclusive. Some international visitors exploit this collaborative environment.

This exploitation takes many forms. Some visitors exploit the liberal exchange of information on U.S. campuses – they steal unpublished data, laboratory designs, grant proposals, experiment processes, research samples, blueprints, and state-of-the-art software and hardware. They also exploit the open access to people and facilities on U.S. campuses – they talent-spot, collect insights, conduct training, and even recruit on behalf of foreign intelligence services. Additionally, they exploit the largely self-regulated, unencumbered nature of these campuses – introducing propaganda platforms and stymying free speech and expression, in furtherance of foreign governments' political goals and priorities.

These exploiters' motives take many forms as well. Some do so for personal profit and prestige. Some do so because they genuinely fail to understand U.S. rules and norms governing intellectual property protection and plagiarism. Some also do so to benefit foreign adversaries and strategic competitors.

Of particular concern from a national security and law enforcement perspective is the use of foreign academics by their home countries' intelligence services in furtherance of this exploitation. Adversarial services seek insight into U.S. policy, access to sensitive research and export-restricted hardware, and an opportunity to spot recruits for clandestine operations. U.S. campuses provide conducive environments to seek this insight, conduct these activities, and gain access to these restricted commodities.

In many cases, foreign intelligence services do not necessarily pre-task or pre-position these compatriot academics. Instead, the services allow the students and scholars to conduct their U.S.-based academic pursuits, waiting to leverage them once they return to their home countries either during an academic break or at the end of their studies. Many of those whom they target are young, inexperienced, and impressionable. Likewise, their targets are also relatively inexpensive, inconspicuous, and expendable, making them attractive options to further the foreign intelligence services' priorities and collection needs.

Compounding the threat posed, intentionally or not, foreign governments' talent recruitment and "brain gain" programs (as some in China call them) also encourage theft of intellectual property from U.S. universities. For example, China's talent recruitment plans, such as the Thousand Talents Program, offer competitive salaries, state-of-the-art research facilities, and honorific titles, luring both Chinese overseas talent and foreign experts alike to bring their knowledge and experience (or that of advisors and colleagues) to China.

Regardless of motive, this exploitation comes at great cost to U.S. interests. When these foreign academics unfairly take advantage of the U.S. academic environment, they do so at a cost to the institutions that host them, as well as to the greater U.S. innovation ecosystem in which they play a role. Directly or indirectly, their actions cost money, jobs, expertise, sensitive information, advanced technology, first-mover advantage, and domestic incentive to innovate.

For example, from a purely financial perspective, counterfeit goods, pirated software, and the theft of trade secrets costs the United States as much as \$600 billion annually. This loss of money also results in loss of jobs and reduction in funding opportunities to pursue new research and development. Less quantifiable are intellectual property theft's second-order effects on the U.S. economy and its innovation sectors. When competitors iteratively and successfully steal trade secrets and intellectual property, U.S. academic institutions and firms lose incentive and shareholder support to remain market leaders and innovators. The short- and long-term loss of these advantages makes American schools and firms less competitive globally.

A variety of additional factors further enhance U.S. academic institutions' vulnerability. For example, lack of written contracts means that U.S. academic institutions have limited legal recourse when visiting academics steal trade secrets. Unlike in the corporate world, university researchers are rarely required to sign nondisclosure agreements or terms of collaboration, which many professors view as volatile of the spirit of academic openness. Unfortunately, this contractual paucity makes proving foreign intellectual property theft challenging since U.S. economic espionage law requires the victim of the theft to demonstrate that he took reasonable precautions to protect the secrets stolen.

Compounding this vulnerability is an apparent lack of sufficient awareness across much of academia about the importance of – and processes for – protecting intellectual property:

copyrights, trademarks, and trade secrets. As one prominent U.S. academic whose research was exploited recently described in Daniel Golden's *Spy Schools*: "I was incredibly naïve about all this." This insufficient awareness further challenges efforts to protect these campuses' uniquely valuable ideas and innovations.

Finally, as a result of the constant pressure to obtain grants and funding, U.S. academics routinely receive money from, and enter into partnerships with, foreign counterparts. While this cross-pollination can certainly produce positive results, many academics enter into these arrangements without fully considering their potential downsides and the vulnerabilities they present.

The Benefit

Along with its inherent risk, the open and collaborative nature of the U.S. academic environment produces much benefit as well – advanced research, cutting-edge technology, and insightful scholarship. The vast majority of the 1.4 million international scholars on U.S. campuses pose no threat to their host institutions, fellow classmates, or research fields. On the contrary, these international visitors represent indubitable contributors to their campuses' achievements, providing financial benefits, diversity of ideas, sought expertise, and opportunities for cross-cultural exchange. Any research institution hoping to be – and to remain – among the best in the world must attract and retain the best people in the world, wherever they are from. The FBI recognizes, and values, this unique package of benefits these international students and professors provide.

From a financial perspective, these visitors contribute substantial economic benefit to U.S. campuses, and to the regions surrounding these campuses. Last year, international academics studying at U.S. colleges and universities contributed \$36.9 billion to the U.S. economy and supported over 450,000 jobs. For every seven international academics enrolled, three U.S. jobs were created – supported by foreigner spending on tuition, accommodation, dining, retail, transportation, telecommunication, and health insurance.

For example, Texas's 85,115 international students contributed \$2.1 billion and over 27,000 jobs to the state's economy last year. Illinois' 52,225 international students contributed \$1.8 billion and 24,771 jobs to the state's economy last year.

From an idea-diversification perspective, international academics infuse campuses – and greater U.S. society – with a diversity of ideas that help fuel the continued growth of the U.S. economy. According to the current numbers, immigrants – including many who first came to America as international students – founded almost a quarter of all new U.S. businesses, nearly one-third of our venture-backed companies, and half of Silicon Valley's high-tech startups. More than 18% of Fortune 500 companies were founded by immigrants.

From an expertise perspective, international scholars provide U.S. campuses with much-sought know-how, particularly in domestically underrepresented fields such as science, math, and engineering. Since 2000, approximately one-third of all U.S. Nobel laureates were born outside of the United States. This trend is particularly pronounced in the natural sciences. Out of the 83 physics, chemistry, and medicine laureates based in the United States since 2000, 32 (39%) were born outside of the United States. By comparison, the foreign-born population of the United States as a whole was approximately 13% at the time of the most recent census in 2010, suggesting that foreign-born researchers and academics make an outsized contribution at the highest levels of American science and economics.

From a cross-cultural exchange perspective, through participation in the U.S. academic environment, international academics have the opportunity to engage in cross-cultural exchange with domestic peers. This exchange benefits both the visitors and their U.S. collegiate counterparts. Following their overseas experiences, many of these international visitors return to their home countries where they build off of these initial cross-cultural experiences, enhancing U.S.-international relations.

For example, of the international scholars who have studied in the United States through the State Department's Fulbright Program, 37 have gone on to serve as heads of state in their home countries, including the current presidents of Guyana, Croatia, Costa Rica, Afghanistan, Slovenia, and Malawi. These leaders' foundational familiarity with American culture and language, acquired from their overseas studies, provides a common frame of reference through which they can engage with their U.S. counterparts.

The Response

The FBI is mandated to protect the nation from internal and external threats, including those posed to its colleges and universities. Academic environments represent the very bedrock on which this country is built, and upon which its future depends. These campuses are where young minds discover new technologies, learn novel concepts, establish crucial connections, pursue innovation, and lay the groundwork for America's continued leadership in scholarship and technology advancement for decades to come. If these open, free, and collaborative environments get compromised, limited, or obstructed, all of us here today – and the country's future generations – lose.

For many years, the FBI and its partner government agencies have sought to mitigate the threat that foreign adversaries pose to these free and open environments. While it is ultimately each school's responsibility to safeguard its information, the FBI actively partners with academia to assist in these efforts. The FBI provides counterintelligence tools and awareness training that help academics recognize suspicious behavior and better protect information and facilities.

The FBI dedicates substantial, valuable resources to these academic engagement efforts. Each of the FBI's 56 field offices have agents and professional support staff specifically dedicated to conducting outreach and industry liaison. Through these personnel, the FBI seeks to increase collaboration and information-sharing between those in the community to mitigate threats as they present, and before irrevocable damage has been done.

Despite active engagement with academia, industry, and the greater public on this issue, however, foreign adversary efforts to exploit America's accessible academic environment continue to grow. In particular, as internet access, cyber exploitation, transnational travel, and payment technologies proliferate, so, too, do foreign adversaries' options for exploiting America's schools for domestic gain.

The FBI acknowledges that we, as a collective society, need to do more to protect our campuses. Enhanced protection starts with enhanced awareness. Colleges and universities must take more proactive steps and make more comprehensive, iterative efforts to ensure that students and faculty understand how to protect intellectual property effectively, how to share information responsibly, and how to avoid potential threats or compromises before they arise. These schools would also be well-served to recognize that, as stewards of taxpayer research dollars, they must implement clearer – and in some cases more restrictive – guidelines regarding funding use, lab access, collaboration policy, foreign government partnership, nondisclosure agreements, and patent applications. Additionally, the more willing these schools are to engage with U.S. law enforcement as issues arise and suspicious circumstances become noticed, the more likely it is that the FBI and its partners can help to mitigate risk or minimize damage posed to these schools.

Conclusion

The topic of today's hearing is an important, nuanced, and, for many, deeply personal and emotive issue. America's academic campuses are celebrated centers of intellectual innovation and idea generation. They produce many of our country's, and our world's, greatest minds and most significant inventions. The vast majority of the international scholars who come to these campuses each year contribute to this greatness. They make our strong academic institutions even stronger. America both wants and needs for them to continue to come. However, we must also be smart and careful. Because, as highlighted in this statement, what makes these schools great also makes them vulnerable.

We must collectively and continuously calibrate for the undeniable, manifold benefits these international scholars imbue in our campuses, while protecting against those who seek to exploit these valuable environments for their own gain. As adversaries and their international proxies employ ever-evolving, innovative, and sophisticated methodologies to conduct this exploitation, addressing this challenge will require equally evolutionary vigilance, flexibility, and creativity as well.

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Chairman Cornyn, Ranking Member Durbin, and Members of the Subcommittee. Thank you again for this opportunity to discuss the FBI's role in striking a responsible balance between openness and security in U.S. higher education. We are grateful for the support each of you, and this subcommittee, continue to provide to the FBI. I look forward to answering any questions you may have on this topic.

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