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**PARTICULARITIES OF ECONOMIC INTELLIGENCE AS AN  
INFORMATION RESOURCE IN THE MATRIX OF NATIONAL  
INTELLIGENCE**

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**Abstract:**

In this article we reveal how the economic intelligence system fits into the matrix of the national intelligence system. At the beginning of this research we will identify the key areas from which is collected the necessary information when drafting the state macro-strategy, indicating which areas are likely to provide information that can be also analysed in an economic perspective. Further, based on these key areas, we will analyse the weighting of economic intelligence in the state intelligence matrix. Then, we will analyse how the economic intelligence system is embedded in the national intelligence ecosystem and, using the intelligence cycle as a reference, we will describe the intelligence process in terms of its economic dimension.

*Key words: Economic Intelligence (EI); EI Process; EI System; Key Collection Areas; National Intelligence Matrix; EI Cycle.*

**1. Introduction**

Economic intelligence is that specific systemic and systematic process carried out by intelligence services and related (non-intelligence) entities which, through coordinated actions and specific means, collects, analyses, assesses, disseminates and ensures the management of economic, technological, financial, business and government information and knowledge, the acquirement of which helps, directly or indirectly by making information available to decision makers, to sustainably grow productivity and strengthen the competitive position of national economy and state security [10].

The aim of economic intelligence is to bring value added by understanding and anticipating the external environment, detecting the threats, countering the risks, and exerting economic influence [8]. The economic intelligence approaches various topics, including here resources, policies, production, trade, consumption, labour force, finance, taxation, and other matters pertaining to the national and international economic system. It involves both state and private actors, creating hence an extremely complex ecosystem, with an anisotropic mix of entities, which leads to a high degree of volatility [9].

The national economic intelligence system consists of all government and non-government entities, the purpose of which is to detect and anticipate, by correlated efforts relying on effective processes and an efficient communication, the threats against the national economy and critical economic entities, in order to provide the decision makers with the information background required for substantiating their strategic decisions or for drafting plans of countermeasures [13]. The economic intelligence systems include intelligence services, diplomatic apparatus, state administrative apparatus and private economic entities. The coordination role rests with the intelligence services which centralise, process, analyse and disseminate the information. Thus, the



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intelligence services play the central part within the economic intelligence services, which prompts us to consider hereinafter the state intelligence matrix as the reference framework for understanding the specifics of economic intelligence.

Moreover, it follows from the practices set forth in the relevant literature that the economic intelligence is assumed as one of the pillars of state intelligence. To support this last assertion, we will select from the relevant doctrine three perspectives<sup>28</sup> that are considered to be currently relevant. As such, we will identify the areas from which the information relied upon when drafting the state strategy (macro-strategy) is collected, indicating which areas are likely to provide information that can be analysed for economic purposes. We will reveal how information is interpreted and classified, by referring to the current-reportorial, basic-descriptive, or speculative-evaluative approaches<sup>29</sup>. Further, we will analyse the weighting of economic intelligence in the state intelligence matrix. Then, we will briefly explain why the economic intelligence needs to evolve to the status of social policy. Finally, we will analyse how the economic intelligence system and processes fall within and are embedded in a national intelligence ecosystem and using the intelligence cycle as a reference, we will describe the intelligence process in terms of its economic dimension.

## **2. Kent's view of post-war intelligence**

Starting from the foregoing, we will refer first to Sherman Kent<sup>30</sup>. In his work “Strategic Intelligence for American Word Policy” the author states that in order to make the decisions required for policy implementation, the leaders “find themselves in need of a great deal of knowledge about foreign countries” [5]. This knowledge must be complete, accurate, timely delivered, serve as a basis for action and cover a comprehensive information range. The economic intelligence is mentioned from the very beginning and affects both classes of information defined by the author, i.e. the descriptive intelligence and the speculative-evaluative intelligence [5].

The information and knowledge collected pursuant to macro-strategic requirements should take into account that there is continuous change. It is the intelligence services' duty to follow up the

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<sup>28</sup> We refer to Sherman Kent, Michael Herman, and Bernard Carayon perspectives.

<sup>29</sup> According to Herman's perspective, depending on the beneficiary's needs and purposes, the information gathered from target areas (military, economic, political, etc.) can be disseminated in various forms supporting certain approaches. The current-reportorial approach satisfies the beneficiary's need of being strictly informed about a situation, at a specific time, without issuing any opinions on subsequent courses. Through the basic-descriptive approach, information is collected from the key areas, in a continuous and structured manner, is further processed and stored in encyclopaedic databases and can be accessed when certain information needs arise. The speculative-evaluative approach covers the beneficiary's needs to anticipate, by reference to the key areas, certain future courses.

<sup>30</sup> According to a CIA report of July 1972, desecrated in 2000, “Strategic Intelligence for American Word Policy” laid down the basis for CIA's strategic thinking and essentially influenced both the organisation and the operations of the agency [14]. Kent's book lay behind CIA's way of handling the management of knowledge over the past 20 years and of carrying out the operations aimed at collecting, processing, analysing and disseminating information. Kent's unique role in USA intelligence community consisted in the formalisation of analytical frameworks, procedures and methodologies of the CIA, contributing to the creation of an “intelligence literature” and setting up a formal mechanism of knowledge and experience transfer between the generations of officers. As it has decisively modelled the world's largest intelligence agency and the most important intelligence services worldwide, Kent's book remains one of the most important doctrine references.



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change-triggering mechanisms. The strategic intelligence is collected from the following areas, most of which containing specific economic intelligence elements [5]: (1) Personalities, (2) Geographic, (3) Military, (4) Economic, (5) Political and Legislative, (6) Social, (7) Moral, (8) Scientific, Technological and Educational. These areas are the strategic intelligence foundation, serving as a basis for speculative-evaluative intelligence. The economic component exists in, and impacts, all areas (dimensions). As such, we can argue that the economic intelligence is one of the pillars laying the foundations of the macro-strategy (state strategy).

In conclusion, both individually and contextually (correlated with information of other nature), the economic dimension is crucial through the way it influences the other areas.

### 3. Michael Herman – post-Cold War intelligence

Kent’s view has been subsequently supplemented by Michael Herman<sup>31</sup>. In his work “Intelligence Power in Peace and War”, the author emphasised that the most consistent development of intelligence services took place in peacetime, upon achievement of the mechanisms whereby the military, naval, air, political and economic analysis was integrated into the “national assessment” or enemy seeing as a whole [2]. The author mentioned that economic intelligence has been much discussed “as one of the current growth areas” within the intelligence services [2].

Quoting Kent and referring to the nature of intelligence classes<sup>32</sup>, Herman goes further and weights the key topics considered by the intelligence services [2], the latter pooling their efforts as shown in Table 1. We infer that, depending on the national objectives, about 20% of the effort of an intelligence service concern subjects that are directly or indirectly related to the economic dimension.

Total of the Area	how much of the Area represents economic intell.	how much of the Grand Total represents economic intell.	Key Areas
35%	10%	4%	defense, including international arms trade and nuclear proliferation;
15%	10%	2%	defensive intelligence regarding foreign conflicts and insurgencies;
10%	60%	6%	information regarding the internal policy, foreign policies, domestic economies and international economic policies of foreign states;
10%	40%	4%	tactical support for diplomacy and other international negotiations of any kind, including economic ones;
20%	20%	4%	information regarding terrorism (including external and security intelligence);
10%	10%	1%	issues of counter-intelligence, counter-espionage and other miscellaneous topics such as narcotics and international crime;
<b>GRAND TOTAL:</b>		<b>20.0%</b>	

**Table 1: The impact of EI in Key Areas of National Intelligence Apparatus**

<sup>31</sup> After the Cold War, Herman became an essential landmark of intelligence studies. He relied on Kent’s perspective and in keeping with the realities of the 1990s, redefined the objectives, roles and impact of intelligence services, reconfirming that they are still plaid an essential part in the implementation and support of state macro-strategy. His two works “Intelligence Power in Peace and War”, published in 1996 and “Intelligence Services in the Information Age: Theory and Practice”, published in 2001, have influenced the generations of professionals in the 1990s and 2000s. We made reference to his first work, which furthered Kent’s opinions and integrated all essential landmarks required for the approach. The second work mainly deals with the impact of new intelligence technologies, being less relevant in this context.

<sup>32</sup> The intelligence classes are: “current-reportorial”, “basic-descriptive” and “speculative-evaluative”.



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We must keep in mind that Sherman Kent noted an early but certain tendency of the intelligence services, i.e. their focus on the collection and analysis of economic intelligence. Herman assessed the role of economic intelligence in 1996, when it already occupied an established place in the architecture of the most important intelligence services. In that decade, the “moving from a world of geopolitics to one of geo-economics” was already obvious [2].

In conclusion, the intelligence services are facing with increasing demands for economic intelligence, which mainly require overt or semi-covert collection operations<sup>33</sup>. Moreover, “Warfare is becoming information warfare; war begins and ends with intelligence. Information is a critical resource in war, and the same applies increasingly to international competition in peace”<sup>34</sup> [2].

#### **4. Bernard Carayon – contemporary economic intelligence**

To render the economic intelligence service more efficient, Bernard Carayon takes further the perspective of the two authors stating that the economic intelligence must become the main public policy of the state, just like in case of health, environmental and taxation policies. As an argument in this respect, he mentions that the economic intelligence supports the achievement of national strategic objectives by ensuring the specific information framework. And an efficient economic approach relies on a smooth cooperation and coordination of all entities involved, up to a high level, i.e. that of social cohesion [6] [16]. The efficiency of economic intelligence relies on a rapid communication of information<sup>35</sup> between the actors involved: intelligence services, administrative apparatus, diplomatic apparatus, and economic entities. B. Carayon emphasises that the economic intelligence must become the main public policy of the state, up to the point where social cohesion is achieved. For this to be a public policy, the economic intelligence must be assumed to mean economic patriotism. It is the economic patriotism that will finally guarantee the social cohesion [6].

Summing up the key ideas of the three authors, if we are to approach the economic intelligence from the standpoint of its descriptive nature, according to S. Kent, the economic intelligence exists in all the eight critical dimensions: as a separate dimension but also influencing the other seven dimensions. Further, the speculative-evaluative intelligence relies on descriptive knowledge; as a result, we also find the economic intelligence here as a critical dimension. M. Herman furthers S. Kent’s rationale and weights the subjects considered by the intelligence services, concluding that about 20% of the effort of a state intelligence service concern subjects that are directly or indirectly related to the economic dimension; all in a context where the demands for economic intelligence are increasing as we move from a world of geopolitics to one of geo-economics. B. Carayon ends the foregoing by emphasising that the economic intelligence should become the main public policy of the state, up to a point where social cohesion is achieved.

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<sup>33</sup> The tendency is normal, given that most operations related to economic intelligence are carried out during peacetime, on the territories of allied or friend states. Situations of (grounded) allegations related to the conduct of operations for collection of economic intelligence directed against the intelligence service of an allied state are to be avoided. Therefore, the incidence of covert, semi-covered or false flag activities is increasing.

<sup>34</sup> Currently, most conflicts between the states are hybrid and move to areas such as the economy, media and social media, politics, or law. Under these circumstances, there is an increasing demand for specific information from these areas.

<sup>35</sup> The information is submitted by regulated processes, which are subject to information classification policies.



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In conclusion, the national economic intelligence system is a component of the national intelligence system – and not a separate system.

### **1. Economic Intelligence in the Matrix of National Intelligence**

The national intelligence system includes both government and private entities, both intelligence services and other structures that collect or exploit the collected information [1]. Thus, communication channels are required so as to ensure a smooth exchange of information within a properly regulated system, which should comply with the classification levels. Structurally, the nucleus falls within the area of intelligence services (figure 1). Functionally, information processing, analysis, dissemination, and management are among the prerogatives of the intelligence services (figure 2). The collection and exploitation stages also involve other structures besides the intelligence services.

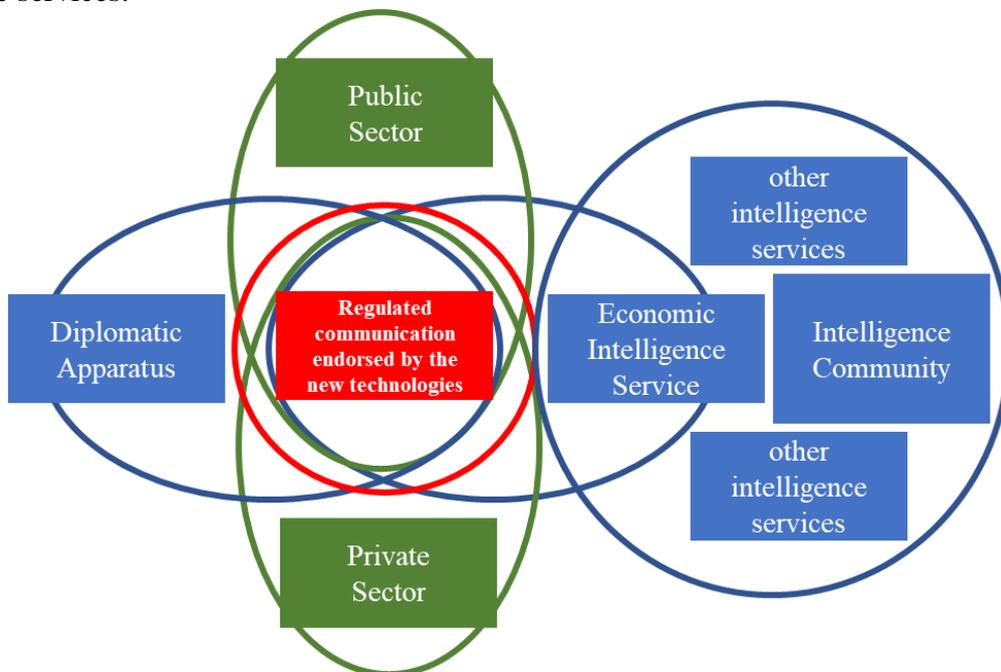


Fig. 1 - Relationship of the EI System to the Intelligence Community



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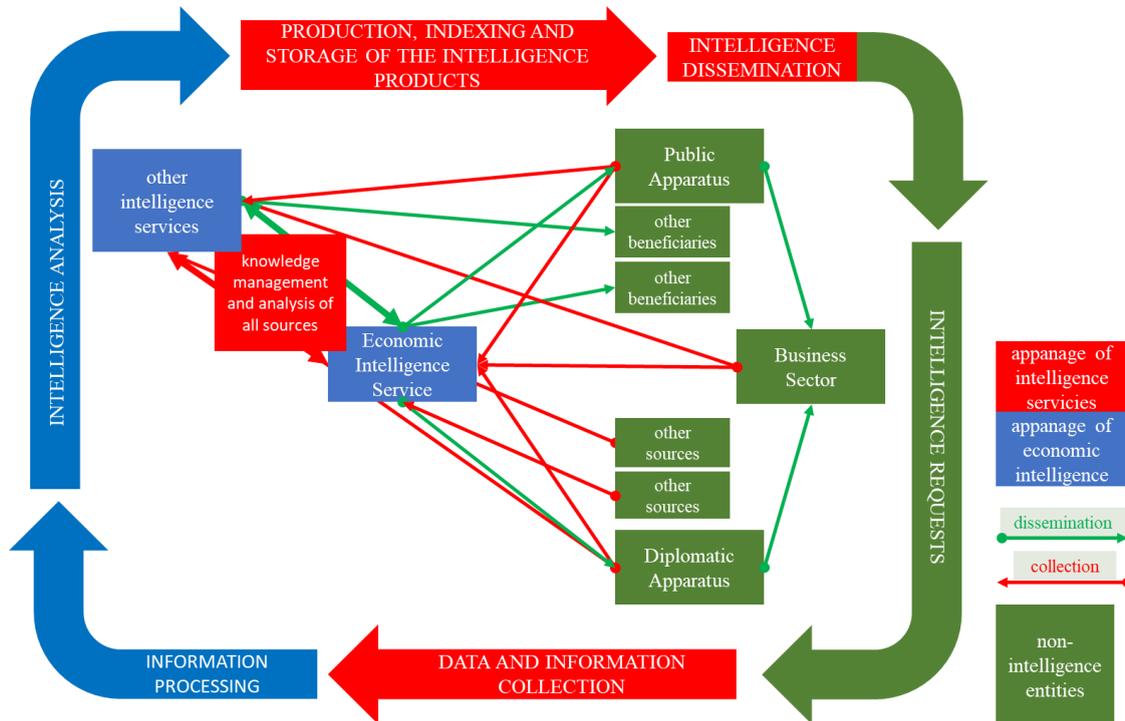


Fig. 2 - EI Cycle and the entities of the EI System

As the intelligence requirements are varied, the information should come from an extended information framework: a sufficient number of sources or complex sources which are able to supply a broad range of information. The collection base must entirely cover the general objectives of a national economic intelligence system [1].

In this context where the specific requirements of the economic intelligence system trigger an extended information framework, the cooperation between the intelligence structures is important because it enables the access to an extended information base [7].

Taking into account the comprehensive information base required by a national economic intelligence system, there are two probable scenarios in which the “economic” intervenes in the intelligence cycle:

- from the collection stage to the end of the cycle, if the stored information to which the access is allowed is not sufficient for settling the information requirements;
- from the processing stage to the end of the cycle if the stored information to which the access is allowed is sufficient for settling the information requirements.

Going further with the description of the analytical framework, in order to illustrate the economic dimension of the intelligence process, we will use the intelligence cycle as a reference. As such, we will have the following stages:

- Requirement – the intelligence topic

By reference to the above-mentioned approach, the intelligence community can process three types of requirements:

- (i) “purely” economic, which mainly deal with economic matters,
- (ii) “correlated” to economic intelligence – mixed – which deal with (for example) subject matters related to terrorism funding (e.g. dismantling of economic networks that support such action), military (e.g. concerning the military production capacities and the economic resources of an enemy state) or of other nature, and



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(iii) unrelated to the economic ones – non-economic – (e.g. a military operation in which we are interested in the location of enemy troops in the operation theatre).

The involvement of national economic intelligence system is graded based on the specific features of these requirements. It is relevant to mention here the interchangeable, complex and integrated particularities of intelligence practice. The above-mentioned classifications are useful and required from a theoretical and doctrine standpoint, but the process is actually a continuous whole.

- Collection – planning and directing the collection

The source system and collection processes

According to the same reasoning relied upon in the classification of requirements, the sources can be divided in three categories: economic, mixed, and non-economic. As such, a specific economic intelligence requirement can access economic, mixed, and exceptionally non-economic sources. This means that other intelligence structures can also be involved in solving an economic intelligence requirement. As a result, a proper cooperation is necessary both between the intelligence structures and among intelligence structures – administrative apparatus – diplomacy – and – economic entities. Moreover, protecting the sources, a good classification/ indexing thereof is required so that they can be accessed whenever necessary by the intelligence community – an intelligence service (e.g. counter-terrorist brigade) should be able to also access the information supplied from the sources of other intelligence services (e.g. foreign intelligence service).

- Intelligence processing

Given that several intelligence structures are likely to be involved in the collection of information, the processing stage is critical from two perspectives:

- the selection of relevant information (coming from several sources) for the current requirement – and
- the classification of all information collected so that it can be easily accessed thereafter (certainly, meeting all requirements concerning the access to classified information).

A proper information mapping (a proper structuring of meta-data and attributes assigned to data and information) enables all services to efficiently use the already collected information when new requirements arise – sometimes without being required to access the sources to collect new information.

- Intelligence analysis

Intelligence analysis must consider all sources (analysis of all sources). The collected information must be gathered in a unique database wherefrom, according to the access rights and based on the assigned attributes and meta-data, it should be able to be accessed by processors and analysts (in most cases, processing and analysis are carried out by the same entity). Referring to the national economic intelligence system, the analysis is carried out by designated analysts specialising in economic intelligence analysis. There are however specific cases where it can be required to convene analysis committees, as the analysed situations can be complex and interdisciplinary<sup>36</sup>.

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<sup>36</sup> For example, a foreign listed corporation seeks the aggressive takeover of a local company which is also publicly listed. The local company manufactures dual-use electronic items, being included in the list of national critical/ strategic objectives. The corporation resorts to all types of practices (including sharp practices), exploiting the limits of valid regulations and laws and setting up pressure groups to this end. As such, the analysis of this situation can involve professionals specializing in capital markets, industry and intelligence [15].



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- Drawing up the deliverables and intelligence dissemination

Considering that most economic requirements involve multidisciplinary areas, there can be many cases where even though the requirement belonged to only one beneficiary, the distribution list includes several entities which can be influenced/ affected by the topic. In this context, there can be drawn up several deliverables adjusted to each entity (the initial beneficiary and the subsequently added ones), in keeping with the communication pattern and each beneficiary's specific level of access to the classified information. The dissemination will be made using the specific agreed communication channels of each entity included in the distribution list.

- Feedback

The opinions of the beneficiary(ies) are gathered and where other information requirements arise, the intelligence cycle will be resumed.

- Intelligence storage

Once the information documents are drawn up (strategic analysis, case analysis, report, information note, etc.), they will be stored in keeping with the governing principles on primary information (the form in which they come from the sources) so as to be subsequently available. Certainly, the specific classifications/ attributes/ indexing/ meta-data related to the information and type of report will be added.

Taking into account that there are many overlapping areas where the intelligence services can mutually leverage their activity (a single source can provide military information as well as economic information and/ or an economic report can also prevent actions related to terrorism funding), we conclude that the national economic intelligence system is a component of the national intelligence system (national intelligence community), mention being however made that there are also separate areas that largely serve the economic purpose (e.g. sources operating on the capital market or chambers of commerce).

In conclusion, the intelligence services gather information (not only economic intelligence) which can be interpreted for economic purposes and/ or can be useful for the national economic intelligence system. Likewise, there are sources reserved to the economic purpose, but such sources can also be exploited for other purposes. Moreover, in order to correctly define what “economic information” means for the purposes of this paper, the used criteria concern how the collected information is being exploited and the economic particularities of the source or collection base – the system of sources.

Considering the modern forms of conflict (modern warfare), the interactions between combatants are less direct, less conventional, implying the use of asymmetric capabilities for carrying out unconventional hybrid actions, also including actions of economic nature [9]. As such, the current economic conflicts become conflicts of interests in the competition for economic power, influence, resources, or markets. The conflicts can be local, regional, or global, involving civil and/ or state actors or economic entities supported by state and/ or non-state actors [3]. The economic intelligence structures have built over the years the image of structures that are suitable not only for carrying out specific intelligence or counterintelligence operations, but also for acting in the areas between intelligence, state administrative apparatus, diplomacy and business environment [4].

Moreover, due to the fact that the operations are often carried out in the economic areas of certain allied states and/ or can concern economic entities coming from such states, the missions are



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often secret [11]. As such, the economic intelligence systems have significantly developed over the past years and this phenomenon was seen both regionally and globally. As the economic dimension has become dominant, most conflicts between the states are now of economic nature.

## **2. Conclusion**

Referring to the descriptive nature of information, the economic intelligence exists in all critical dimensions of the national intelligence system. As regards the speculative-evaluative intelligence, the economic intelligence is also a critical component thereof. As such, about 20% of the effort of a national intelligence service concern subjects that are directly or indirectly related to the economic dimension; all in a context where the demands for economic intelligence are increasing as we move from a world of geopolitics to one of geo-economics. Therefore, in order to support the approaches related to economic security, the economic intelligence should become the main public policy of the state.

Considering that the economic intelligence exists in all critical dimensions of the national intelligence system (national intelligence community) and about 20% of the effort of a national intelligence service concern subjects that are directly or indirectly related to the economic dimension, we conclude that the national economic intelligence system is a component of the national intelligence system – and not a separate system. The intelligence services gather information that can be interpreted for economic purposes and/ or can be useful for the national economic intelligence system.

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