

ECONOMIC INTELLIGENCE AND NATIONAL SECURITY: TOWARDS THE DEVELOPMENT OF THE COOPERATION BETWEEN THE BUSINESS COMMUNITY AND THE PUBLIC SECTOR

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Abstract

In this paper, we will analyse the opportunity of developing a cooperation between the business community and the public sector, from an economic intelligence perspective, aiming to improve the economic security of Romania. The research question we try to answer is "How can Romanian companies and the national intelligence services cooperate, in order to improve our economic security"?

Taking into consideration the various threats to the economic security of our country, in this paper we choose to briefly analyse the existing relationships between competitive and economic intelligence, as well as the concrete ways in which private companies and public intelligence services can cooperate, in order to counter the economic and/or industrial espionage. We believe that our approach can pave the way for further research that will contribute to the formulation of useful recommendations, for both Romanian companies and the public sector.

Keywords: *economic security, economic and competitive intelligence, economic and industrial espionage, business community.*

Introduction

In our attempt to find new ways of improving the national security of Romania, in this paper we will analyse the opportunity of developing a cooperation between the business community and the public sector, from an economic intelligence perspective. The research question we try to answer is "How can Romanian companies and the national intelligence services cooperate, in order to improve our economic security?" In order to answer the research question, we are going to use

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various open sources to collect and analyse relevant information on how the performances of the business community influence the economic security, as well as information on the possible dimensions of a cooperation between the private owned companies and the governmental institutions, considering the existing international security environment and the possibility of using the competitive intelligence function for national security purposes.

We estimate that some of the conclusions drawn from this work would be used for further research, having the capacity to contribute to the formulation of useful recommendations, for both the Romanian business community and the public sector.

Economic security and business performing

During the first half of the 20th century, Constantin G. Demetrescu noted that “the means by which a nation is enriched is the profit achieved by each enterprise” (Demetrescu, n.d., p. 7). At the same time, he emphasized that “the enterprises, through their profitability, as well as through the incomes of their employees, contribute to the securing of the state's revenue to cover public expenditures” (Demetrescu, n.d., p. 6), and “through their relations in other States, to the economic and political life of a nation” (Demetrescu, n.d., pp. 6-7).

Nowadays, the Romanian business sector is confronting a tremendous international competition. Theoretically, competition has a positive impact to any business, being an important motivational factor in terms of stimulating creativity, innovation and productivity.

Nevertheless, sometimes, competition is influencing the economic performances of the companies negatively, due to the missing expertise in handling it properly. In the current international business context, competitors can be located in any of the key markets of the private companies. Very often, these competitors are interested in maximizing their market shares and their profit margins, fast. For this purpose, some of them might sometimes resort to practices that are at the limit of legality or even illegal. These competitors might originate in friendly/allied countries or in countries with which we do not share common values.

Based on the Romanian Intelligence Service approach that “A performing, competitive and stable economy is a vital pillar of national security” (Serviciul Român de Informații, n.d., Economic Security, para. 1), we observe that given the existence of a free market economy, in which private capital prevails, the economic performances of the private owned companies directly influence the national economy and national security. In some cases, non-state entities become so strong that they compete with the state ones. Up to now, six main types of non-state actors have been distinguished: private corporations, NGOs, international organizations, regional organizations, virtual organizations, criminal cartels and terrorist organizations (Sava, 2005, p. 140). Presently, one of the most common business threats coming from non-state entities is represented by the industrial espionage. More than that, it should be noted that sometimes non-state entities might benefit from the support of state entities, being involved in illegal activities of economic espionage.

Analysing whether economic espionage is a topical issue that should concern us, or not, we concluded that it represents a real threat that should concern us, as it has the potential to cause serious harm to our national security. Practically, we can estimate that being a member state of the European Union, a member state of NATO and having an excellent Strategic Partnership with the United States of America, our country is becoming a very attractive target of espionage, for different non-state and/or state entities, such as the Russian Federation.

Since the early 1990s, German intelligence services reported that a number of Russian intelligence officers “left” secret services become engaged in German or Russian companies without breaking their ties with their former employers (Whitney, 1993). We would like to emphasize that after the end of the Cold War, the “economic espionage has been globalized” (Petrescu, 2011, p. 259) and a new war began, the economic war, with a strong informational component (Petrescu, 2011, p. 282), in which state and various non-state entities are involved.

Referring to the attitude of countries to engage in economic espionage on political and/or military allies, one of France's former directors of DGSE, Pierre Marion said that although France is a military

or political ally with different states, “in the economic competition, in the technological competition we are competitors; we are not allied.” (“Economic Espionage”, 1992) Analysing the different implications of the economic results of the private companies in relation to our economic security, we focused on the best possible ways in which the Romanian companies can cope with their competitive business environment, of which we chose the one related to the use of the expertise of the intelligence community, following the similar examples of other countries.

Taking into account this diversification of the non-state entities that also have the potential to influence the economic security, we believe that the private companies should study the possibility of cooperating with the governmental institutions in different ways, being able to effectively support each other, for the wellbeing of the nation. It is well known that from a national security perspective, the economic dimension decisively influences other dimensions of security, including its military one. As far as economic intelligence is concerned, it is linked to commercial, monetary, agricultural or industrial policies, as well as to the economic practices of a country as a whole. (Nedelea, 2014, p. 132)

Noting the need of developing the private intelligence sector, Bonnie Hohhof highlighted that government intelligence can significantly support competitive intelligence in private organizations, actively sharing new intelligence developments, underlining that more can be done (Hohhof, 2014).

Following this idea, we observed that in Canada, being aware that the international business environment has become more competitive year after year, the Canadian government tried to identify and develop the possible roles it could have in competitive intelligence, in order to help Canadian companies perform better. Following this approach, five main roles of the government were identified, including the role of partner (e.g. joint CI programs to industrial and training groups in the CI – perhaps the most important role) and of mentor (former intelligence officers help companies to implement CI functions). (Calof, 1999, pp. 20-23) At the same time, in Germany, BfV has entered into cooperation agreements with different industrial players, such as

the Federal Association of Security Companies and the Federal Union for IT, Telecommunications and New Media, in order to improve the protection of the know-how and informing companies about the risks of espionage. (Agheană, 2017)

Cooperating for national security

In this paper, we choose to briefly analyse the existing relationships between competitive and economic intelligence, as well as the concrete ways in which private companies and the governmental intelligence services can cooperate, in order to counter the economic and/or industrial espionage. We consider important finding new possible ways in which the threat of espionage could be addressed, as it is a known fact that it could bring serious damages to states economies, its targets being both from governmental and non-governmental area.

In the National Security Strategy (2017), the first during Donald J. Trump's Administration, the importance of protecting US intellectual property against the theft of information by various competitors it is mentioned, making an explicit reference to China, which would steal annually intellectual property of hundreds of billions of dollars. ("National Security Strategy", 2017) Gerald P. Burke mentioned more than two decades ago that the Chinese use some visiting delegates in developed countries to conduct economic espionage, and that some Chinese companies are frequently involved in various industrial espionage activities. (Burke, 1992)

In connection with the illegal actions carried out by some Chinese citizens in Romania, with the potential to affect the national security of our country, we would like to highlight the example of Wang Yan, a Romanian citizen of Chinese origin, to whom the Romanian citizenship was withdrawn, on the recommendation of Romanian Intelligence Service, as his actions would have harmed the national security. (Neag, 2018)

At the same time, we would like to recall the case of IPROMIN SA, were investigated by DIICOT from 2012, which came to the attention of the general public in regard with the "illegal collection of information, including classified ones", that had the potential to affect the economic security of Romania. A Russian citizen carrying classified documents

was detected by the Counter-Terrorism Brigade specialists of the Romanian Intelligence Service, following a routine check on the Henri Coandă Airport. (Olescu, 2012)

The economic espionage can be mainly detected and neutralized through specific activities carried out by the state institutions, such as the Romanian Intelligence Service which is “committed to identifying, preventing and countering espionage activities carried out by foreign intelligence services in our country against the interest of Romania and its allies” (Serviciul Român de Informații, n.d., Counter-espionage, para. 1). However, even if the expertise, efficacy and professionalism of the Romanian Intelligence Service are unquestionable, given the significant number of the aforementioned non-state actors that could be involved in such activities, we consider that the private companies could develop a transparent cooperation with the Romanian Intelligence Service and other governmental institutions, through their competitive intelligence functions, for economic security purposes. In this respect, some necessary measures must be taken, of which we would like to mention: regulating the unclassified knowledge transfer from the national intelligence services to the business environment (e.g. for trainings, for offering support in the competitive intelligence function development etc.), setting up specialized counterintelligence bodies, which could represent a bridge between the public and the private sectors, as well as the developing of different new academic programs, following the example of the United States of America where various university training programs on the protection of trade secrets and economic counter-espionage are in progress. (Petrescu, 2011, p. 274)

Analysing the evolution of globalization on its economic dimension, Iulian Fota points out that the state will be forced to look for new ways to protect the economic security, against the risk of losing the real control over its economy. (Fota, 2013, p. 95) Taking all these aspects into account, we would like to make some references to the competitive intelligence function, briefly highlighting what it does and how it can be used in national security purposes. It should be mentioned that in our approach, competitive intelligence is directly related to economic intelligence. In our understanding, the competitive intelligence function has a proven value in most enterprises, in terms of

their economic performances, in two main directions, offensive and defensive.

The offensive component of the competitive intelligence function aims at gaining competitor intelligence, market intelligence, strategic intelligence, technological intelligence or social media intelligence, in order to improve the decision-making process and obtain a competitive advantage, clearly mentioning that it only involves the ethical and legal collection of information, having no connection with espionage (competitive intelligence is a legal activity; spying is illegal). Being focused on helping the decision-makers to take the best business decisions and gain a competitive advantage, the competitive intelligence function could be also useful in achieving national security, on its different dimensions, including its economic one (if we choose to consider the interdependence between the economic performances of the private companies and the Gross Domestic Product, for example). To exemplify, through competitor intelligence a company could find out that a particular competitor is “employing” illegal migrants, that represent potential useful information for the governmental intelligence agencies, at least from a counter-terrorist perspective, as it is well known that amongst illegal immigrants terrorists could sometimes infiltrate. In the same time, companies that practice illegal logging or buy wood material about which they know that it has been illegally cut can be identified, illegal logging representing a real threat to the national security of Romania.

The defensive component of the competitive intelligence (mainly aiming to counter competitive intelligence and to preserve the competitive advantage and the differentiation capacity/potential of the company) is primarily targeted at identifying and eliminating company's vulnerabilities that can be exploited by different entities that aim to obtain information from the company, legally or illegally (e.g. strategies, pricing policies, technical features of future products etc.). By using defensive competitive intelligence, private companies are able to take the proper ethical and legal measures which allow them to be more secure, being also in the position to identify trade secret thieves, cyber criminals, or industrial and economic spies.

Practically, through the cooperation between the national intelligence agencies and the privates owned companies, via the competitive intelligence function, national security is winning. We consider important to mention that, in our approach, this cooperation is mainly intended to be carried out in order to ensure domestic security and should not be related with foreign intelligence.

Concerning the legality and ethics of competitive intelligence, we consider that the competitive intelligence functions within the private owned companies should not be required to have legal obligations in the field of national security, regarding information provision, these being mainly focused on generating a competitive advantage to the companies, as a business practice. However, as a proof of Corporate Social Responsibility, we consider that, in some very specific cases, reasonable suspicions could be signalled to the competent national authorities in the sphere of national security. In our approach, these suspicions should be transmitted in a formal manner, together with the transparent mention of the key elements that formed the basis of the suspicions, including the sources that have been used to collect the relevant information (thus being identified or prevented various possible abuses, unfair competition attempts etc.).

Achieving National Security in the New Millennium

At the beginning of the new millennium, the international security environment faces various challenges. Taking into account the risks to which citizens may be exposed, the actual Director of the Romanian Intelligence Service, Eduard Hellvig, emphasizes that at present “the citizen no longer has the classic role of security consumer, but can and must become an active participant in achieving security” (Serviciul Român de Informații, n.d., Security strategy, paragraph 2). In the same time, the linking between this institution and the Romanian society have the potential to lead to the achievement of an extended security. (Serviciul Român de Informații, n.d., Security strategy, para. 2)

Appealing to the memory of recent years, we must emphasize that the idea of involving citizens in national security is not a new one, the Romanian Intelligence Service having this kind of initiatives also in the past, a proof in this respect being the opening that the “Mihai

Viteazul” National Intelligence Academy had in relation to the civil society, by organizing different educational programs, such as Master programs and PhD studies, by cooperating with other Romanian universities, by being present on social media and editing different periodical publications (*Intelligence and Romanian Intelligence Studies Review*) etc. Robert David Steele has shown already that for every nation, the informational continuum encompasses several sectors of society, such as schools, universities, libraries, business community, private detectives and information brokers, the media, government, defence, and the intelligence community. Considering the actual international context, in the idea of redefining government intelligence, Robert David Steele believes that for the sake of society, it is necessary to create and promote a “virtual intelligence community,” in which “every citizen is a collector, producer and consumer of intelligence”. (Steele-Vivas, 1996, p. 171)

Trying to relate to the experience of different European Union member states, we observed that in Sweden, a country that promotes intelligence cooperation between the governmental, business and academic sectors, the economy is strong and the business community is highly competitive. (Porumbiță, 2014, p. 42)

Conclusions

It must be clearly understood that the world's nations are in a permanent, economic, technological or energetic competition, willing to access various natural resources in advantageous conditions, in order to enable them to successfully fulfil all the objectives associated with their national security interests.

At the same time, there are a multitude of non-state actors, with different agendas that can influence, to varying degrees, the activity of the states or the one of the private owned companies, going as far as causing them serious harm that should be prevented. Nowadays, the threat actors to the economic security are hard to be located, finding themselves both in the foreign governmental and non-governmental environment, both amongst opponents and amongst friends, allies, practically even amongst those who share common values, but have different interests.

Thus, in order to reduce the existing uncertainties and support the national security, it would be necessary to initiate and develop a sincere cooperation between the state and the private sector, cooperation that needs to be clearly regulated from the point of view of national and international law, in order to prevent potential abuses. Referring myself to the economic dimension of the security, we note that a transparent cooperation between the public and the private sector, between the national intelligence services and the business environment (mainly focused on intelligence education), between the competitive and the economic intelligence, has the potential to increase and influence the level of economic security of the state and, implicitly that of national security. It is important to mention that competitive intelligence and government intelligence use similar or even the same set of analytic techniques, applying critical thinking in their daily activity (to name just two similarities), that might represent a basis for collaboration on several directions, between these two environments. Answering the research question, in order to improve the economic security of our country, private companies and the intelligence services of the state can successfully exchange knowledge and cooperate in various relevant areas, such as counterintelligence; anticorruption; preventing and countering illegal logging; preventing and countering the destruction of hunting and fisheries stocks; counter-terrorism; information sharing on certain cybercrimes; protecting critical infrastructure; or protecting intellectual property.

In the same time, we consider that also in Romania, the intelligence services could support the private companies in different ways, such as by assisting them in setting up the competitive intelligence functions or by organizing their staff training over counter competitive intelligence, given the creation of an adequate legislation to regulate this cooperation (we believe that this demarche will also contribute to the development of both intelligence and security cultures, in the Romanian society). We estimate that since this kind of support granted to the private companies will not be free of charge, the impact to the State Budget will be a positive one. No less important, considering the case of other countries, who understand that, besides the governmental and business components, intelligence cooperation

should include an academic one, appreciating what has been achieved in this regard in our country, so far, we believe that new educational programs should be initiated, in order to prepare future Romanian graduates to protect company information, to become specialized in economic and industrial counterintelligence or economic warfare defence, in order to be able to face this new century realities.

Being a member state of the European Union, with a more secure, more competitive and stronger economy, Romania will be able to continue to contribute to the good running of the European Union, as well as to the fulfilment of all its economic, political and security objectives. In the same time, from a military perspective, as a member state of NATO, with a prosperous economy and more revenues to the State Budget, Romania will be able to contribute to the common defence expenditures with more money, being able to fulfil its plans of army endowment.

Last but not least, we must remember that, taking into account some of the possible implications of the globalization, the identification of any potential economic and industrial espionage or possible terrorist threats, for example, is not only influencing the national security of our country, but also the one of our allies and partners.

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