

# Economic Intelligence as National Security Issue

## *A Brief Study*

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### *Introduction*

The fall of Berlin Wall marks the end of the Cold War system. That system, where the world was divided in two “blocks”. The USA and the USSR was the major powerful nations, and they fought for pursue, most of all, the military, technologic and economic supremacy. With the end of this contrast, it ends also the “*scenario characterized by elegants simplicity*” as emeritus president Francesco Cossiga said. Today everything changes, war, or better, conflicts, fights in more fronts: the financial-economic is acquiring great importance, because the actors, that attacks, are not just States; there are sovereign wealth funds, multinationals, NGOs, banks and corporations. The effects of attacks is amplified if combined with the manipulation of information, made possible by the globalization.<sup>1</sup>

In this new world order, where Intelligence has a fundamental role (as it used to have in the old order). Alongside the traditional Intelligence discipline, is developping another one: the Economic Intelligence. In the contemporary version, the economic Intelligence has attention on business intelligence or environmental scanning or competitive intelligence. Briefly, it is the theory of

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<sup>1</sup> Cfr. Giuseppe Griscioli, “*Competizione Economico-finanziaria, ruolo dell’Intelligence e Sicurezza Nazionale*”. Aracne Editrice, 2013. p. 10

strategic choices for achieve competitive advantages over competitors.<sup>2</sup> In fact, a lot of States have created some institutions for strategical research in financial and economic field. First of all, France. In France has been founded a School of Economic Warfare (*Ecole de Guerre Economique*) with teachings that are based on strategical military logicals.

Economic Intelligence puts the information at the heart of any economic choice, and it considers our time as the era of continuous flow of informations. “Infos” becomes the “wealth” we have to control before every other kind of control form of economic issues.<sup>3</sup>

My scientific research on the Economic Intelligence, will be based on Italian documents. This also to witness the recent evolution of national studies on the subject.

## *1. The Economic Intelligence*

*(Public point of view)*

Secret services of a lot of countries took some time with determination and incisiveness on the “rugged” field of the defense of national economic interests. They are performing the complex activities that are named economic intelligence.<sup>4</sup> Economic Intelligence can be defined as the discipline that study the “information cycle” necessary for enterprises and States for make correct development choices. Moreover the economic intelligence has the goal to “hone” cognitive and decision-making skills applied to the complexities of the global competitive environment.<sup>5</sup> Economic Intelligence

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<sup>2</sup> Cfr. Carlo Jean, Paolo Savona, *“Intelligence Economica. Il ciclo dell’informazione nell’era della globalizzazione”*. Rubbettino Editore, 2011. p. 14

<sup>3</sup> *Ivi*, p.15

<sup>4</sup> Cfr. Adriano Soi, *“I Servizi di informazione e la tutela degli interessi economici nazionali: Il caso italiano alla luce dei più recenti documenti governativi e parlamentari”*, in: *“Intelligence e Interesse Nazionale”* a cura di Umberto Gori, Luigi Martino. Aracne Editrice, 2015. p. 357

<sup>5</sup> Cfr. Carlo Jean, Paolo Savona, *op. cit.* p. 21

is at service of the State; that bring more knowledge to the government. Economic “know-how” is a crucial skill: today we fight more and more battles in economic field, than in military field. The States need to include economics facts among the facts relevants for the action of secret Services. If, as frenchs and americans (with Clinton’s presidence) says, in the concept of Homeland Security we do include also the assistance at the entreprises for guarantee national development, the content of economic intelligence becomes an “umbrella” concept. If the conception of State is liberal, the role of economic intelligence is reduced at identify the dangers for national istitutions, including the market, and counter them. Instead, if the conception is interventionist, the role of economic intelligence is very large: until support national entreprises on international competitions.<sup>6</sup> Economic Intelligence is strictly connected with the economic development of a State. This discipline is primary for national economic system’s defence. The analysts can help the government for making choices in the field of macroeconomics, financial market and protection of sensitive industrial sectors. Then the development of economic intelligence is connected to the development and protection of nation’s wealth. This wealth is identifiable in natural resources, investments, and research-innovation activities. The globalization process has accelerated dynamics: States and entreprises want to reach competitive advantages, and most of all, they focus on defence by economic espionage against their scientific and intellectual capital.<sup>7</sup> The modern concept of Economic Intelligence was born in France. In France, Christian Harbulot (former director of Ecole de Guerre Economique) has been the first author that address the discipline. He started the debate in 1992, with his book “*La machine da guerre économique: Etats-Unis, Japon, Europe*”. The book points out that the international after-war context is characterized by the growing importance of economic issues than military issues [...]. According

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<sup>6</sup> Cfr. Carlo Jean, Paolo Savona, op. cit. p.23

<sup>7</sup> Cfr. Francesco Farina, “*Intelligence economica tra accademia e realtà*”. In “Intelligence e Interesse Nazionale”, op. cit. p. 430

to Harbulot, economic Intelligence is an asset and not a type of information. This is defined as “the research and systematic interpretation of the information accessible to everyone, with the aim of knowing the intention and capabilities of the actors” [...].

In France, the definition that has been most successful is that of 1994. It is the definition of “Commissariat général du Plan”, directed by Henry Martre. According to the group chaired by Martre, every enterprises should develop economic intelligence systems to face these adversities increasingly diverse. That would make the strategic information management more efficient in order to enhance the economic potential and jobs. As we can see, this definition is not more different than Harbulot’s one.<sup>8</sup>

It could seem that economic intelligence is a new discipline. Actually, absolutely not. In fact, we have to talk about the merchants of *Serenissima Repubblica di Venezia*. The *Serenissima* held its maritime and mercantile supremacy over an efficient and well coordinated State’s spy system able to understand the others secrets and defend its secrets. Thanks to that working system, the decision-maker of that era, the *Doge*, was able to address and coordinate expansion strategies and trade consolidation.<sup>9</sup> When the merchants departed, they received a report with the informations about the character of the officials who would meet, which negotiation techniques perform and other informations. This amazing economic intelligence system gave to Venice an huge advantage.<sup>10</sup> According to this very interesting story about Venice Republic, we can add that economic intelligence is the research and

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<sup>8</sup> Cfr. Mauro Morbidelli, “*Intelligence Economica e Competitività Nazionale*”. CeMiSS, Centro Militare di Studi Strategici, 2005. Disponibile online all’indirizzo:  
[http://www.difesa.it/SMD\\_/CASD/IM/CeMiSS/Pubblicazioni/OsservatorioStrategico/Documents/3370\\_pape\\_r10\\_06.pdf](http://www.difesa.it/SMD_/CASD/IM/CeMiSS/Pubblicazioni/OsservatorioStrategico/Documents/3370_pape_r10_06.pdf)

<sup>9</sup> Cfr. Carmine America, “*Il ruolo strategico dei sistemi informativi per la conquista di nuove opportunità di mercato tra crisi economica e geopolitica degli scenari multipolari*”, 2014. Disponibile online all’indirizzo:  
<https://www.sicurezzanazionale.gov.it/sisr.nsf/wp-content/uploads/2014/06/intelligence-economica-CarmineAmerica.pdf>

<sup>10</sup> Cfr. Carlo Jean, Paolo Savona, op. cit. p. 51

transformation of informations about economic sector, for make operative choices for both active and passive purposes.<sup>11</sup>

Instead, to tell a more recent trend of economic Intelligence, we must point out that the STASI (the secret Service of the DDR) was one of the most efficient “players” in the industrial-economic secrets research. A soviet officer hired by the DGSE (Direction Générale de la Sécurité Extérieure) confirms that through the “X line”, the KGB and the STASI managed to get hold of almost all hi-tec occidental technologies, during the Cold War.<sup>12</sup>

We have underlined that economic intelligence is definetly important for the State. But, economic Intelligence does not work without a strong connection between public and private sectors. The best countries for the implementation of economic intelligence, are Japan and Germany (with USA, obviously). Why these two countries? Because in these two countries the private sector gives informations to public. In Germany and Japan, the private sector is “nationalist”, as Carlo Jean and Paolo Savona says. Let’s analyze the traditional field of economic intelligence: Public.

### *1.1. Public Economic Intelligence*

How we can defined this part of discipline?

We have to watch the economic interests by the eyes of the State. Then, we could say that the public economic intelligence is interested both macroeconomics and microeconomics policies. It is interested at technologic and general development and at the defense of all criticals infrastructures. The economic intelligence must extend from “technological surveillance” to

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<sup>11</sup> Cfr. Laris Gaiser, “*Intelligence economica: una proposta per l’Italia*”. In: “Sicurezza, Terrorismo, Società”, 2016. Disponibile online all’indirizzo: [https://www.sicurezzanazionale.gov.it/sisr.nsf/wpcontent/uploads/2016/03/Gaiser\\_SicTerSoc\\_book-4.pdf](https://www.sicurezzanazionale.gov.it/sisr.nsf/wpcontent/uploads/2016/03/Gaiser_SicTerSoc_book-4.pdf) <sup>12</sup> Cfr. Mauro Morbidelli, op. cit.

industrial espionage; from identification of risks and opportunities to the defensive and offensive employment of communications.<sup>12</sup>

As we said before, the “cycle” of informations is included (should be) in some inter-actions among the public institutions and enterprises; but we have to put in this cycle also financial institutions and economic experts. The State also use its intelligence Agency for obtain economic informations. The Intelligence use non-conventional systems, like covert action and special actions also in economic field.<sup>13</sup> Then, the Intelligence must move on two fronts: the defensive one and the offensive one.

## *2. Defensive and Offensive Intelligence: Definitions and Economic Threats*

Intelligence Services are engaged in defensive and offensive activities. Defensive activities called also “counter-intelligence” activities or “counterinformation” activities, are symmetric at the offensive actions. The defensives are: counter-espionage (defensive), counter-influence, counter-terrorism, counter-sabotage and counter-subversion. The offensives are: disinformation, influence and ingerence.

The category of defensive activities includes all the actions made for identifying, fighting and neutralizing the opponent’s offensives activities. Instead, the category of offensive activities are called like this, because that activities are direct to achieve national interests by actions against other nations interests.<sup>14</sup> An Intelligence Service acts always indirectly and never directly on the goal. They use the “technique of triangulation”: it consists to

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<sup>12</sup> Cfr. Carlo Jean, Paolo Savona, op cit. p. 57

<sup>13</sup> Cfr. Giuseppe Griscioli, op cit. p. 49

<sup>14</sup> Cfr. Francesco Cossiga, “*I Servizi e le attività di informazione e controinformazione. ABECEDARIO per principianti, politici e militari, civili e gente comune.*” Rubbettino Editore, 2002. pp. 21, 29

engage the enemy of my enemy, or a friend of my enemy or simply a third actor.

Intelligence deals with the financial and economic threat, and related financial circuits to other factors of threat as terrorism and proliferation of weapons of mass destruction. As we said, intelligence needs informations for increase its wealth of knowledge. Information Warfare, is one of the new wars that States (most of all with the Intelligence Services) is fighting today. The research and processing of new notices grow up economic and financial sectors. Information is a new “instrument” of attack and defense. In the financial-economic field the offensive “weapon” ingerence has acquired a growing importance. This because in that field, the acquisition of dominant positions in strategical sectors, it’s able to be a strong power of government choices conditioning.<sup>15</sup> For exemple: We do place an influent agent in a rating society. Influence is the activity conduct by state actors and non-state actors in order to guide the views of an individual or a group, to their advantage. Our “agent” acts with the aim to manipulate the rating of a subject (goal). After the rating decrease, we combine a “psychological operation” or *psyops*, like the dissemination of news, facts and events aimed at inducing worries about insolvency grade of our goal. Now, we spread selected information on markets in order to guide the knowledge and the perceptions of the other. So, we induce markets to behave irrationally. Likely it will produce an increase in sales of the goal’s stock, with a result of its market value collapse.<sup>16</sup> So, in this exemple we have all the actors and actions analysed before; the information in two senses: disinformation at regard the “enemy” and information to the financial markets. Ingerence in international financial dynamics and acquisition of potential strategical position.

With the end of Cold War, and the beginning of a new “era” characterised by multipolarity, globalization and borders always more easily “overcome” , the

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<sup>15</sup> Cfr. Giuseppe Griscioli, op. cit. pp. 40-41

<sup>16</sup> *Ivi*, p. 44

challenges for secret Services have increased and have become more difficult. Today, the so-called Economic Intelligence has grown out of proportion: It is an activity that can be carried out by the information Services of the States (for defend national economic interests) and by the private enterprises (for defend their technological wealth and their competitiveness).<sup>17</sup>

### *3. Industrial Espionage, CI and Protection of Economic Secret*

All countries have to defend themselves by espionage. One of the most important type of espionage, is the industrial espionage: it can damage the national production and most of all the knowledge wealth. Furthermore, a country can be seriously damage by an attack to the owns Critical Infrastructures (CI). What are CI? In an extended interpretation to national security we take into account the infrastructures from which continuous and coordinated work depends the development, the security and the quality of life in industrialized countries. We defined them “Critical” for their strategic importance and necessity.<sup>18</sup> Obviously an attack against one of these structures can bring serious problems to a State.

Industrial espionage has another goal: to “stole” intellectual and technological properties of a State. Espionage wants to create a competitive advantage for those who carry out such activities than those who suffered them. The USA as well as carry out the offensive intelligence, have introduced a legal protection system, designed to protect the intangible heritage of their enterprises: the Economic Espionage Act. For the “EEA” the industrial secret can be defined as: “all forms and types of financial, business, scientific, technologic,

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<sup>17</sup> Cfr. Dario Antiseri, Adriano Soi, *“Intelligence e Metodo Scientifico”*. Rubbettino Editore, 2013. p. 97

<sup>18</sup> Cfr. Niccol De Scalzi, Leopoldo Gudas, Luigi Martino, *“Guerra al cyberspazio. La difesa delle reti infrastrutturali critiche dalla minaccia cibernetica.”* In *“Intelligence e Interesse Nazionale”*, op. cit. p.183 <sup>20</sup>  
Cfr. Giuseppe Griscioli, op. cit. p. 68

economic and engineering informations, including models, plans [...] projects both tangible and intangible. All if physically stored, or electronically, graphically and photographically stored.” The essential condition to exercise protection is that the owner (of industrial secrets) have to take measures to protect and be aware that from information derived an actual or potential commercial value; the information can not be disclose (if we do have it) or could not be acquired by legal means (if we do not have it).<sup>20</sup> The defense of national’s private industries is one of the most important things to do today.

There has to be a defense of informations “partecipated” between State and enterprises.

In the era of open market and globalization market, protection of industrial secrets plays an increasingly strategic role for enterprises. The enterprises need to have an own system of defense to protect the production and the secret informations related to it. It’s necessary to have a policy of defense, and a proper protection, demonstrable and verifiable. For exemple a defence policy includes specific internal circulars, safety procedures, non-disclosure agreements, confidentiality or security clauses and security contracts. It’s necessary that the organic set of such information (which is continuously adequated to changes in exchange factors) must be secret and it must be company own’s good.<sup>19</sup>

#### *4. The Economic Intelligence in Italy*

In the last twenty years the international economic competition has seen the emergence of new coalitions in which, allied States were opposed. Instead considered enemies States make agreements. The geoeconomic field is more “fluid” than geopolitic field. This change of “scenario” was immediately

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<sup>19</sup> Cfr. Biagino Costanzo, “*La protezione del segreto industriale*”, 2014. Disponibile online all’indirizzo: <https://www.sicurezzanazionale.gov.it/sisr.nsf/wp-content/uploads/2014/07/La-protezione-del-segretoindustriale-Costanzo.pdf>

understood by States like France and USA, but other States have had to quickly intervene to adapt to this situation. This is the case of Italy. In Italian law, the “turning point” occurred with the approval of law n. 124/2007. The Parliament [...] changed the mission by introducing in the tasks of both the two new agencies (AISE and AISI)<sup>20</sup> the protection of economic, scientific and industrial interests of Italy (in addition to those military and political).<sup>21</sup>

By the reform of our Intelligence Services, three important documents were presented. The first one is the COPASIR’s (Comitato Parlamentare per la Sicurezza della Repubblica) Annual Report approved the 23th of January 2013 [...]. Actually the COPASIR has compiled an overall budget. Moreover it has expressed incisive judgements, most of all at regard the “Services” for defend national economic interests. Then, we have the government’s relation to the Parliament on the information and security policy of the 28th of February 2013. [...] Finally, the 6th of March 2013, former Prime Minister Mario Monti played a speech on economic Intelligence, during the inauguration of the academic year of DIS (Dipartimento delle Informazioni per la Sicurezza della Repubblica) Training School [...]. In that occasion, the former Prime Minister said: “security and economic development are inseparable: we need to adapt the action of our Services to the new scenario and to the new missions that are not only limited to the defense of politicalmilitary interests. We need to extend that defense to economic, scientific and industrial interests.”<sup>22</sup>

Instead, the address of COPASIR is very direct to the government. The committee was not limited to give a general direction, but it has also formulated clear indications. It’s necessary to specify the support mode that

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<sup>20</sup> AISE: Agenzia delle Informazioni per la Sicurezza Esterna, AISI: Agenzia delle Informazioni per la Sicurezza Interna

<sup>21</sup> Cfr. Niccol De Scalzi, Leopoldo Gudas, Luigi Martino, “*Intelligence Economica. Limiti e prospettive dell’Interesse economico nazionale nella geopolitica del XXI Secolo.*” In: “Intelligence e Interesse Nazionale” op. cit. pp. 404-405

<sup>22</sup> Cfr. Adriano Soi, “*I Servizi di informazione e la tutela degli Interessi economici nazionali. Il caso italiano alla luce dei più recenti documenti governativi e parlamentari.*”, op. cit. pp.359, 361

AISE can offer to Italian companies abroad, in relation to the installations safety, the investment choices and threats prevention as soon as they manifest themselves in foreign territory. In particular, it's urgent to set relations between the AISE and the companies operating in the energy sector. At the same time, it's important that the Intelligence makes available to the government a complete informative panel on stability of different production areas, on risk factors for installations safety and on economic and politics perspectives of interested States. At the same time, the AISI should concentrate on counter-intelligence protection of enterprises knowledge wealth, and finalize its research activities to fight tax evasion and money laundering.

Intelligence's support is necessary to protect the small-medium enterprises that hold high scientific and technological know-how. It's necessary that the DIS has the directives to create a permanent structure, on the model of Great Britain. This structure should have the task to achieve a stable circuit for information and data sharing between Intelligence Agencies and enterprises.<sup>23</sup>

In this document, the Committee underline the utmost importance of dialogue between our information Services, and our private enterprises. We can say that this dialogue (or better, this information exchange) could bring two precious effects. The first one is the major protection of national economic interests, left by a larger amount of information: this leads to a greater economic development. The second one is that the enterprises, thanks always to a greater flow of information, can increase their profits. As we can imagine, these two points are strictly connected: it's clear that, larger is the defense of know-how and the wealth and of business enterprises and larger is the safety of State's wealth. It would need more *economic patriotism*, as claimed in Laris Gaiser's paper "Intelligence economica: una proposta per l'Italia" (2016). As we read in this beautiful work of Gaiser, in our Constitution we

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<sup>23</sup> Cfr. Adriano Soi, "I Servizi di informazione e la tutela degli Interessi economici nazionali. Il caso italiano alla luce dei più recenti documenti governativi e parlamentari.", op. cit. pp. 370-371

have the basis for legitimizing the economic Intelligence. The E.I. is a means by which the State has the opportunity to improve the economic environment and therefore, the welfare and the safety of citizens [...]. The State would only give effect to the constitutional provisions under which it must do everything possible to promote the material and spiritual development of society, as it is written in Artt. 2 and 3 of the Constitution.<sup>24</sup> In conclusion, it would be desirable to create institutions “ad hoc” for economic Intelligence development. The establishment of a National Economic Council is one of the measures proposed (like in the USA). This Council should have the function of defining the economic, financial, technological and trade policies. It should also be responsible for the reduction of CI’s vulnerability. It should also conduct simulations of the measures to be taken in case of interruption of supplies of essential raw materials for the national’s economy. However, these measures would require a strengthening of the executive power<sup>25</sup>, that will happen, because of the rapid changes in the world.

## *Conclusions*

In this new world order, where a large part of fighting wars have been replaced by the economic, information and cyber wars, the economic competition has taken a fundamental importance. Almost all the Intelligence Services have adapted to the change of the situation to maintain their usefulness. The economic counter espionage enjoys a high approval (property rights defense, control to terrorism’s financial, fight on crime, etc..). The industrial espionage activities should have the same approval of economics activities.<sup>26</sup> Italy, and in general every States that are in the same position of

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<sup>24</sup> Cfr. Laris Gaiser, op. cit.

<sup>25</sup> Cfr. Carlo Jean, Paolo Savona, op. cit. p. 118

<sup>26</sup> *Ivi*, p.63

us, needs to move towards a greater culture of Intelligence and, most of all, a greater perception of the link between economic security and national security. It is the new economic world order that asks: a State can respond and be competitive, or ignore and sink into oblivion.

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