

Economic intelligence

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The fall of the Berlin Wall marked a radical change in the world for both governments and enterprises. The end of the Cold War bipolarity created a new kind of economic geography, with two major consequences. The first consequence has been the emergence of a plurality of chessboards, so to speak: the global trade board on which the giant multinational corporations confront one another; the three major world economic boards, that is, North America, Europe and the Asia-Pacific zone; the boards of the national economies of different industrial states; and finally regional boards. Against this backdrop new forms of power and state confrontations are developing, based on control over multiple information networks, that induce the various economic players to seek alliances with their competitors. For example, worldwide alliances are being created between the Americans and the Japanese in the area of advanced technologies (information, pharmaceuticals, automobiles) despite the bitter competition between these two powers (Caduc and Polycarpe, 1994).

The second consequence, affecting the developing countries, is that the end of the confrontation between the Eastern and Western blocs has led to the dislocation of their respective zones of influence in the countries of the South. As a consequence, the North-South divide is widening and the hierarchies of economic dependence are becoming more acute. The developing countries have been the major losers in the growing trend towards globalization, but a hierarchical dependency can also be discerned in the commercial, technological and financial interdependences of the economies of developed countries.

All these changes are undermining previously accepted concepts of sovereignty and are limiting the choices open to both enterprises and governments. Furthermore, this system of dependence also brings with it a serious risk that national identities will be diluted.

Against this background, competitiveness and

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development processes depend on the ability of both public and private economic actors to ensure their integration into industrial, financial and trade networks, thereby tilting the balance of power more effectively in their favour. They are obliged to formulate their strategies for these shifting and uncertain conditions, and to understand and interpret these new conditions accordingly. The effectiveness of these strategies rests on the deployment of economic intelligence techniques; these techniques hold the key to control over the content and flow of information.

This chapter will first define economic intelligence and then examine how it is applied by enterprises and states, considering the various techniques that can be used. The organization of selected national economic intelligence systems will then be described and some comparisons drawn between them.

Economic intelligence defined

Economic intelligence is not easy to define. On the one hand, it is a well-established concept drawing on the techniques and methods formalized initially by large American and British enterprises to establish their competitive strategies; on the other hand, it is gradually taking shape also as a concept implemented by states, some of which have adopted it as a national policy. In the following definition, we shall try to synthesize the different approaches that have emerged over time in the context of widely differing information cultures.

The French Commissariat Général du Plan (1994) defines economic intelligence as encompassing all the co-ordinated measures of information collection, processing, distribution and protection which are of value to economic players and that are achievable by legal means. Its ultimate objective is to provide decision-makers in enterprises or government with the knowledge to understand their environment and adjust their individual or collective

strategies accordingly. Economic intelligence is therefore an extension of the various 'watch' techniques (scientific, technological, trading, competition-oriented, financial, legal, regulatory, etc.) and of techniques to protect key assets, taking fully into account influential actions that can be taken by governments or enterprises when formulating strategies, as well as information and disinformation campaigns.

Three main features emerge from this definition. First, economic intelligence is based on the exploitation of publicly available sources. Experts maintain that 80% to 90% of all information required is available from public sources (Combs and Moorhead, 1992). It is the expert processing and analysis of this available data, therefore, that provide the value-addedness. Second, economic intelligence differs clearly from economic espionage in that it makes use of legal means to acquire information. Third, the pursuit of economic intelligence is bound up, at the enterprise or organization levels, as well as at the industry and state ones, with the collective culture for exchanging and sharing information and knowledge. This suggests that new methods of organization may be required that place emphasis on networking and synergy between people and institutions, and on the control of the know-how required to accomplish this task.

At an operational level, economic intelligence can be thought of as both a product and a process. The product of economic intelligence is workable information and knowledge, and the process of economic intelligence is the systematic acquisition, evaluation and production of that usable information and knowledge.

The information cycle

The information process or cycle begins with a precise definition of user needs and their compatibility with strategic plans as set forth by the user. These needs and strategic factors will govern the effective-

ness of the entire process and, in the first instance, the organization of the research process and the way in which information will be collected. There are two kinds of sources: the substantial body of published data (reviews, statistics, indexes, government documents, online databases, etc.) and human sources, that is information originating from experts, such as reports with a 'surprise' effect that are playing an increasingly important role.

The second phase of the process involves processing and analysing the collected information. This function consists in transforming the raw data into workable information and then into knowledge; they must be given meaning through processing and analysis, that is by regrouping and correlating different key elements that might be technological, financial, biographical, etc. (Fuld, 1995). This plays a major role in the economic intelligence process at a time when uncertainty in a changing environment coincides with an overabundance of information (the volume of information is doubling every four years).

The third phase of the information cycle involves the dissemination of the workable information to the client, who will employ it to make timely decisions, to formulate new needs and to decide upon new strategic plans. The intelligence system operation, therefore, is best described as a closed-loop cycle.

A final phase in the cycle is to ensure the security of information at every stage in the process. All searches for and dissemination of information leave tracks of the original user's own projects and intentions, as well as revealing any financial, technological, social or organizational weaknesses. Every organization must try to protect its own assets and specific expertise.

Functions and characteristics

Economic intelligence has four main functions: to control (defend and promote) scientific and technological expertise in a particular activity area; to detect

threats and opportunities in domestic and external markets; to define more effectively individual or concerted collective strategies; and to help define 'influencing' strategies that will support actions. It therefore becomes a tool in its own right that constantly can be used to understand the environments, techniques and thought processes both of competitors and of partners, their cultures and intentions as well as their ability to implement these intentions.

It is important to note that economic intelligence may take a number of forms which are both competitive and co-operative. It involves all the economic actors at the national, multinational and global levels, and is especially important for developing countries. Although the latter are excluded from the globalization process, nevertheless they do have access to markets in developed countries, in particular by using techniques for information transfer that are becoming increasingly commonplace. For example, the Mexican 'Woman to Woman' group used the Internet to obtain information about an American textile company that was setting up an operation in Mexico. Working with sympathizers in California, the group was able to gather sufficient data to negotiate more effectively with the American corporation (Panas, 1996).

The economic intelligence process keeps a close watch on all kinds of indicators and, in particular, those that are of a cultural or social nature. It imposes a knowledge process that seeks to understand the world of economics but not merely by using in a very narrow sense only indicators concerning economic competitiveness. The economic intelligence process tries to identify, at a detailed level, any vital links which may exist between individuals, events, cultures and strategies, and it does so by interpreting all available signals and indices. The meticulous analysis of evidence concerning the national market (share acquisitions, establishment of research centres, scientific co-operation, etc.), for instance,

enables the competitive intentions of a foreign company to be reconstructed and interpreted so that a suitable response can then be carefully planned.

The value of this cognitive approach to understanding shifting and unpredictable environments is self-evident at a time when planning processes are fraught with uncertainty and require more and more current, processed information. Many experts, following in the footsteps of pioneers such as Harold Wilensky (1967), now lay stress on the cognitive skills which organizations must develop. Emphasis should be placed on the process of understanding rather than the mere accumulation of 'knowledge'. The development of national intelligence capabilities should therefore be directed towards the skills needed to interpret information and make sense of it (Baumard, 1996).

The 'non-market' environment requires increasingly careful attention (geopolitical data, local politics, culture, society, etc.) if we are to adapt to the new conditions under which competition is taking place. This enlargement of the operational field of economic intelligence, in particular, facilitates the development of strategies to use information as a competitive weapon or to exert political pressure: to influence, destabilize, manipulate and disinform. No methodology focusing on competition alone will enable these means of leverage to be analysed correctly and a response to them found.

Economic intelligence derives its meaning and practical significance from the new world geo-economic order. It is practised by companies, banks, states, government agencies and regional bodies, and even by communities of states, such as the European Union. First, it will be considered from the viewpoint of enterprises, and then from the viewpoint of states.

Enterprises and business intelligence

An analysis of economic intelligence as practised at the enterprise level will enable its different meanings

to be clarified and related practices defined, as well as illustrating its goals and usefulness.

The term was first developed in large corporations in the Anglo-American world – the United Kingdom and, above all, the United States. They created marketing intelligence departments in the 1960s, influenced by the military intelligence model originating in the Second World War and early Cold War years. Competitive intelligence developed gradually, especially between 1970 and 1980 in corporations such as Motorola or IBM, and today is a discipline widely practised and taught as competitive or business intelligence. Interestingly enough, these terms gained a foothold in the United States in the context of a bitter competitive confrontation between major American corporations in their own home market.

Both the concepts of marketing intelligence and competitive or business intelligence share the need to interpret the way in which market players operate, but in terms of objectives they differ.

Marketing intelligence

Marketing intelligence is based on market research. Its goal is to market as effectively as possible the corporate products and services. It focuses on an analysis of specific activities: product launches, creation of new distribution circuits, comparative price analyses, prospective customer needs, and even analyses of specific promotional campaigns run by industrial competitors, or the perception of competitors' products by their customers.

Competitive and economic intelligence

Enterprises engage in competitive and economic intelligence with the clearly stated goals of assisting decision-making and strategic planning. They systematically monitor their competitors' strategies (Bernhard, 1994): what are their competitor's objectives and comparative strengths and weaknesses, how has the competitor performed to date and what is its current strategy?

Competitive and economic intelligence is therefore characterized by the systematic monitoring of many facets of the enterprise's external environment – economic, sociocultural, political, legal and competitive (particularly the plans, intentions and capabilities of its main competitors) – including the development of strategic supply markets, technological and other innovative change, and patent activities. Economic and competitive intelligence, then, supports marketing intelligence as well as assisting in the broader role of strategic fine-tuning.

American corporations historically have created competitive intelligence units with independent, country by country, coverage. However, the inefficiency of this method slowly has been appreciated, leading as it does to duplication of effort and lack of data integration. The onset of globalization, and especially the creation of the single European market in 1992, accentuated the trend towards the creation of centralized competitive or business intelligence units with an effective mission to gather and process international data.

Confronted with drastic competition, large American high-technology corporations have recently established marketing intelligence structures to manage their globalized markets, which are truly 'knowledge infrastructures'. IBM, Hewlett-Packard and Dow Chemicals are networking their sales forces worldwide and making available to them in real time processed information about their competitors, their technologies and their customers' behaviour. Using electronic data interchange, a Hewlett-Packard representative in Tokyo, for example, can describe to his client Hewlett-Packard's worldwide dealings with the client's company. Dow Chemicals has set up a technology centre to give its personnel worldwide access to the company's knowledge base into which they themselves can feed data and which enables them to respond to customers' needs: as Baumard (1996) puts it: 'The whole

organization is transformed into a knowledge-generation node'.

In support of their economic and competitive intelligence approaches, American experts have designed methods which are intended to enrich their analysis capabilities. Benchmarking, for instance, is defined as the 'continuous, systematic process of evaluating the products, services, distribution and work processes of competing organizations that are recognized as employing best practices, this being undertaken in order to activate organizational improvements (Sulzberger and Berlage, 1995). Such a comparative approach uses both quantitative and qualitative data. Criteria for comparison are defined and enable the discrepancies between 'best' practice and actual practice to be identified, such an analysis then leading to strategic and organizational changes. Conceptualized in the United States in the 1960s, this method was only widely introduced in Europe in the early 1990s.

Scientific and technical watch and economic intelligence

The control of the relevant technologies and associated know-how is a key factor in any corporate development. It is especially important for enterprises in developing countries, which must gain access to these technologies in order to counter ever widening inequalities brought about by technical progress itself. Technology watch is therefore a critical function for all enterprises and an essential pillar of their competitive as well as co-operative strategies.

A distinction can be made between two complementary approaches to science and technology watch, that is scanning and monitoring. Scanning involves an ongoing examination of a broad spectrum of information and events that facilitates the identification of technological trends and changes which have an important bearing on the enterprise. Monitoring, in contrast, involves an ongoing process of information gathering and interpretation in care-

fully targeted technical and scientific domains. It is an 'alert' mode that permits key pointers to technological change to be immediately identified (Ashton and Stacy, 1995).

In terms of innovation, enterprises use 'outsourcing', mobilizing teams to search external markets for appropriate niches for their own innovations, and also to seek out innovations made by competitors that may constitute technological breakthroughs and thus reduce the enterprise's competitive advantage. When companies are in a co-operation-competition relationship in different segments of the international markets, technology watch and its promise of early recognition of these breakthroughs becomes essential.

Technological and strategic watch is increasingly based on the use of computerized tools to gather, format and store information, although it would not be appropriate to refer to a real 'computer-assisted watch'. Computing technology is greatly improving research possibilities, in particular through online databases, the Internet and CD-ROMs. It facilitates the essential storage of information through techniques such as remote loading and scanning. However, getting to grips with database contents and indexes, the majority in English, presents an obstacle to widespread information access, notably for a great many countries of the South (see a discussion of this topic on the World Wide Web at <http://www.oneworld.org/panos>).

Despite these technological advances, human expertise remains essential in identifying the areas for surveillance, searching for pertinent information in networks of expertise, validating the gathered information and undertaking its interpretation and analysis. Human beings alone have the intuition needed to accomplish these tasks.

States and economic intelligence

Today, governments have elevated economic intelligence to the status of a national policy: France, for

example, has created a Committee for Competitiveness and Economic Security, and the United States a National Economic Council (see below). Led by France, the community of states that constitutes the European Union also has designated economic intelligence as one of the priorities for European policy on industrial competitiveness and innovation. On the one hand, these trends confirm the competitive/confrontational roles of states at the international level and significantly qualify analyses which refer to the dilution of the state's ability to act in global markets (Reich, 1991). On the contrary, strategies of national interest are becoming increasingly strong. Preservation of national identities is based on control of information and on technological and organizational expertise. It is a yardstick by which the collective ability to cope with change is judged. On the other hand, these trends also confirm the accuracy of vision of experts such as Steven Dedijer (1979) who, at a very early stage, formulated the concepts of an intelligence community or a national economic intelligence system.

National economic intelligence system

A national economic intelligence system may be defined as the set of practices and strategies for the interpretation of usable information and knowledge, developed and shared between the different organizational levels of a country: state, governmental agencies, local authorities, enterprises, educational systems, professional associations, trade unions and so forth.

Three broad aims are typical of a national system of economic intelligence:

- The development of interpretation and comprehension capabilities of the economic and social environments among the different economic players within the country. This only properly exists when a body of knowledge (procedures and methods) has been created that is widely shared and in particular is based upon

specific teaching programmes, an organized profession and a recorded set of relevant practices.

- The generation of a shared knowledge base oriented towards the definition of concerted actions to meet the challenges of globalization.
- The implementation of influence strategies which promote in international markets the national model for economic and social development.

More than ever before, Gross National Product (GNP) or Gross Domestic Product (GDP) are insufficient measures of economic performance on the world scale. It is equally necessary to take into account the influence on international decision-making that is wielded by countries and enterprises, that is, to evaluate their negotiating power within the international balance of power.

The struggle for economic domination between developed countries or zones, like the struggle of the developing countries to participate in wealth-generating global networks, follows a logic of interdependence. Each player is now obliged to form alliances with its competitors that will yield economic and technological power. In this constant search for a new balance of power, familiarity with national economic intelligence systems is becoming a priority.

Comparative analysis of national economic intelligence systems reveals a link between economic efficiency and the existence of a collective information culture, that is, one guided by exchange and sharing. Such analysis has been developed by Swedish experts (Dedijer, 1979), and French expertise is improving (Harbulot, 1993).

Each national system must be understood and interpreted in the light of its culture and history. Both the Japanese and German models have a long history and have been established through a process of constant adaptation to major changes in the world economy.

Japan

The Japanese economic intelligence system has been progressively developed since the nineteenth century (Meiji era), when the desire to preserve economic independence in the face of pressure from the Western powers enabled the Japanese élites to be mobilized on economic issues. The Japanese model has retained two characteristics. First, information is used intensively in the service of an offensive industrial development policy. Access to knowledge produced by competitor countries has guided the organization of the Japanese system since the last century. Second, secrecy is managed as an ongoing policy and permits the clear identification of elements which must be protected because of their strategic importance to the country, and those which can be exchanged or shared.

Information in Japan (designated by the term *joho*, which denotes all kinds of information) is more than a mere product to be bought and sold. It is associated with a form of social behaviour: exchange of information is a service rendered which testifies to confidence between partners. This results in a collective national culture of exchange and sharing, as is clearly illustrated by bonds of solidarity between major groups.

On this cultural base, Japan established a system of economic intelligence at the end of the Second World War. The state gave a vital impulse here. It created for enterprises a national organization for the acquisition and dissemination of economic and technological business information, led by the Scientific Information Centre (SIC) and the Japanese External Trade Organization (JETRO) and financed by the Ministry of International Trade and Industry (MITI), as the major institution of this dynamic offensive.

Today, the Japanese system is based on multiple channels for exchanges between the state, major industrial groups and banks, trading companies (*sogo*

shosha), intermediate bodies and the universities. They ensure the cohesion and ongoing evaluation of national strategies. These are decided through a process of consensus-building organized around three focuses: the ministerial focus, which heads the *shingikai*, consultative committees including the state, industry and universities; the professional focus, which comprises the various professional associations that constitute hubs for informal information exchanges; and the scientific focus, which brings together the various learned societies within which company experts regularly present their work to technical committees (*iinkai*). All the actors are linked to a multitude of contacts worldwide who gather information and knowledge. Relations between the state and major groups (the *keireitsu*) are gradually changing, however. The big Japanese companies, backed by international trading companies, have developed their own economic intelligence network and are gradually becoming independent, in particular from MITI.

Japan is the first power to have turned 'influence' into a primary asset in the achievement of its economic and industrial success. Competitive confrontations are managed by extolling the benefits of 'co-operation'. The development of the 'Human Frontiers' programme in 1985 throws light on the remarkable Japanese control over the levers of influence. After getting the West to concede that science is a part of the human heritage, the Japanese are demonstrating to the world their willingness to cooperate, while proposing an organization of the programme which enables them to share, through progress reports, a significant body of scientific information, for example, on the brain, memory and the genome.

Germany

The German economic intelligence system also has a long history. In the nineteenth century, when the German state was created, Bismarck encouraged

bankers and industrialists to co-operate closely in order to establish German economic credibility against British trade supremacy. By doing so, he helped to create the core of the modern German industrial system, which works on the principle of a strategic unity between the different decision-making centres: enterprises, banks, insurance companies, regions (*Länder*) and the state. The network created in this way shares a collective information culture whose history dates back to the fourteenth century and the successes of the merchants in the Hanseatic League – the ancestors of modern international trading companies.

The German decision-making centre has to be understood as a tight, relational network of decision-makers, nourished by complex information flows originating from a wide variety of actors (populations of German origin all over the world, trade unions, foundations, international trading companies, etc.). The efficiency of this system is also based on a strong collective perception of the national interest. It works on the principle of ongoing coordination between social partners of economic goals to be obtained, based on an aggressive cultivation of the commercial approach and the integration of the German diaspora into the organization of market strategies.

The German strategy in the Asian and Pacific rim countries exemplifies the expertise and techniques used by Germany to wield influence. For instance, following concerted discussion the government drafted in 1994 guidelines setting out German policy for this region. They explain the underlying reasons and define the main lines of action for co-operation, which are at one and the same time political, economic, cultural and technological. The players concerned are named, and therefore each one can find within the guidelines those parts that concern it. Such an analysis then provides a clear vision of the German system of influence as well as its objectives: the discreet export of the

German model of the social market economy in order to prepare the élites of the target countries for co-operation (multiplication of cultural exchanges, especially through German foundations, creation of training institutes on the German model, university exchanges, etc.).

United States

Compared with these two previous models, the American system is more recent and, although powerful, until a few years ago was characterized by a lack of collective efficiency; this is illustrated by the absence of synergies between the state and the enterprises. American corporations have engaged in sharp competition in their own domestic market at the same time as they were developing methods of marketing, and later of competitive intelligence. This has had two major consequences: first, the United States has the world's leading information market, but it is inspired by goals of short-term economic profitability; and second, there is a strategic blindness to external competition, notably from Asia (Japan and the newly industrialized countries).

The national debate on the loss of competitiveness of the American economy in the late 1980s led to a major reorientation of the country's economic intelligence system. The foundations were laid for an economic security policy, and the United States administration resolutely directed its economic policy towards the service of American enterprises. This strategy took shape when President Clinton created the National Economic Council, responsible for advising the President on all aspects of economic security, that is, American economic interests in domestic and world markets.

Political will is expressed through economic diplomacy and influence networks that support American enterprises. Both the National Export Strategy and the overall orientation of technological policy establish a link between economic security and national security. The National Export Strategy

was launched in 1993. The basic principles that underpin this strategy rest on a desire for increased co-ordination between enterprise needs and the actions of national, local and international administrations, putting at their disposal a network giving permanent access to information.

Ten emerging markets have been targeted and are now seen as 'reserved economic zones': Argentina, Brazil, China, India, Indonesia, Mexico, Poland, the Republic of Korea, Turkey and South Africa. At the heart of this system, and created by the administration, lies an Advocacy Center or War Room, where experts permanently monitor the 100 biggest calls for tender worldwide and offer enterprises the necessary information and diplomatic assistance to submit competitive responses.

In the field of technology, the Presidential Office of Science and Technology Policy regards the regaining of technological leadership as a major challenge for national security. The objective is to create opportunities for American companies through co-operation. Country strategies are evaluating potential markets and the kinds of co-operation that will be capable of extending market shares. Access to open foreign scientific knowledge is becoming a major goal. At the same time, the United States Government has set up national technology watch programmes, seeking to gain a better understanding of the technological level of its competitors and partners. The Japan Technical Literature Program, in particular, gives access to grey literature. This new move to serve enterprises has been reinforced by the creation of a National Information Infrastructure Program.

France

France would seem to be the first country to have decided on the elevation of economic intelligence to the status of a national priority, following the publication of studies by a group of experts meeting in the Commissariat Général du Plan between 1992 and

1994 on the theme of 'Economic Intelligence and Corporate Strategy' (Commissariat Général du Plan, 1994). Comprising representatives of business, the administration, trade unions, universities and information professions, the working party has identified the strengths and weaknesses of the French system on the basis of a detailed analysis of the economic intelligence systems which offer the best performance.

France in fact has a rich heritage in this area, and the state has always played a powerful role, at one and the same time creating economic and technical information networks (the French administrative tradition, the historical role of the Chambers of Commerce and Industry, etc.) and creating supporting structures for technical progress (the foundation by Napoleon of the Society for the Promotion of National Industry). In the nineteenth century, banks and companies designed information structures suitable to support dynamic international strategies. However, this know-how was not subsequently retained, conveyed or adapted, in contrast to the situation in Germany. Despite the central role of the state and its privileged links with the major industrial groups during the Second World War, the French system remained for a long time embryonic and fragmented. The predominance of public economic, scientific and technical information networks and the limited information culture in enterprises explain the weakness of the private information market. The volumes of public information made available have proved ill-adapted to new needs that often have been inadequately formulated by companies, and in particular by small and medium-sized businesses and industries which are becoming increasingly international.

At the corporate level, economic intelligence know-how resides essentially with big companies or innovative small and medium-sized enterprises in the advanced technology sectors. On a broader scale, expertise remains concentrated on 'watch' activities

and measures to ensure the security of existing assets. This reflects an incomplete concept of economic intelligence, in turn resulting in a failure collectively to adjust fully to the multiple facets of the world economy.

This being the case, the French public authorities decided in 1995 to create by decree (Decree No. 95-350 of 1.04.95, *Journal Officiel de la République Française*, 4 April 1995) a Committee for Competitiveness and Economic Security that would form the heart of the French economic intelligence system. Chaired originally by the Prime Minister, who has for the present time delegated this responsibility to the Minister of Economic and Financial Affairs, this committee has seven members drawn from the worlds of industry, finance and research, and its secretariat is provided by the Secretariat General for National Defence, a government department which reports to the Prime Minister. The mission of this committee is to enlighten the Prime Minister, through its opinions, on matters of competitiveness and economic security. It advises him on the design and implementation of the policy to be pursued in this area by the public authorities. Interestingly enough, the Report to the President of the Republic, published with the decree, highlights the role of information as a 'strategic raw material' and the 'determination of the state to mobilize all its energies around the great national challenge of economic intelligence.' This movement has now been given practical content through clearly established and shared priorities:

- Ongoing attention to the needs of enterprises, especially small and medium-sized enterprises, for open information and the consequent requirement to redirect public data-gathering and processing facilities.
- Promotion of interaction on economic intelligence matters between public and private authorities in order to establish co-ordination and information exchange networks.

- Development of a community of practice through the widespread dissemination of an economic intelligence approach. In this context, educational courses are now being developed in universities and business schools. Moreover, a regional dynamic is being developed by creating a number of awareness-creation and training programmes for small and medium-sized enterprises/industries in the area of economic intelligence. The first experimental initiative on a national scale was launched in October 1995 for a one-year period in the Paris region and covered a sample of 300 companies.

European Union

The European Union is the first community of states to have introduced economic intelligence as an important factor in its industrial competitiveness policy. It has drawn heavily on French experience in this area and is taking part in the thinking on the purpose of economic intelligence as a lever for the controlled readjustment of the world economic balance of power.

In 1994, the European Commission published a communication entitled *A Policy of Industrial Competitiveness for the European Union*, in which it proposed to 'make full use of the assets of the European Union for the exploitation of the new concept of economic intelligence, one of the major aspects of the information society'. The European Executive, under the impetus of Commissioners Edith Cresson and Martin Bangemann, went further in its *Green Paper on Innovation* (1995) which defines economic intelligence as a corollary of the global approach to innovation and a strategic tool for decision-making in the context of world trade. Proposed actions include recommendations for the development of technology watch and forecasting as well as economic intelligence. In this area, the authors propose the development of broad programmes of awareness-creation and training for

small and medium-sized enterprises/industries, and the networking of European innovation relay centres headed by the Technology Forecasting Institute of Seville, Spain. The creation in March 1995 of a Competitiveness Advisory Group under the President of the European Commission should ensure the necessary co-ordination of these actions at the highest level of the European Commission.

China

China is one of the few Asian countries where we have a description of certain facets of its national economic intelligence system, thanks to the work of Qihao Miao (1996). In the mid-1950s the field of scientific and technical information became a discipline within the Academy of Sciences. In 1956, the government created an organization to head a network of scientific and technical documentation centres: the Institute of Scientific and Technological Information of China (ISTIC). By 1958, there were thirty-three state institutes and thirty-five regional institutes in this network, and currently some 60,000 persons are working in it. The dynamism of this system can be explained by the substantial need of the state for information because of its strong commitment to an open policy and participation in the world economy. This explains the evolution of the concept of *qing bao*, meaning both data and open information. In 1986, the Director of the Academy of Science decided that the activity of *qing bao* was 'open and above board'.

Today, practices and methods have evolved to serve the goals of government policy in the areas of management and technology transfer. Chinese companies and governmental authorities are developing practices such as the consolidation of information, benchmarking, database watch and reverse engineering. The governmental system is no longer the sole source of information. Direct collection and analysis capabilities in enterprises with foreign partners and competitors are developing more widely. In particu-

lar, a new type of information supply agency is emerging and many private information suppliers are setting up in the industrial centres. It seems reasonable to assume the gradual development and wide dissemination of these methods. In April 1995, the Society of Competitive Intelligence of China (SCIC), headed by the China Science Association, was established with the purpose of organizing university research, publishing works on economic intelligence and infusing energy into corporate practices.

South-East Asia

In Asia, economic intelligence is developing under the influence of American and Australian expertise in marketing and competitive intelligence, and also more informally through exposure to information management. Little information as yet is available about national economic intelligence systems in this region.

In general, access to information is difficult to obtain: information gathering and processing expertise, therefore, are particularly valuable and provide important competitive advantages. An example of this can be found in Singapore, where the WYWY company gathers and processes very substantial volumes of data obtained from customers and distributors of the high-technology products which it sells, so as to determine their exact position in the markets.

Taiwan has an excellent system for scientific and technical information-gathering about world markets and competition. It has well-organized sources of public or semi-public information and is able, for instance, to supply international data on technologies and management projects.

Very little information is available on the Indonesian economic intelligence system. However, the creation of the Indonesian Muslim Intellectual Association (ICMI) in 1990 is an interesting step, its role being to bring together élites around a collective awareness of the importance of human resources as a

major factor for development. In 1993, ICMI established the Centre for Information and Development Studies (CIDES), which is a think-tank with several responsibilities: to undertake studies, to disseminate information, to create databases, to organize seminars and to monitor the promotion of a development policy, particularly in the scientific and technical fields. Partly financed by the Indonesian Government, CIDES also receives support from organizations based in Canada, Germany, Malaysia, Singapore and the United States, to facilitate its entry into world development networks.

Viet Nam, an emerging country, has designed a national development project in which access to information is defined as a priority goal. In 1993, the government fixed priorities for the development of information technologies: access to foreign technologies, training of individuals, development of 'open systems', and the introduction of these technologies into the sphere of socio-economic activities in order to enhance the quality and effectiveness of management. The government wishes to set up a data system suitable for use by both the state and economic players, and open to international networks. The ultimate intention is to disseminate 'culture and information' and join in the developing information society.

Conclusions

The introduction of economic intelligence systems is clearly a matter of vital importance to developing countries. This subject was dealt with in detail by experts in the late 1970s, but did not generate any special dynamic at the time. It is true that the approach is complex because full account must be taken of development disparities between different countries, the existence or otherwise of concrete national development projects and, above all, of local information cultures. Innovation is vital in this area, but without the oversimplistic transfer of models designed in the North.

This debate has become vital. Disparities in access to global trade are widening, and industrial and technological inequalities are aggravated by information inequalities. This twofold phenomenon emphasizes both the dependence on knowledge and the exclusion of the poorer countries. 'Production systems based on information will increasingly marginalize developing countries and consequently exclude them from advanced manufacturing processes and world trade, so effectively increasing their poverty,' concluded the Zambian Information Development Centre. Systems to gather and process information, if they exist at all, remain unreliable, particularly in relation to local environments. The lack of data adapted to economic and technical realities and hence to the real needs of these countries results in erroneous, and therefore costly, strategic decisions.

Economic intelligence is a lever which will enable the countries of the South gradually to restore the balance of their negotiating power in the context of the overall world economic balance of power. A central theme in relations between the countries of the South and North is undoubtedly their respective understanding of their information cultures, as a way to a new form of co-operation. After all, that was one of the goals established by governments when founding UNESCO. ■

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