The incredible global changes of the past few years have given rise to enormous political, economic, and social realignments, and have fueled the demand among national policymakers for economic intelligence. At the same time, the availability of massive quantities of open source economic, trade, and financial data, coupled with advances in information technology allowing for the filtering and processing of these data, provide new tools for the production of economic intelligence. In this paper we describe the factors that are increasing the demand for economic intelligence, we discuss the utility of using open source information in the production of economic intelligence, and we provide three specific examples of economic intelligence produced entirely with open source information.

Economic Intelligence—The Growing Demand

National consumers of intelligence, including the CIA, NSA, Office of the U.S. Trade Representative, and the Departments of Commerce, Defense, State, and Treasury, are increasing their demand for economic intelligence. This increase in demand, which can be expected to continue for the foreseeable future, is being driven by three factors: a continuation of the need for “traditional” economic analyses, a greater emphasis being placed on economic competitiveness issues, and the application of economic intelligence to a host of “new threats.” Moreover, the intelligence requirements within each one of these factors are also growing.

Traditional applications of economic intelligence include providing status reports and forecasts of foreign economies, estimates of the effects of foreign economies on international stability, analyses of sanctions, foreign subsidies, and other impediments to free trade, and insight into the intentions, capabilities, and likely actions of our economic competitors. One example of such a traditional application occurred during the prelude to Desert Storm: the Intelligence Community (IC) was pressed for estimates of the effects that international sanctions were having and would have on the Iraqi economy, the Iraqi people, and the regime of Saddam Hussein. In addition, the IC was asked to estimate the perseverance of nations participating in the sanctions in the face of economic incentives to
defect. Other examples of traditional economic issues for intelligence analysts are the following:

- How will the economic plight of the Palestinians in the occupied territories change over the next five to ten years? Will this effect the level of support for radical groups such as Hamas and Hezbollah, and therefore have an impact on U.S. security interests in the region?

- Will Algeria see a return to economic stability during the next decade? How will this effect the Islamic fundamentalist influence in that nation and Morocco's strategic importance in North Africa?

- What impact will sanctions have on the people and government of Haiti, Libya, Iraq, or the Former Yugoslavia?

**Economic competitiveness** and the comparative advantage of nations is receiving increasing emphasis among policy-makers. The reasons for this are varied, and derive from systemic changes in the global economic environment. Also, over the past decade Western political allies have more clearly become economic competitors. The results of these changes is that today much of the emphasis on national security policy is shifting from military intelligence to comparisons of economic competitiveness. Competitiveness issues include technology leads, the pace of innovation, export market share, and price, labor, and natural resource levels. Examples of competitiveness issues for intelligence analysts are the following:

- What is the trend in foreign direct investment in U.S. firms? Which firms are targets? Which industrial sectors do they represent?

- How secure is the U.S. in the domestic production of the twenty-one “critical technologies” identified by the Department of Defense? What international R&D community linkages exist in these fields?

- Will U.S. defense contractors be able to compete in the global marketplace against subsidized foreign defense firms?

---

1This may be an increasingly common assignment: as greater emphasis is placed on the United Nations and international collective action, we are likely to see more frequent applications of international sanctions.
A number of new threats to U.S. national security are emerging in the aftermath of the dissolution of the Soviet Empire. These include the threats posed by

- weapons proliferation,
- the illegal trade in critical technologies,
- international money laundering activities, and
- narcotics trafficking.

While many of these threats existed prior to the end of the cold war, they are now taking on greater urgency. The common element in all of these issues is commerce in illicit goods. For this reason international trade and financial data offer the potential to uncover many clandestine operations. The key to detecting these activities using economic intelligence is the ability to detect anomalies in economic data. Three examples of the use of economic intelligence to provide evidence of such activities are provided at the end of this paper.

**Economic Intelligence—The Role of Open Source Information**

Economic intelligence involves the collection, analysis, and dissemination of economic data, including financial, trade, technology, and innovation data. Unlike traditional military and political data, which typically describe the activities, capabilities, and intentions of foreign governments or opposition groups, economic data describe the activities, capabilities, and intentions of all of the economic agents in foreign countries: the government, the private sector, producers, and consumers alike. For this reason, economic information is usually not held exclusively (if at all) by foreign governments; rather it is available through public sources. Today literally tens of millions of economic, financial, and business information series are available electronically through open source databases. Information describing the regional production of high technology components, the consumption of electric power, interbank transfers of funds, and imports of critical materials, as examples, can be effectively used by intelligence analysts to provide indications and warnings of significant events. In addition, advances in information technology provide for automated systems which can organize, compare, and evaluate massive quantities of unstructured, multi-country, multi-issue information to identify and anticipate an event or change in economic conditions. Systems based on such technology can rapidly and frequently assess conditions utilizing the most timely information, effectively providing "living intelligence," and can sift through far more data than even the most experienced intelligence analyst.

---

2 It may be useful to draw a distinction between economic intelligence and industrial espionage. We define economic intelligence as the collection, analysis, and dissemination of open source economic information, while industrial espionage is the clandestine collection of proprietary economic data. While economic intelligence can be combined with classified information to produce a classified intelligence product, we stress that the original economic data collected are open source.
Economic Intelligence—Three Examples Using Open Source Information

To illustrate the utility of using open source information to produce economic intelligence, consider three examples. While the scenarios that follow are hypothetical, all of the data used in the graphics are real and available through open sources.

Scenario 1: Suspected Iraqi Weapons Production

An Iraqi country analyst is alerted to an unusual pattern of high-technology imports. The imports are of castings and electrical components, both critical components in the production of ground-to-air missiles. These imports are inconsistent with both the expected level of Iraqi imports (based on Iraq's calculated economic needs) and the historical level of Iraqi imports. Further analysis determines the source of these shipments. Subsequently, the analyst assess a potential increased threat from Iraq and issues an alert requesting the collection of additional covert and open source intelligence in order to affirm or reject the possibility of weapons proliferation activity.

![Iraqi Imports of Castings](chart1)
![Iraqi Imports of Electronic Equipment](chart2)

Scenario 2: Suspected Israeli Chemical Weapons Production

A weapons analyst is alerted to a marked increase in Israeli imports of toxic substances. Interested in determining whether these would be consistent with typical agricultural needs, imports of such substances for neighboring countries with similar economic and security needs are evaluated. The analyst finds that the quantities observed are highly unusual under the current environment. Further, the analyst examines imports of other critical components and observes an unusually high volume of electronic equipment consistent with the test and assembly of chemical weapons. As a result, the analyst issues an alert calling for increased intelligence activity in order to affirm or reject the possibility of chemical weapons proliferation activity.
Scenario 3: Suspected Money Laundering Activities

A financial crimes analyst is alerted to an unusual jump in monthly prices of U.S. imports of a number of goods from several to hundreds of times the historical valuation representing millions of dollars in additional payments over established world prices. As a result, additional information and tracking of customs documents is requested. This analyst also identifies an unusual pattern of financial transactions effectively shifting large sums of money in U.S. dollars out of banks in four Caribbean countries and into banks in two Southeast Asian countries. Additional information is requested on these transfers and patterns in order to affirm or reject the possibility of money laundering activity.

The three hypothetical examples described above illustrate the use of open-source economic data in the production of economic intelligence. The availability of massive quantities of open source economic data, coupled with modern information technology, offers analysts a powerful new set of tools with which to meet the growing demand for economic intelligence.