

FRENCH ECONOMIC INTELLIGENCE SYSTEM

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Abstract

„Economic intelligence” or „State level competitive intelligence”, a relatively new subject regarding international intelligence concerns, aims to augment economic competitiveness and to create synergy between state and private interest, for maximum efficiency and effectiveness in the competition for resources and markets. Information, as a production neo-factor, when it is properly processed and valued, has the potential to significantly contribute to the growth and consolidation of the national economy. France is one of the pioneers of the international scene, that managed to obtain great results in the design and implementation of a national economic intelligence.

Key words: Economic intelligence, France, national interest, risks.

Introduction

The competitive environment is what makes the market function efficiently, but competitive performance in economy depends on monitoring economic relations and adjusting them using public policy. Governments are forced to permanently adapt the economies, which generates a permanent need for actual and accurate information. To prevent and counteract the unwilling effects of competition on a global market, economic advanced states use competitive improvement systems for their economies, gathering, processing and analyzing data and information being an important tool.

Some countries – Japan, France, USA, Great Britain etc. – have chosen, in the postwar era – to develop and implement genuine force strategies, destined to make them capable to handle challenges associated with economic competition on a global scale, and, in this spectrum, the French typology has quickly and obviously detached, especially by placing economic intelligence on a state policy level.

Shortly after World War II, Japan has projected a complex system of gathering and processing economic information, with the main contribution from the Industry and Exterior Commerce Ministry, thus, making possible to recuperate the offset in several areas such as: naval and automobile construction, construction machinery, IT, robotics etc.

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Since 1994 – with the report *Intelligence économique et stratégie des entreprises* (Martre, Clerc și Harbulot, 1994), France has given a major importance to information from the economic area, building a national system for gathering, processing and using information, useful to economic operators to implement their own business strategies.

Since 1995, the USA Security Strategy has been based on three pillars: the military, the economic and the cultural one, the Washington Government investing enormously in developing its own capabilities to “feed” the administration and the entrepreneurs with economic information (USA Security Strategy, 1995).

Since 1998, Great Britain has placed the issue of information in the center of its economic strategy – defined in the report *Our competitive future: building the knowledge driven economy* (1998), with the scope of adjusting administrative policies to help British companies.

Germany also managed, in the '90s, to correlate the objectives of the state/lands with those of the (big, medium and small size) economic operators, through systematic dialogue on subjects such as competitive information, finally building a strong system connected to the ordo-liberal economic doctrine (22 Review, no. 304).

Other countries are in the situation of not being able to harmonize the objectives of the companies with the official ones, on a state policy level, so there are not yet defined national economic intelligence strategies, but important economic actors from these states – such as Spain, Italy and Portugal – have complex programs of competitive intelligence.

Neither does China have a formalized national economic intelligence strategy, in the Western style, but Beijing understands that the global competition is mostly economic, thus, since the late '90s, the Chinese Government has conducted its policy based on information, especially focused on controlling the technology of the future. The results are visible for anyone and anywhere.

On the other hand, the former communist countries do not have national programs or significant initiatives to catch up with developed countries. The internal political competition in these countries made impossible the emergence of genuine concern in this area. Even more, because of the inexistence of a solid administrative capacity and the tendencies for corruption of some segments of the state apparatus, in the last decades, major errors have occurred in domestic economy, which augmented the delays as compared to the countries that have understood what arsenal is needed, at present, in order to conquer people's minds and territories.

Concepts

Economic intelligence or competitive intelligence on a state level is a relatively new issue among international intelligence works, with a special focus in France. The concept has developed through a dual process of practice standardization and the emergence of a scientific community, becoming a distinct matter of study in the last 20 years.

Henri Martre, the coordinator of the Report of the Plan Commissariat, named *L'intelligence économique et la compétitivité des entreprises* (1998), defines economic intelligence as the totality of coordinate actions of gathering, processing and distributing information useful to the economic operators for implementing business strategies (1994, pp. 16-17). These different actions take place legally, with all the necessary protection guaranties for protecting the wealth of the company, with the best conditions in terms of quality, time and costs. Useful information is necessary to different decision makers of the society or community, to develop and implement, in a consequent way, the strategy and tactics necessary to enhance their position in a competitive environment. These actions, in a company, are organized in a perpetual cycle, generating a common vision on the company objectives.

According to Christian Harbulot (*Intelligence économique*), economic intelligence is defined as systematic researching and processing of available information, to decipher the intentions of the competitors and to learn their capabilities. It includes all operations of surveillance of the competitive environment (protection, monitoring and influence) and it differs from traditional intelligence (*Intelligence économique*) by:

- the nature of its area of applicability (because it refers to open information, thus necessitating conformation to credible ethics);
- the identity of its actors (considering that the staff and the personnel structure - and not exclusively experts - can participate in the construction of a collective information culture);
- cultural specificity (because each national economy produces an original model of economic intelligence, whose impact on commercial and industrial strategies varies from country to country).

In the Report *Intelligence économique, compétitivité et cohésion sociale* (Carayon, 2003), presented to the French prime minister in 2003, deputy Bernard Carayon made economic intelligence a public policy of competition, economic security, influence, especially among international organizations, and training. Economic intelligence derives from a particular understanding of globalization, which takes into consideration daily characteristics of markets, avoiding the law and power and influence games. It is a new approach which the author considers essential, just as there were, in their times, the city

policies, the policies for sustainable development etc. Economic intelligence is a public policy by content and applicability. Its content is represented by the economic security of the state. Thus, economic intelligence must define the activities that need to be protected and the means to achieve this goal. In addition, it defines the ways to support companies on global markets, and, also, the ways to influence international organizations which settle regulations and standards applicable to states, enterprises and citizens (Carayon, 2003).

In turn, Claude Revel (*Intelligence économique*) emphasizes that economic intelligence has the purpose of knowing external environment in order to properly adjust the behaviour. It identifies opportunities and determinant factors of success, it anticipates the threats and prevents the risks, in order to secure, act and influence the environment from the perspective of international competition.

Claude Revel talks about three functions of economic intelligence (*Intelligence économique*):

- information management (gathering, selection, validation and processing necessary and pertinent data about competitions, characteristics and regulations of the markets);
- protecting (ensuring physical or any other type of security, which means the ability to anticipate risks on intellectual property, image or capital of a firm/firms);
- influencing competition (represents the ability to argue, convince, negotiate, professional lobby, exercise a normative influence by anticipating international regulations and standards and, possibly, involving in their development).

Economic intelligence allows a better learning about competition, principles, regulations and standards which can influence the activity and, thus, ensure an adequate action capacity on specialized markets. Economic intelligence is based on ethic mechanisms and it totally differs from espionage, theft and influence peddling.

Also in France, Christophe Deschampes and Nicholas Moinet (2011) argue that in the context of globalization and growing world competition, economic intelligence – as a way to obtain strategic information, useful to economic agents – constitutes, more and more obvious, a stringent necessity. Economic actors, regions and states cannot ignore and must impose and use this essential function for market consolidation, guarantee of quality and, recently, sustainable development.

In Romania, Valeriu Ivan (2014) emphasizes that economic intelligence or competitive intelligence on state level, a relatively new matter among international intelligence issues, tries to augment economic

competition and to create synergy between private interests and those of the states, for maximum efficiency and efficacy in global competition for resources and markets. Information, as a production neofactor, correctly processed and used, has the potential to significantly contribute to the growing and consolidation of national economy.

Coordinates of the French Economic Intelligence System

Key Historical Moments. After the works of some pioneers (Jacques Villain, Philippe Baumard, Amiral Pierre Lacoste, Henri Dou, François Jakobiak, Vahe Zartarian¹) economic intelligence was officially introduced in France, in April 1992, by creating the French branch of Society of Competitive Intelligence Professionals (SCIP – France), at the initiative of Robert Guillaumot, Yves-Michel Marti, Bruno Martinet and Jean Pierre Bernat².

In 1994, the Report of the General Plan Commissariat *Intelligence économique et stratégie des entreprises*, also named Martre Report (after the name of its author, Henri Martre, former chief of the Aerospatiale structure), confers legitimacy to the state in this new area. The idea of creating a study group on this matter is included in the Plan by Philippe Baumard and Christian Harbulot. The group was informally constituted and it included, in the majority, people closed to Philippe Baumard and Christian Harbulot, which was a premiere in this field.

In April 1995, the Committee for Economic Competition and Security was created, near the French prime minister, with seven members elected for two years (company managers, scientists and syndicates). This for has become old-fashioned since 1997, during the Government of Lionel Jospin, who did not name new members in the Committee. The main mission of this forum was to inform the prime minister with issues of competition and economic security, counseling with projecting and implementing the public policies.

A Report sent to the President of France, published with the Decree no.95-350 from 1st of April 1995 emphasizes the role of information as a strategic resource and the determination of the state to concentrate all its energies on the main national challenge that is economic intelligence³. This was set into practice by establishing clear priorities. The first of these priorities refers to orientation towards the necessities of enterprises, especially small and middle ones, to gain access to information and the requirements for redirecting public data gathering and processing facilities.

¹ Published in '80, see details on <http://www.portail-ie.fr/article/571/Historique-de-l-intelligence-economique> (accessed on 01.06.2015).

² SCIP reunites 400 members in France a 6000 in 50 countries.

³ See details at https://www.bo.sga.defense.gouv.fr/boreale_internet/popup.php?no_cache=2&mode=1&txt_id=194446&format=pdf& (accessed on 01.06.2015).

The second priority refers to promoting interaction between public authorities and private ones, on matters of economic intelligence, for creating and coordinating information exchange networks. The third priority refers to developing a set of practices, by disseminating on a large scale an economic intelligence approach, through university and business schools courses. In addition, it is noticeable a regional dynamics, of training and awareness programs for the small and middle enterprises. The first experimental initiative on a national scale was launched in the Parisian region in October 1995, for a year, on a sample of 300 companies.

In 2000, two American investment funds, suspected of connections with the CIA, Texas Pacific Group and Spectrum Equity Investors tried to take control over French company Gemplus, world leader in electronic cards (*Intelligence économique*). The French Exterior Minister was warned twice about the EUTELSAT⁴ file, which was then targeted by the same two investment funds.

In June 2003, deputy Bernard Carayon presented to the French prime-minister the Report "*Intelligence économique, compétitivité et cohésion sociale*" which approaches economic intelligence as a public policy destined to ensure social cohesion through economic development. In one of the Reports annexes there are several definitions, some contradictory, precisely to demonstrate the difficulties of defining economic intelligence.

Among the effects driven by the Report of Nernard Carayon is the appointment (in 2003) of a high representative in the field of economic intelligence (Haut Responsable à l'Intelligence Économique – HRIE), near the prime minister, but also the establishment of competitive poles, during the mandate of Dominique de Villepin, and, respectively, the implementing of a new territorial intelligence policy, during Nicolas Sarkozy's mandate (*Intelligence économique*).

Institutional Mechanisms. On the 31st of December 2003, Alain Juillet was appointed high representative for economic intelligence of the General Secretariat of National Defense (Secrétariat général de la défense nationale – SGDN), because of his particular credibility on a national level, given by the key positions he had in the fields of business and French intelligence services, which came over his lack of experience in the field of competitive intelligence. A General Delegation for Economic Intelligence was created in Bercy and, on the 12th of October 2004, François Asselineau was appointed general manager of this forum (Intelligence économique).

⁴ EUTELSAT is a French-based satellite provider. Providing coverage over the entire European continent, as well as the Middle East, Africa, India and significant parts of Asia and the Americas.

In September 2005, “sensitive” sectors were defined, with the public announcement made by the ministry of industry; regarding the adjustments of the Monetary and Financial Code (mass media mentioned the fields of gambling/casinos, special industry, cryptology, biotechnology, information systems security etc.). Also in September 2005, it was ensured the coordination of the activities of the sustainable development interministerial representative and the high representative for economic intelligence.

In August 2006, the ministerial coordinator for economic intelligence was appointed within the ministries/departments of Bercy (*Intelligence economique*). An economic intelligence system was settled, within the economic and finance ministries in Paris and on regional level. Through the Circular Letter of the 21st of March (published in the French Official Gazette no. 108 from the 10th of May 2007), regional representatives for economic intelligence were created.

In the first semester of 2009, several important public activities took place, as follows (*Intelligence economique*):

- The designation of the representatives for public intelligence for different ministries (at the Exterior Ministry, a structure for each ambassador was designated and, at the Interior Ministry, Economy, Finance and Industry, there was a one representative, without a staff and without working tools);
- The implementation, by prefects, of the regional economic intelligence network;
- The establishment of a professional system for training/studying in the field of economic intelligence;
- The creation of a professional federation in the field of economic intelligence.

On the 17th of September 2009, the interministerial delegate for economic intelligence was appointed.

In August 2010, a new coordinator for economic intelligence of the economic and finance ministry was designated.

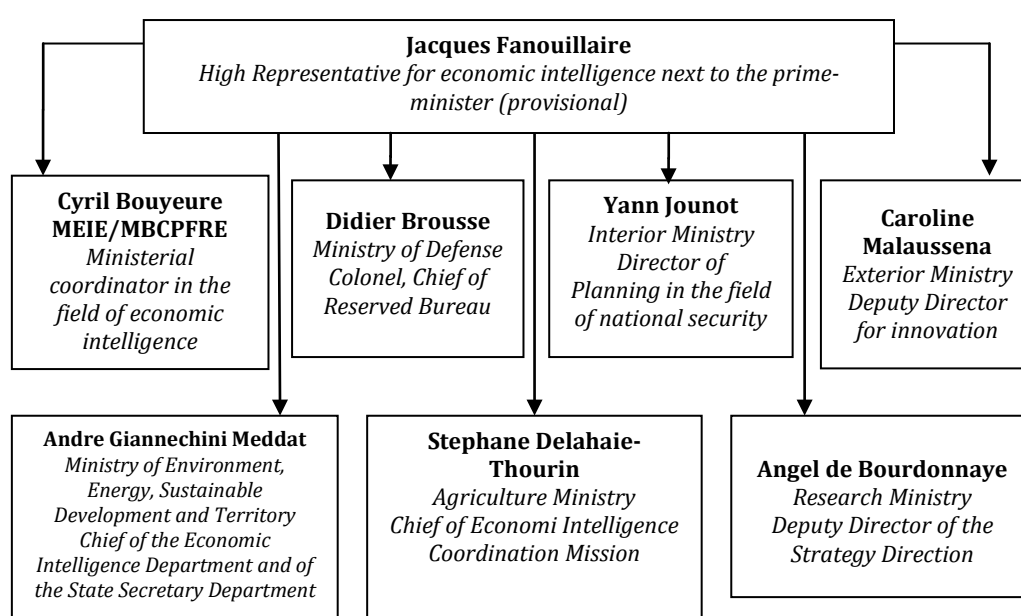
In the Circular Letter from the 15th of September 2011, the prime-minister declared public the state’s Action in the field of economic intelligence for central authorities and deconcentrated services (*Politique-publique-d-intelligence-economique*).

On the 29th of May 2013, Claude Revel was appointed interministerial delegate for economic intelligence, a job created around the French prime-minister (*Intelligence economique*).

In conclusion, the French economic intelligence system is based on central mechanisms of implementation and also on a territorial network of regional centers responsible with this type of strategies (CRIE), which depends on the Service of Economic Intelligence Coordination (SCIE) of the

ministries of economy, industry and work. The system was reformed in the last years for an increase of the performance (*Intelligence économique: historique*). Practically, the mechanism of the high representative for economic intelligence (HRIE) was replaced with the interministerial delegate and the 22 regional centers (CRIE) came under the jurisdiction of the regional directorates for business, competition, consumption, work and workplaces (DIRECCTE), which, in 2010, fusioned into 7 deconcentrated administrative structures (*Intelligence économique: historique*).

The French economic intelligence system includes a central mechanism - represented in Figure no. 1 -, coordinated by the high representative and formed by the exponents of the seven major institutional structures.



*MEIE/MBPCFRE – Ministry of Economy, Industry and Workplaces/
Ministry of Budget, Public Accounts and State Reform

Figure no.1 – Economic intelligence central system – adaptation after *Intelligence économique: historique* in *Intelligence économique: deux nouvelles missions pour l'expert-comptable*, 64th Congrès de l'Ordre des Expert-Comptables

On territorial level, the economic intelligence system from France is based on four central institutional structures (the Defense Ministry, the Interior Ministry, the Finance and Interior Ministry and the Exterior Ministry)

and also on the French bicameral system, universities, the Technological Information Diffusion Agency, the International Investment Agency, the public support network, the Research National Agency, territorial associative entities etc. In large, the territorial system is coordinated by each prefect and has two types of interventions (offensive and defensive) - depicted in Figure no. 2.

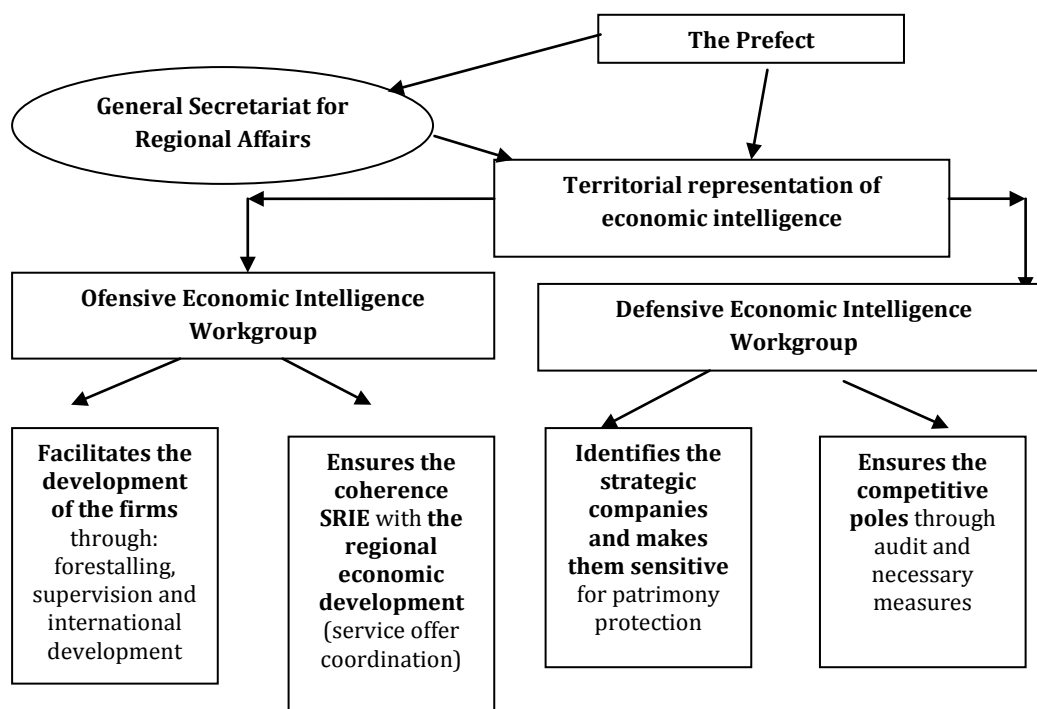


Figure no. 2 – Territorial economic intelligence system (august 2009) – adaptation after *Intelligence économique: historique* in *Intelligence économique: deux nouvelles missions pour l'expert-comptable*, 64th Congrès de l'Ordre des Expert-Comptables

The training and improvement system in the field of economic intelligence

This is formed by the following structures, according to SMGB⁵:

- The Economic War School, from Paris, ranked 1st in France, from 2002, from 2002 to 2013;
- The European Economic Intelligence School; (EEIE) from Versailles, ranked 3rd in 2013, prepares specialists in the field of economic intelligence consultancy;

⁵ SMGB is the first orientation cabinet, specialized in the training of candidates for high schools and universities.

- Poitiers Business Administration Institute (Information - Communication Pole), which organizes master courses in economic intelligence and strategic communication;
- University of East Paris Marne-la-Valle, which offers master courses of 2nd level in the field of economic intelligence and risk analysis. It was the first university school of economic intelligence, created in France in 1993 by Admiral Pierre Lacoste;
- École d'Ingénieurs Génie Informatique Génie Mathématique (EISTI) (ranked 4th in 2013, 2nd in 2014 and 3rd in 2015), which ensures master programs of 2nd level in the field of strategic analysis and economic intelligence;
- Bordeaux University offers professional master courses of 2nd level in intelligence and innovation economy (Montesquieu Bordeaux IV University);
- Paul Cézanne Aix-Marseille III University, which offers master programs of 2nd level in the field of technological intelligence and innovation;
- International Institute for Development and Commerce (ICD), which offers, in partnership with IEP Aix-en-Provence, economic intelligence certificates;
- Angers University, which ensures master programs in the field of economic intelligence and competitive strategies;
- SKEMA Business School, ranked 2nd in 2013 and offers courses of economic intelligence.

Conclusions

In France, economic intelligence has several definitions and a multitude of practices, being depicted as gathering, processing, prospective analysis and utilization of information and knowledge for enhancing the efficiency of economic actors (Baulant, 2004).

Its main objective is to grow the competitive abilities of the firms, regions and nations, through strategic information management. The tools used, adapted to present economic transformation, globalization, respectively, knowledge economy, are: surveillance, influence and network analysis.

France seems to be the first country which decided to consider economic intelligence as a national priority, following the publication of the studies realized by a group of experts, gathered within the General Plan Commissariat in 1992-1994, on the issue of *Economic Intelligence and Corporate Strategy* (Commissariat Général du Plan, 1994). The work group - formed by business representatives of the government, syndicates, universities and information professionals - has identified the strengths and the weaknesses of the French system, based on a detailed analysis of the best economic intelligence systems. Beneficiating of a rich tradition in this field, the French state plays a major part, establishing economical and technical information networks and technical progress support structures.

The French define economic intelligence as a series of coordinated actions of investigating, processing and disseminating useful information to be exploited by economic actors (Economic Intelligence in a Global World, 2014, p.16).

The definition takes into consideration two factors: on one hand, the research of available scientific resources for developing new scientific fields which may supply auxiliary economic advantages, and, on the other hand, the surveillance of the activity of the labs and factories from rival countries or factories, for the awareness of the breaches and competitive improvement (Economic Intelligence in a Global World, 2014, p. 16).

In turn, the publicity of the Carayon Report is a clear clue of the importance that these technics and services have for the French political forces, marking France's entry in a world of informational society, with all the consequences on national wealth, which consist, "beyond the human quality, in the sum of juridical, financial, commercial, scientific, technical, economical or industrial information" (Carayon, 2003). The Report warns that threats on the country's productive structure have grown, becoming more and more subtle, and the exacerbation of international competence transforms strategic information of the companies in a true "economic war".

The French system is projected and adapted to the new circumstances and necessities, so that, beyond state agencies, prestigious companies specialized in strategic intelligence are involved, as well as a network of commerce chambers which act in the interest of France, on internal and external level. It adds the territorial economic intelligence mechanisms (mainly, the regional councils and, in some cases, the general councils and the departmental communities), which participate progressively and more and more actively to the economic intelligence activities. The list continues with other structures involved in regional development (the National Institute for Industrial Property, The Agency for the Diffusion of Technological Information, The Workmanship Chambers, The French Agency for International Development of Enterprises), and also professional organizations and groups - the Information Security Clubs, the Federation of Economic Intelligence Professionals (FEPIE), The Movement of French Enterprises (MEDEF), the General Confederation of Small and Middle Enterprises (CGPME) etc.

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