

The Shifting Nature of Chinese Intelligence Operations

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ANDREW BROWN, JUL 31 2011

The People's Republic of China, from its very inception, has placed a high premium on intelligence gathering and covert operations. Intelligence organs have historically been placed under the direct control of senior party cadres and their objectives dictated by the highest levels of government in China. Domestically, the Chinese authorities use intelligence and secret police organs to maintain regime security, catalog and destroy subversive elements and report on conditions within the country. Internationally, the Chinese have traditionally utilized their intelligence officers to disrupt dissident activity being run from abroad, ensure state security by targeting foreign powers' military, intelligence and political organs and to collect valuable technology for the improvement of People's Liberation Army forces. In recent times, however, the focus of Chinese intelligence activity has taken on a new shape and been tasked with a host of new objectives. Foremost among these changes is the shift away from a sole concentration on military technology related espionage and the advent of a more broadly commercial focus. The move away from traditional intelligence goals and refocusing on new objectives raises a broad range of challenges for the West. This shift also provides a fascinating window into the changing priorities of the Communist Party in China. What a country seeks to know covertly can be just as informative as their overt actions and declarations.

When Mao raised the banner of a new state, The People's Republic of China, in 1949 he did so with a very powerful and hardened intelligence service under his command. Having been forged during decades of civil war, clandestine revolutionary activity and Japanese occupation the Chinese intelligence service at the beginning of the Communist state was inevitably focused primarily on and staffed by military elements. The focus on military objectives served the fledgling PRC well in their penetration efforts of the new Nationalist stronghold in Taiwan and during the Korean War period. It was after the Korean War concluded that the first significant change in focus occurred within the Chinese intelligence service. From military secrets and preparations for an invasion of the island of Taiwan the emphasis was shifted to internal threats and counter revolution. While external Chinese intelligence gathering activities continued, particularly against the Americans and Russians, the center of gravity had retracted back onto the intense ideological battles then taking place in China. With this shift many of the best and brightest Chinese intelligence officers and much of the material support for covert activity was withdrawn back inside China's borders. A great many officers with overseas experience were also purged and liquidated during these decades of internal unrest.

In the post-Mao era China once again turned her attention beyond her borders. Engagement on the international scene caused the second major shift in Chinese intelligence operations. This time the goal became a strengthening of the state and by extension the armed forces, to ensure that China was not subject to another round of foreign domination. The crisis of confidence that came from reengaging with the West in the Deng era cannot be overstated. Within senior Chinese government circles the reality of just how far behind the Chinese state and particularly how weak the all important military machine had become caused a state of near panic. This sense of fear is well reflected by the comments Deng Xiaoping was heard to make during the first gulf war in 1991. Deng lambasted the military and declared that American military technology, as displayed in that war for the world to see, was so overwhelming that it had rendered the massive Chinese armed forces strategically irrelevant. Such powerlessness, particularly after the collapse of the Soviet Union, was unacceptable to the Chinese with their still vivid memories of colonial domination by technologically superior Russian, British and Japanese forces. To redress the military technology gap the Chinese, much like the Soviets before them, turned to espionage to steal the secrets of American military power.

Using a covert intelligence arm to obtain militarily valuable technology is highly effective when run against open

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states like the US. For the Soviets and later the Chinese technology export restrictions placed on them for the express purpose of denying access to strategically valuable technology could only realistically be overcome through a clandestine acquisition program. To this day the Chinese intelligence service remains extremely active in procuring technologies which may be of use to the armed forces. Spies from China are routinely caught in the United States breaching, or attempting to breach, the government departments and companies that make up the US military-industrial complex. There is a debate today in Western intelligence circles on the underlying threat as shown by the veritable flood of Chinese espionage cases in recent years. The question being asked is “are the large number of Chinese espionage rings broken the result of ineptitude on the part of Chinese intelligence or are they merely the least secure tip of a much larger intelligence iceberg?”. The general consensus now is for the latter.

The Chinese have become, over the past two decades, extremely active in conducting intelligence activity against the United States for several reasons. The first reason is need. The Chinese are no more capable of developing military deterrence, let alone parity, with the West than the Russians were. Their economy, fast growing as it is, is incapable of the high levels of spending and R&D necessary to catch up to the West on their own. The second reason is the lack of tangible response from the United States. The Chinese feel that the United States cannot afford to cause a severe strain in relations over espionage and the US has so far proved them right. For the United States the value of a stable and positive relationship with China far outweighs any benefit to be had from cracking down on Chinese espionage. Even when such activities directly target the US military and government organs the response has, so far, been exceptionally muted. And finally the operations which the Chinese have mounted have been so successful with so little consequence that they consider the idea of moderating or suspending intelligence activities against the West as entirely unnecessary, indeed even foolhardy.

By all observable measures the tempo of Chinese intelligence operations targeting the West is increasing. What has changed most over the past 5-7 years is what industries and areas the Chinese are targeting now. As we have discussed, for the past twenty plus years Chinese intelligence has been focused almost exclusively on penetrating the American military industrial complex to obtain strategically valuable technologies. Today, however, the emphasis is shifting away from military technologies and onto other commercially valuable intelligence. The Chinese are rapidly moving intelligence assets away from traditional targets, targeting new industries and broadening the international scope of their operations.

The shift of Chinese intelligence gathering activity away from military targets onto commercial ones is an extremely illuminating indicator of their overall geo-strategic mindset. While it does not bode well for the much more lightly defended US private sector it does indicate that the Chinese are more determined to shape their overall national development strategy to conform to US global hegemony.

The Chinese have a relatively opaque foreign policy making and military apparatus. The tasking of various Chinese foreign intelligence organs is strictly controlled by the most senior party cadres. Thus, by monitoring the intelligence orientation of the Chinese other countries can gain a better understanding of the overall direction of long term Chinese strategic thinking.

What the new center of gravity in Chinese intelligence activity means for the world is a lower probability of military adventurism and a greater emphasis on economic competition. While a changed set of Chinese intelligence objectives is not an infallible guide to future action it can play an important role in helping other countries better understand the thinking and strategic vision of the highest levels within the Chinese Communist Party. By including a thorough analysis of Chinese intelligence action into the mixed bag of signals from Beijing it may be possible to allay certain fears and better understand the true intentions of a rapidly rising China.

*Andrew Brown is the author of the upcoming book **“The Grey Line: Modern Corporate Espionage and Counterintelligence.”***

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