

# **CHINA'S ESPIONAGE RECRUITMENT MOTIVATIONS**

Getting Rid of the MICE

**Nicholas Eftimiades**



**European Intelligence Academy**

Research Paper Series #5

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## About the Author

Nicholas Eftimiades is a Senior Fellow at the Atlantic Council. He retired from a 34-year government career that included employment in the United States Central Intelligence Agency, the Department of State, and the Defense Intelligence Agency. Eftimiades held appointments on the Department of Defense's Defense Science Board and the Economic Security Subcommittee of the Department of Homeland Security's Homeland Security Advisory Council. He is an advisor to the United States Intelligence Community. Eftimiades authored numerous works on China's espionage methods. His books, *Chinese Intelligence Operations* (1994) and *Chinese Espionage: Operations and Tactics* (2020) are examinations of the structure, operations, and methodology of China's intelligence services. They are widely regarded as seminal works in the field.

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# CHINA'S ESPIONAGE RECRUITMENT MOTIVATIONS

## Getting Rid of the MICE

### Introduction

For decades, English speaking intelligence services have routinely defined specific motivations for persons recruited to conduct espionage. Those motivations are reflected in the acronym MICE: Money, Ideology, Coercion, and Ego. This acronym is taught to intelligence operations officers, counterintelligence special agents, analysts, and insider threat specialists. However, the human intelligence (HUMINT) activities of the People's Republic of China (PRC) are far more extensive than typically practiced by Western nations. The Communist Party of China (CPC) and PRC government employ a 'whole of society' approach towards collecting broad categories of commercial, scientific, and national security information.

The result of this 'whole of society' approach is to add several dimensions of complexity to the motivational factors for people conducting espionage on behalf of the PRC.<sup>1</sup> Not only are the personal motivations more varied and complex, but so too are the recruitment activities used to employ agents on China's behalf. In error, some authors have identified China's approach to recruiting HUMINT sources as Spot, Assess, Develop, and Recruit. This is a Western model and far more simplistic than the multiple models employed by Chinese government ministries, CPC elements, and businesses.

The 'whole of society' approach in China's global HUMINT collection efforts involves CPC entities such as the United Front Work Department and the International Liaison Department. The approach also leverages State Council (government) ministries, state owned enterprises, and private companies. In total, hundreds of thousands of people are available to support these varied intelligence collection efforts. This approach, combined with the vast range of collection targets including national secrets, commercial and military technology, academic research, intellectual property, and trade secrets, creates different

motivations for espionage. These motivations are far more wide-ranging than what the United States Intelligence Community knows as MICE.

In a review of 772 HUMINT espionage cases, 450 cases showed distinct motivations for persons agreeing to engage in espionage on behalf of the PRC.<sup>2</sup> While these cases illustrate distinct motivations, other secondary, or even equally compelling, motivations cannot be excluded. It is impossible to determine all the factors influencing a person's decision to engage in espionage. However, the sheer volume of cases does allow motivations to be broken into several distinct categories.

### Economic Espionage

For persons conducting Economic Espionage, 64 percent of cases involved stealing information to start or advance a competing business in China. In 14 percent of cases, ethno-nationalism was the motivating factor.<sup>3</sup> Money (cash payments) was the motivating factor in 18 percent of cases; and academic advancement in one percent of cases<sup>4</sup> (see Figure 1.)

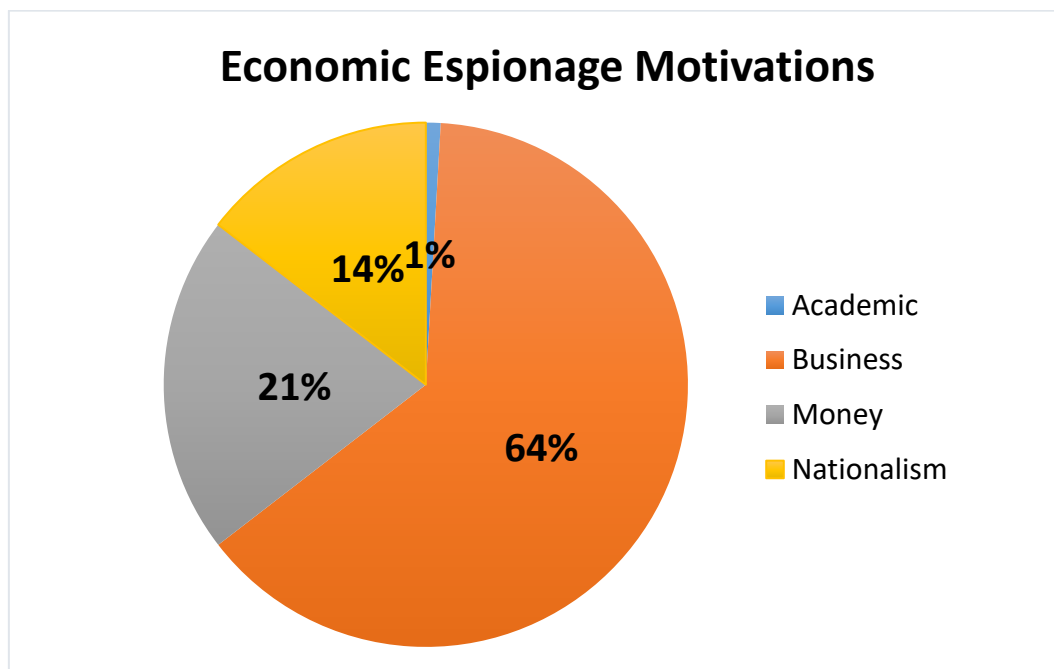


Figure 1

### Traditional Espionage

The recruitment motivations for traditional espionage show a stark contrast to those used in economic espionage. Unlike economic espionage, business opportunities (4 percent) have almost no incentive as a tool in the recruitment of agents for espionage. Similarly, coercion is not frequently used (4 percent) to recruit assets. More often, Ministry of State Security (MSS) case officers prefer to gain the trust and cooperation of individuals being developed (targeted) for recruitment. A notable exception to this practice is collection targeted against



overseas dissident groups.<sup>5</sup> In those cases, coercion, repression at home, and money are the most frequently employed tactics. Espionage against overseas dissident organizations does not fall under the category of traditional espionage.<sup>6</sup>

Money (which can also be called wealth), in cash or digital payments, is the primary motivating factor evident in 55 percent of traditional espionage cases conducted by the PRC. Money (or wealth) is the most frequently used incentive to recruit foreign nationals. Approximately half of the 160 worldwide espionage cases were targeted against Taiwan nationals. Cash payments, paid vacation travel, and expensive gifts are the most often used motivations to recruit retired Taiwanese military officers, which appear to be the primary targets of China's recruitment efforts. A secondary motivation for former Taiwan military personnel is ethno-nationalism, as evidenced by the occasional practice of requiring a signed oath to the PRC and one unified China. In addition, ethno-nationalism is the primary motivation for PRC intelligence officers. PRC intelligence officers appealed to feelings of ethno-nationalism to recruit individuals in 25 percent of traditional espionage cases (see Figure 2.)

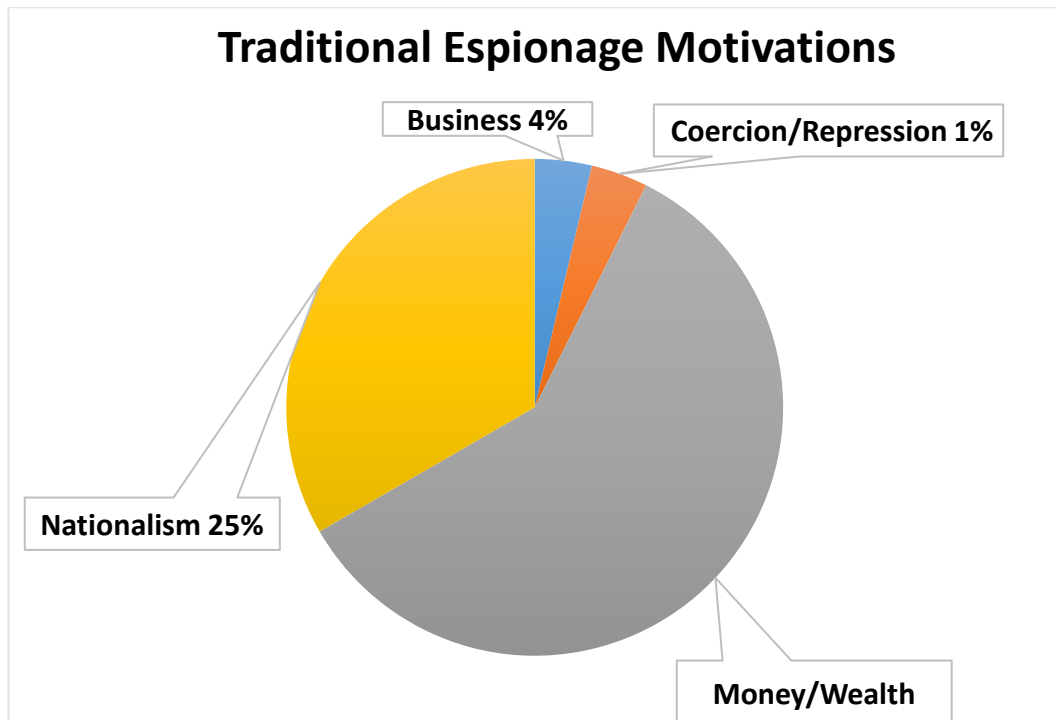


Figure 2

### Export Violations

The list of export violations includes numerous statutes covering dual use technologies and technologies with direct military applications. In these cases, money was the driving incentive 77 percent of the time (see Figure 3.) That money was most often paid through overseas bank transfers, quite frequently through front companies. Occasionally, there were cash

payments. Most of the criminal cases were not one-time events, but showed a pattern of purchasing technologies and employing falsified shipping documents and/or third country trans-shipment points. In many cases, the purchasing agent did not know or fully comprehend the end use of the product. These were quite often opportunistic crimes

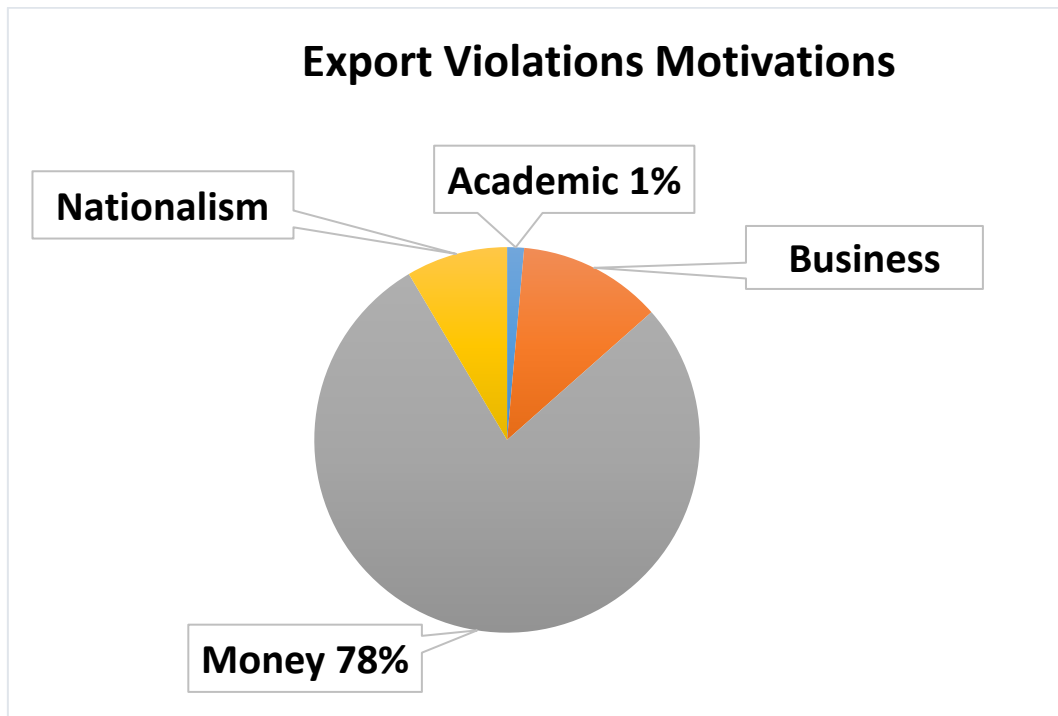


Figure 3

The above data suggests that the intelligence, counterintelligence, and inside-threat communities should develop an understanding of China's overall espionage recruitment tactics and motivations. A new acronym, more appropriate to China's recruitment methodologies and incentives, is a first effort towards that goal.

Unlike the acronym MICE, which is limited in scope, one can employ a new acronym, more expansive and accurate, to characterize Chinese intelligence recruitment methods. That recruitment acronym is BEWARE.

### **BEWARE: The new acronym for Chinese espionage recruitment efforts**

**B**usiness Opportunities – establishing or supporting competing businesses in China.

**E**thno-nationalism – Service to 'Mother China' and the Chinese people.

**W**ealth/Money – Cash payments or wire transfers.

**A**cademic Advancement – Securing academic positions based on stolen research.

**R**epression/Coercion – Threats and implied threats to individuals and family.

**E**motional bonds – Obligation and friendship.

**Business.** Establishing and expanding competitive businesses in China is the primary motivation for conducting economic espionage. As noted above, 67 cases (64 percent) of economic espionage cases were conducted with the intention of taking away market share from foreign companies. Most of these cases involved persons working in a foreign company planning on moving back to China, either to be hired by or start (some with State support) a competing company.

**Ethno-nationalism** is a recruitment motivation in economic espionage, traditional espionage, and export violations. The term ethno-nationalism has a very specific meaning. For the CPC, ethnic Chinese, wherever they may live, and whatever citizenship they may hold, are considered part of the Chinese people. It is one of the psychological justifications the CPC has for trying to control or otherwise acting against overseas Chinese. Under the regime of Chinese Premier Xi Jinping, the CPC and government have significantly increased efforts to augment ethno-nationalism in Chinese society. Those measures include educational programming, youth military training, and various incentives throughout society. The CPC has worked to build ethno-nationalism, most recently by announcing regulations to outlaw speech or clothes that “hurt the feelings of the Chinese nation”.<sup>7</sup> The phrase “hurting the feelings of the Chinese people” first appeared in the CPC-controlled media in 1959 and has been frequently used to galvanize the population against perceived outside threats.

**Wealth/Money** is a financial transaction paid either in cash or through bank transfers using companies, or often front companies. These forms of payment are most frequently used in export violations and traditional espionage.

**Academic advancement** is one of the motivating factors in stealing research and economic espionage. In a Confucian-based society like China’s, education and scholars are held in very high regard. Most of the cases involving theft of research are motivated by opportunities for academic advancement in Chinese universities. This is true for incidents involving Chinese researchers. Universities consider almost all these cases to be “research integrity violations” and are not reported to law enforcement authorities. Most often, the foreign university terminates the research agreement and sends the scholar home. For foreign-based scholars, motivations involve money and ample budgets for research. It should be noted that most cases considered for prosecution violate federal government grant contracts. In these cases, research is paid for by the federal government and reproduced at Chinese universities.

**Repression/Coercion** is a recruitment tactic most often employed against overseas dissidents or foreign persons living, or with business interests, in China. Sometimes coercion is subtle, with implied trouble if an individual does not cooperate with authorities. Sometimes it can be quite direct. For example, in 2019 China shut down Zoom’s video operations in country, when the company was slow in providing access to MSS officers to spy on dissidents in the United States.<sup>8</sup> According to United States Government prosecutors, Zoom subsequently provided access and five ‘cover accounts’ to Ministry of Public Security (MPS) officers to monitor and disrupt the meetings of dissidents.<sup>9</sup> In addition, Zoom officials allegedly agreed to provide background data on one million individuals abroad and notification within one minute of any discussions that violated China’s authoritarian laws.<sup>10</sup>

**Emotional Bond.** There have been numerous cases where information was collected and passed due to an emotional bond with an individual in China, or working for a Chinese entity. For example, in 2019 Yanqing Ye was a Lieutenant in the People’s Liberation

Army studying at Boston University's Department of Physics, Chemistry and Biomedical Engineering. She engaged in intelligence collection in the United States in response to requests from her professors at China's National University of Defense Technology.<sup>11</sup> The educational system in China is, at a foundational level, Confucian-based. Education is highly prized throughout society. Professors are held up as models and mentors to students, who will often act to please them.

There are many similar cases, not only in traditional espionage, but also in economic espionage. Operating overseas for extended periods, Chinese intelligence officials and business leaders build relationships over years to secure access to needed commercial or national security information. In March 2019, Huawei was competing with Swedish telecommunications company Ericsson for a 5G network contract worth \$198 million with Denmark's TDC.<sup>12</sup> Huawei's longtime representative in Denmark, Jason Lan, established a friendship over six years with Dov Goldstein, TDC's Director of Special Projects.<sup>13</sup> Goldstein provided data on Ericsson's bid. Other noteworthy aspects of this incident included collection against TDC's senior corporate officials with microphones hidden in company boardrooms, drones, and physical street surveillance. Lan fled Denmark when these revelations became public.

## Concluding Thoughts

Beijing's massive 'whole of society' HUMINT collection effort presents unique challenges to Western intelligence and security services, as well as to private industry. The targets of China's commercial espionage and theft of academic research often do not have the organizational structure, experience, or an adequate body of law and regulations, to effectively respond to these threats. Over the last five years, United States intelligence and law enforcement agencies have built new organizational structures and alliances with private industry. These new paradigms serve to enhance communications, raise threat awareness, facilitate training, and institute best practices. Yet they are only the initial actions needed to respond to the new global intelligence environment, driven by the PRC.

If Western law enforcement, intelligence, and security agencies are to meet the current challenge posed by Beijing's massive global intelligence program, they will need to start by better-understanding recruitment processes and motivations. Getting rid of MICE is the first step in that direction. Democratic institutions and businesses must BEWARE China's 'whole of society' approach to espionage.

## References

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<sup>1</sup> For the purposes of this article, espionage is defined as illegal efforts to conduct espionage, economic espionage, covert action, theft of research, exports of dual use and military related technologies.

<sup>2</sup> Ibid.

<sup>3</sup> In the cases of ethno-nationalism persons were either PRC Ministry of State Security employees or stated a desire to serve “Mother China.”

<sup>4</sup> In a Confucian-based society, such as China, education and scholars are seen as individuals worthy of respect and praise. Scholars are often financially rewarded. There are very few true economic espionage cases where the motivation was academic advancement. However, that is almost always the motivation for research violations.

<sup>5</sup> The so-called Five Poisons: Fanlun Gong , democracy advocates, Taiwan independence supporters, Tibetans, and Uyghurs.

<sup>6</sup> Within this database coercive actions against overseas dissident organizations are categorized as covert action –i.e. acting covertly on behalf of the Chinese government.

<sup>7</sup> “Communist Party seeks to mandate jail time for ‘hurting the feelings of the Chinese nation’”, By Timothy H.J. Nerozzi, Fox News, Published September 12, 2023 11:34am EDT <https://www.foxnews.com/world/communist-party-seeks-mandate-jail-time-hurting-feelings-chinese-nation>

<sup>8</sup> United States vs. JIN XINJIANG (AKA Julien Jin). Criminal Complaint. Case No. 20-MJ-1103. Nov 20, 2020. <https://www.courtlistener.com/docket/18756735/1/united-states-v-jin>

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

<sup>11</sup> FBI Most Wanted YANQING YE, Acting as an Agent of a Foreign Government; Visa Fraud; Making False Statements; Conspiracy. <https://www.fbi.gov/wanted/counterintelligence/yanqing-ye>. Accessed Sept. 16, 2023

<sup>12</sup> TDC is Denmark’s largest mobile network and broadband provider.

<sup>13</sup> Jordan Robertson “Intrigue in Copenhagen: High Stakes Corporate Espionage”, June 16, 2023 <https://execsecurity.com/news/intrigue-in-copenhagen-high-stakes-corporate-espionage>.