

American Spies Confront a New, Formidable China

CIA lost network of agents a decade ago and has struggled to rebuild in the surveillance state America calls its top security priority; 'no real insight into leadership plans'



CIA Director William Burns, left, and Chinese leader Xi Jinping. ILLUSTRATION: WSJ; PHOTOS: MICHAEL REYNOLDS/EPA/SHUTTERSTOCK; EVELYN HOCKSTEIN/REUTERS; LI GANG/XINHUA/ZUMA PRESS

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By Warren P. Strobel

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WASHINGTON — Beijing's spycatchers all but blinded the U.S. in China a decade ago when they systematically rounded up a network of Chinese agents working for the CIA. As many as two dozen assets providing information to the U.S. were executed or imprisoned, among them high-ranking Chinese officials.

The CIA is still struggling to rebuild its human espionage capabilities in China, the agency's top intelligence target, according to interviews with current and former U.S.

officials. The gaps leave the U.S. with limited understanding of secret deliberations among Chinese leader Xi Jinping and his inner circle on [key security issues such as Taiwan](#) and other topics, the officials said.

“We have no real insight into leadership plans and intentions in China at all,” said a former senior intelligence official who until recently read classified reporting.

Strengthening the human spy network targeted on China is one goal of a titanic, but mostly secret, shift at the CIA and its sister U.S. spy agencies. It comes amid a larger [transformation in U.S. security policy](#) away from fighting insurgencies around the world and toward preparing for a possible [“great power” conflict with China and Russia](#).

After two decades of hunting terrorists, the \$100 billion-a-year U.S. intelligence community is retraining personnel, redirecting billions in budgets and retooling expensive spy machinery to focus on those potential adversaries.

The pivot hasn’t been simple. Hamas’s surprise Oct. 7 attack on Israel and the ensuing war in Gaza, and Russia’s invasion of Ukraine [have demanded White House attention and intelligence resources](#), complicating CIA Director William Burns’s drive to ensure China is the top long-term priority. One agency veteran said that handling the two crises, while keeping a sustained focus on Beijing, will test the agency’s agility.



CIA Director William Burns, center, Director of National Intelligence Avril Haines, left, and FBI Director Christopher Wray testified in Congress in March. PHOTO: SHAWN THEW/EPA/SHUTTERSTOCK

The U.S., which [ceded responsibility for monitoring Palestinian militants to Israel](#) in the years following the September 2001 terrorist attacks and like Israel was blindsided by the Hamas assault, has redirected some intelligence resources to the Israel-Palestinian conflict in recent weeks, officials said. It isn't publicly known how substantial they are.

The unexpected clash shows how difficult it can be, with finite spying resources, to get the balance right. "The reality is that you don't have collection resources that you can exploit all over the world," a former counterterrorism official said.

China, which the Biden administration named as the [greatest danger to American security](#), remains at the top of the CIA's to-do list, Burns told The Wall Street Journal.

"We are approaching the PRC as a global priority, more than doubling the budget resources devoted to the China mission over the past three years, and establishing the China Mission Center as CIA's only single country mission center to coordinate the full agency's efforts on this issue," he said. "Even as we are balancing multiple priorities including ongoing conflicts, we remain intensely engaged on the strategic long-term challenge posed by the PRC."

In a previously undisclosed mission, Burns traveled to Japan and South Korea since the Hamas attack, a CIA official said, following a publicly reported trip to Beijing in May.

Even as the Middle East and Afghanistan dominated resources and attention in the years after 9/11, U.S. intelligence agencies never stopped targeting China aggressively, according to former officials directly involved in those efforts. This intelligence focus intensified in the mid-2000s, they said, but the entire U.S. government didn't make China a priority for at least another decade.

Orwellian surveillance

The U.S. government has never publicly acknowledged the loss of its Chinese agents between 2010 and 2012.

Today, U.S. spy satellites closely monitor China's military deployments and modernization plans, while cyber and eavesdropping tools scoop up vast swaths of Chinese communications. Beyond that, U.S. knowledge of Xi's plans comes mostly from inference and from parsing his frequent public statements, officials said.



Cameras at the entrance of a subway station in Shanghai in October. **PHOTO:** CFOTO/ZUMA PRESS

China is a much tougher intelligence target than it was a decade ago, when the agents were lost. Xi's security-first state employs Orwellian surveillance systems that [vastly complicate](#) spy operations inside the country. And U.S. intelligence must track China's progress in fields as disparate as artificial intelligence and synthetic biology.

The two countries have clashed over American technology restrictions, [military maneuvers at sea](#) and [in the skies](#), and Russia's invasion of Ukraine. China's weaknesses, notably slowing economic growth and a shrinking population, are another wild card in assessing its future course.

"Unfortunately, China's goals and objectives are so vast that it really is very difficult to say that we're doing a great job," House Intelligence Committee chairman Rep. Mike Turner said in an interview.

In the early 2000s, CIA analysts began warning frequently about China's economic growth and military ambitions, former U.S. officials said. Collectively, this stream of classified intelligence reports became known among government insiders as the "Scary China Brief."



A Chinese jet that came near a U.S. B-52 aircraft over the South China Sea in October, in an image provided by U.S. Indo-Pacific Command. PHOTO: U.S. INDO-PACIFIC COMMAND/ASSOCIATED PRESS

Secret reports sent to the White House, State Department and other agencies charted the planned modernization of the People's Liberation Army, China's coming naval expansion and Beijing's goals for overseas bases.

The CIA leveraged endemic corruption in the upper reaches of the Communist Party and government ministries to recruit dozens of officials as paid agents, former officials familiar with the events said. But in a catastrophic setback, this network was obliterated as China caught the traitors in its midst one by one.

A flaw in the CIA's covert communications with its agents, exploited by Beijing, is the suspected cause of the compromise, former officials said. The details of what went wrong aren't publicly known, and it is unclear if anyone at the agency was held accountable.

"Horrendous. Horrendous. Horrendous," a former senior U.S. official said of the losses in China. "And I have doubts about whether there's been much of a recovery since then."



Pedestrians outside a mall in Hong Kong pass a monitor showing a news broadcast of Xi Jinping early in his leadership in 2012. **PHOTO: LAM YIK FEI/BLOOMBERG NEWS**

The agent roll-up had profound effects. It occurred just as Xi was being groomed for power. Shock at the depth of the CIA penetration helped shape the Chinese leader's overarching emphasis on security and loyalty, said another former U.S. intelligence official. It also, at least for a time, chilled the agency's efforts to recruit foreigners

worldwide. The feeling was, ““Why would I take a call from a U.S. person, I know that Chinese people got bullets in the back of their head,”” the former officer said.

The U.S. lost its human network in China just as Xi became Communist Party leader, in late 2012, and then president a few months later. Multiple, sometimes daily, CIA reports predicted he would be a different kind of Chinese leader, more forceful, nationalistic and security-focused, current and former intelligence officials said.

Several officials said the analysis was largely ignored by President Barack Obama’s White House, which hoped that as China grew economically, it would liberalize and join the U.S.-led international world order. That policy had been followed by Democratic and Republican administrations for two decades. “There was a lot of desperation to believe that,” said Gail Helt, a former CIA East Asia analyst.

Danny Russel, a former top Obama aide on Asia, said the intelligence was factored into policy discussions and, while valuable, it didn’t predict “that Xi would become the kind of security-obsessed autocrat that he has shown himself to be.”



Kevin Patrick Mallory, shown in 2019, a former CIA officer who was convicted of selling secrets to China. PHOTO: ALEXANDRIA SHERIFF’S OFFICE/ASSOCIATED PRESS

Xi’s China has aggressively pursued maritime claims in the South China Sea, increasingly harassed Taiwan with military drills and orchestrated repeated [cyber hacks to steal secrets and personal data](#) from the [U.S. government](#), healthcare providers, tech giants, defense contractors and others.

China also ramped up its own human espionage, often using social media sites such as LinkedIn to contact and recruit former U.S. intelligence officials. Its successes included Kevin Patrick Mallory, a former CIA officer who had become deeply in debt and sold

secrets for cash, including the identities of U.S. intelligence officers due to travel to China. Mallory was [convicted in 2018](#).

In August, the Justice Department revealed [the arrest](#) of two U.S. Navy sailors charged with providing military information to China. Both were U.S. naturalized citizens born in China. [Wenheng “Thomas” Zhao pleaded guilty](#) to two counts in October. Jinchao “Patrick” Wei pleaded not guilty.

Recruitment Drive

In a pivot that accelerated after 2020, the CIA, Defense Intelligence Agency and other U.S. spy agencies cut spending on counterterrorism and other targets, including in the Middle East, to fund expanded programs to penetrate China’s government, the current and former officials said. The numbers are classified, but officials describe the budget shifts as significant. Burns merged a CIA Iran Mission Center established by a predecessor back into a larger unit focused on the Middle East, a move that officials said didn’t reflect a diminished focus on Tehran.

Burns now holds a weekly meeting devoted to China, gathering top lieutenants in his 7th-floor office at the CIA’s Langley, Va., headquarters. Soon after becoming director in 2021, he [established a mission center for China](#). Such units bring CIA operators, intelligence analysts, technology experts and other specialists together to work on a single target.

One U.S. intelligence official described the China center as having “a quarterback role,” setting intelligence priorities on China across the agency, and working to support offices at headquarters and CIA stations globally.

The agency is also recruiting from outside and within its workforce. “CIA is leaning hard on people to learn Mandarin who already work here,” a second U.S. intelligence official said. Burns has said the agency needs additional Mandarin speakers, but also more officers steeped in technology, the fulcrum of U.S.-China competition.

“The numbers have gotten, I would say, significantly better in terms of personnel, spend [and] focus on China,” said Sen. Mark Warner (D., Va.), chairman of the Senate Intelligence Committee.



CIA headquarters in Langley, Va. **PHOTO: KEVIN LAMARQUE/REUTERS**

But Warner and others say the CIA still needs to make a profound cultural shift, moving beyond its traditional focus on foreign leaders, militaries and economies. The U.S.-China rivalry plays out in fields such as quantum computing, nuclear fusion and rare earth minerals.

Burns in 2021 created another new unit whose mandate includes new and emerging technologies, and outreach to the U.S. private sector.

And much of what U.S. spy agencies need to know is hidden in plain sight, if it can be found in an ever-proliferating cache of [open-source intelligence](#) that also poses new challenges for U.S. intelligence. Open-source data include billions of social media postings, huge commercially available databases and academic papers. Several spy agencies have created or expanded open-source intelligence units, and Director of National Intelligence Avril Haines created a small group of officials to oversee the efforts.

The vast majority of U.S. intelligence on China now comes from electronic snooping — intercepting phone calls, emails and every other form of digital communication, the

current and former officials indicated. Such signals intelligence can rarely replace human spies in divining an adversary's true intentions or weaknesses, officials say.

Recruiting, or even meeting, Chinese agents is more perilous than ever. Beijing's pervasive surveillance system uses big data analytics to mine feeds from millions of cameras in major cities, combined with armies of human watchers.

"We've got to find a way to be able to enhance our ability, with the deployment of new technology by China and other nations, to be able to operate within their countries to gain intelligence," said Turner, the House Intelligence Committee chairman.

China's practices extend abroad to third countries, where CIA operatives try to recruit Chinese officials and businessmen. The former senior U.S. official recounted how U.S. intelligence officers in a Latin American country, supposedly operating undercover, were followed by a team of Chinese personnel, who videotaped them as they sat in a restaurant.

In Russia, the [CIA has had greater success](#). It obtained President [Vladimir Putin](#)'s secret Ukraine invasion plan, stole and then publicized Kremlin disinformation plots and gave the White House a heads up [before Wagner Group chieftain Yevgeny Prigozhin launched his mutiny](#) in June.



Russian President Vladimir Putin, left, with Russian Defense Minister Sergei Shoigu in Moscow in December. PHOTO: MIKHAIL KLIMENTYEV/SPUTNIK/KREMLIN POOL

Putin's Russia, with its feuding fiefdoms and elite discontent over the costly Ukraine war, is a "target-rich environment" in espionage parlance, rife with [disaffected officials, military officers and businessmen who might be persuaded to trade inside knowledge for cash](#). Both the CIA and FBI have posted advertisements on social media, pitching Russians who might be willing to work with the U.S. government.

"That disaffection creates a once-in-a-generation opportunity" to recruit spies, Burns said in a speech in July. "We're not letting it go to waste."

The challenge in China is different, and U.S. intelligence officials acknowledge that collecting human intelligence there is hard. "It is high risk and it is true that sometimes things get compromised," David Marlowe, the CIA's deputy director for operations, said in a rare public appearance in May, apparently referring to agents who are exposed. "But it doesn't lessen our responsibility to be successful."

China's Ministry of State Security said in August it [had arrested](#) two Chinese nationals spying for the CIA, both of whom had been recruited outside China. If accurate, the

revelations illustrate both the continued U.S. spying push and China's aggressive counterespionage campaign.

Burns, at a July security forum in Aspen, Colo., said the CIA is recruiting well-placed Chinese officials and businesspeople to spy for Washington. "We've made progress and we're working very hard over recent years to ensure that we have a strong human intelligence capability to complement what we can acquire through other methods," he said.

There are potential openings in China, too, intelligence officials say, in the growing disaffection with Xi's autocratic leadership and a creaky economy.

"They are a hard target," one of the intelligence officials said, "not an impossible one."

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