



PROJECT
2049
INSTITUTE

2015 Annual Report

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President's Report

Since the Project 2049 Institute's establishment in 2008, the Institute has endeavored to provide in-depth research and develop innovative approaches for strengthening ties between the United States and key partners in Asia. Now approaching its ninth year, the Institute continues to implement programs and publish forward-looking analysis covering security trends affecting U.S. interests in the Asia-Pacific region. As the evolving security environment is being shaped by major driving forces such as China's military modernization, the upcoming presidential election in Taiwan, and the security bill reforms in Japan, the Project 2049 Institute continues to champion the role of American leadership in the region through its programs, events, and publications.

Programs:

In 2015, the Institute implemented the following programs:

China's Military Development and the U.S.-Japan Alliance: In 2015, the Project 2049 Institute implemented a multi-city program to focus on China's growing military power and its implications for the U.S.-Japan alliance. The program focused on multiple facets of Chinese military growth and policy options for the U.S. and Japan going forward. The program featured five Japan scholars in conferences, seminars, and consultations in both Washington, DC and San Diego.

Chinese Messaging and Political Warfare: This year, the Project 2049 Institute launched a program focusing on analyzing Chinese messaging efforts towards the U.S. and its alliance partners in Asia. As 2015 marks the seventieth anniversary of the end of World War II, this project sought to capture China's various messaging strategy and tactics targeting U.S. and its Asian allies. Several key components of the project include a consistent social media counter-messaging effort, a database of Chinese media articles covering key Chinese foreign policy interests related to the U.S. and its alliance partners, and public and private discussions on research findings. In October, the Institute co-hosted a conference event with the Heritage Foundation featuring Dr. Aaron Friedberg and Congressman Randy J. Forbes.

Leaders Program Keynote Dinners: In 2011, the Project 2049 Institute launched an educational and intellectual exchange-based program for leaders in the government, non-governmental and private sectors. This program centers on a series of keynote dinners focused on current foreign affairs and implications of global developments for the Asia-Pacific region. In 2015, keynote dinners featured Special Representative for

North Korea Policy Ambassador Sung Kim and then-Senior Official for APEC Robert S. Wang.

Taiwan Exchange Program: As part of our comprehensive program on Taiwan, Former Deputy Secretary of State Mr. Richard Armitage led the annual delegation visit to Taiwan in March 2015 and met with President Ma Ying-jeou. This year's delegation included former Secretary of Veterans Affairs Eric Shinseki, Robin 'Sak' Sakoda, Satu Limaye, and others. In addition, Executive Director Mark Stokes, President/CEO Randall Schriver and Research Fellow Ian Easton have visited Taiwan on separate occasions as part of our field visits and consultations.

Taiwan Visiting Scholars Program: In 2012, the Institute launched an exchange-based program for former practitioners in the Taiwanese government and leaders in the non-government and private sectors to visit Washington for two weeks to participate in a visiting scholars program. This year, Sara Yi-ying Lin, legislative aide to Democratic Progressive Party (DPP) Legislator Hsiao Bi-khim, spent two weeks in DC in June/July and met with key interlocutors working on Taiwan issues for intellectual exchanges on the role of Taiwan in the next round of TPP negotiations.

Taiwan Ministry of National Defense (MND) Fellowship: In 2015, the Project 2049 Institute hosted Ms. Miao Hui-fen from Taiwan's Ministry of National Defense for a three-month fellowship. Ms. Miao conducted extensive interviews with policy experts and practitioners in Washington, DC on the topic of Taiwan arms sales.

Prospect Foundation: In 2015, the Project 2049 Institute continued its intellectual exchange program with the Prospect Foundation based in Taipei. Personnel from the two think tanks conducted regular consultations on developments in U.S.-Taiwan and cross-Strait relations. The Institute submits a quarterly report to the Prospect Foundation on policy and personnel changes in Washington, DC related to Taiwan.

Research Support to the U.S.-Japan Commission: In 2015, Project 2049 continued its final year of research support to the U.S.-Japan Commission on the future of the alliance. Commissioners include American counterparts such as Richard Armitage, Aaron Friedberg, Mike Green, John Hamre, while Japanese counterparts include Jiro Hanyu, Ryozo Kata, Yukio Okamoto, and others.

China's Sixth Generation Leaders: The Changing Landscape of Chinese Communist Party Security Policy: In 2015, the Project 2049 Institute continued its research efforts on future leadership changes in the Chinese Communist Party (CCP). The project identifies and evaluates China's governing structure and composition, taking into account the factors associated with cadres' career progression and succession. This project identifies leading candidates during the formative years of their political careers

and assesses their potential policy orientations. The project's key component is a comprehensive database of future economic, political, and military leaders in the CCP.

Burma Transition Initiative (BTI): With the support from the Department of State's Bureau for Democracy, Human Rights and Labor (DRL), BTI continued implementing a project with our local Burmese partner, the Assistance Association for Political Prisoners (AAPP), to establish a Burmese-led platform to support former political prisoner rehabilitation and reintegration in Burmese society. With support from the National Endowment for Democracy (NED) and the Open Society Foundation (OSF), BTI also continued its program to support Burmese-developed policy analysis, strategic policymaking and political coalition building among like-minded democratic actors.

In 2015, the project provided an important independent platform for networking among Burmese policy research institutions, policymakers, politicians, and political civil society. This project also included a component of outreach to political leaders among Burma's ethnic nationalities, and work with them on planning, strategy and analysis. Many of BTI's local partners were successful candidates in the NLD's victory in the November 2015 parliamentary elections. In addition, more than 100 former political prisoners were elected to parliament and are expected to be a strong force for reform in many of the areas in which our project work has focused. Since the elections, BTI has fielded a number of inquiries for follow-on work from both the NLD and ethnic political parties who won parliamentary seats at the national and regional levels. Senior Fellow Kelley Currie manages BTI's work, with support from local staff in Burma and a leading Burmese scholar, Min Zin, a Ph.D. candidate at the University of California at Berkeley.

Upcoming Programs

Taiwan Program: Election and Policy Issues: With expressed support from the Smith Richardson Foundation, the Project 2049 Institute is planning a program to take a bipartisan group of U.S. foreign policy practitioners to Taiwan in Spring 2016 for consultations with incoming politicians during the months between the presidential election (January) and inauguration (May). The project will include discussions between American and Taiwanese counterparts on key policy issues for the incoming governing party during the intervening months between winning the nation-wide election and taking the seat in the presidential palace in Taipei. In addition, research on U.S.-Taiwan and cross-Strait relations will be conducted as a part of this program to provide policy suggestions to the incoming presidents of Taiwan and the U.S. in 2016 and 2017, respectively.

Taiwan Ministry of National Defense (MND) Executive Program: In partnership with AEI scholars Dan Blumenthal, Mike Mazza, and Derek Scissors, the

Project 2049 Institute is launching an executive program for officers and personnel from Taiwan's Ministry of National Defense. The program will consist of a one-week long series of seminars for about 15 Taiwan nationals focusing on the U.S.-Taiwan security partnership. The program is designed to help Taiwan practitioners understand American priorities and perspectives related to Asia's security environment and the defense of Taiwan.

Research Highlights (Occasional Papers and *Futuregrams*)

In 2015, the Institute produced the following research reports:

China's Military Development and the U.S.-Japan Alliance

This capstone report discusses key findings and activities over the course of the Chinese Military Development and the U.S.-Japan Alliance program in both Washington, DC and San Diego. It includes insights from private meetings, roundtables, and public conferences that were hosted, and highlights the importance of the U.S.-Japan partnership.

Chinese Activities in the South China Sea: Implications for the American Pivot to Asia

This paper by Project 2049 research intern Kelsey Broderick analyzes the background of the South China Sea dispute and the extent to which the American rebalance has influenced China's actions in the Sea. Following an assessment of the legal definitions found in the United Nations Convention on the Law of the Sea and a look at China's military developments, the paper concludes with a discussion on how the rebalance has failed to prevent China from unilaterally changing the status quo in the South China Sea and looks at ways the rebalance can become more effective in the future.

Rebuilding Deterrence: Post-2015 Defense Guidelines Challenges Facing the U.S.-Japan Alliance

On 27 April 2015, Japan and the U.S. concluded the new Guidelines for the Japan-U.S. Defense Cooperation. This paper by Sugio Takahashi, senior fellow at the National Institute of Defense in Tokyo, explores the challenges facing the alliance after the revision of the Defense Guidelines. It examines the evolution of Japanese thought on deterrence as outlined in the 2010 and 2013 National Defense Program Guidelines. It also assesses the strategic implications of China's military modernization. This paper concludes by offering possible policy solutions to the challenges facing the U.S.-Japan alliance in maintaining deterrence.

TPP From Taiwan's Vantage Point: Political, Trade, and Strategic Considerations

This paper by Sara Yi-ying Lin, a Taiwan visiting scholar to the Project 2049 Institute, examines the Trans-Pacific Partnership (TPP) from Taiwan's vantage point as a potential member for the second tranche. It considers the technical trade challenges and anticipated political hurdles both within Taiwan and challenges from China. This paper discusses the various domestic and international trade challenges Taiwan faces and concludes with general policy recommendations for both Taiwan and the United States.

The PLA General Staff Department Third Department Second Bureau: An Organizational Overview of Unit 61398

This study by Mark Stokes expands upon Project 2049 reports published in November 2011 and October 2012 on Chinese cyber operations. In light of the May 2014 Department of Justice indictments against five Chinese People's Liberation Army (PLA) officers on charges of cyber espionage directed at U.S. firms, this paper details the mission and organization of the bureau that the five Chinese officers were assigned to, the Third Office of the PLA General Staff Department Technical Reconnaissance Department (or, Third Department) Second Bureau. The paper discusses how the bureau fits within the broader Chinese Communist Party (CCP) state and military bureaucracy.

Extending Domestic Governance Over the Seas: China's State Oceanic Administration

This paper by Dr. Chisako Masuo, professor at Kyushu University, examines the differing interpretations of maritime zones between the People's Republic of China (PRC) and other countries. These distinctions are critical in understanding the nature of and reasoning behind Chinese maritime expansion. The paper traces the history of the State Oceanic Administration (SOA) by examining official Chinese statements and publications. Finally, the discussion focuses on the characteristics of SOA's maritime behavior and the SOA's place in Chinese strategy moving forward.

Taiwan's Naval Role in the Rebalance to Asia

This *Futuregram* by Project 2049 research fellow Ian Easton provides a brief assessment of Taiwan's defense capabilities and potential role in the United States rebalance to Asia. In particular, it focuses on what Taiwan can contribute in the maritime domain and what Washington should do to improve naval coordination with Taipei.

Chinese Religious Regulations in the Xinjiang Uyghur Autonomous Region: A Veiled Threat to Turkic Muslims?

This *Futuregram* by Project 2049 research affiliate Julia Famularo examines the Chinese Communist Party's (CCP) efforts to "mange religion according to the rule of law" by looking at the most important aspects of the new regulations promulgated by the Xinjiang People's Congress and analyzes whether these regulations are more likely to reduce or heighten ethno-religious tensions in the Xinjiang Uyghur Autonomous Region (XUAR), and how they will affect how the CCP manages religious affairs overall.

Challenges for the PLAN in the Western Pacific: Implications for the U.S.-Japan Alliance

This *Futuregram* by Tetsuo Kotani, senior fellow at the Japan Institute of International Affairs (JIJA), considers the challenges the PLAN faces in the open ocean and the implications of these challenges for U.S.-Japan alliance cooperation. The paper examines how China is further developing its anti-access/area-denial (A2/AD) capabilities, particularly its submarine fleet and cruise missiles launched from land-based aircraft, to defeat an approaching enemy fleet. It also discusses the People's Liberation Army Navy's (PLAN) concerted efforts and challenges in becoming a blue water navy.

The Intersection of HADR and the Rohingya Refugee Crisis

This *Futuregram* by Project 2049 research intern Kelsey Broderick analyzes the background of the Rohingya refugee crisis and the responses from ASEAN and the United States in dealing with the crisis. The article focuses on how the refugee crisis could be used to shift the debate in the future of HADR exercises between the U.S. and its allies, with a prominent American role.

Of Monarchs and Military Men: The Political Pathologies that Undermine Democracy in Burma and Thailand

This *Futuregram* by Project 2049 senior fellow Kelley Currie discusses the plight of the persecuted Rohingya Muslim minority in Burma and the implementation of policies that have resulted in a regional refugee crisis. The article examines the "perfect storm" of political mechanisms that have heightened the crisis, particularly the continued grip on power of the military elite in Burma and the deeply polarized Thai society masked by a deceptively stable-seeming monarchy. The article provides policy recommendations for

the U.S. in dealing with the crisis, urging a focus on the "disease" rather than the "symptoms."

Developments in China's Conventional Precision Strike Capabilities

Among the range of PLA capabilities undergoing modernization, this *Futuregram* by Akira Marusaki from Japan's Ministry of Defense, focuses on conventional precision strike capability. This study illustrates the development of three weapon systems: the conventional ballistic missile, the anti-ship ballistic missile (ASBM), and the land attack cruise missile (LACM). It analyzes the reason why China has developed these capabilities, casting a spotlight on historical and strategic backgrounds, in particular the end of Cold War, the 1990 Gulf War, and the Third Taiwan Strait Crisis in 1995/1996. This highlights future developments in China's conventional precision strike capabilities, drawing attention to reconnaissance capabilities.

AsiaEye Blog Posts

- "Sri Lanka's Election: Implications for China and the U.S." by Kelsey Broderick
- "A Peculiar Panic: Russia's S-400 SAM Sale to China" by Ian Easton
- "Arming Ukraine: Lessons for Beijing" by Kelsey Broderick
- "A Reverse Pivot: China's New Grand Canal" by Samuel Krawitz
- "SPECIAL: Sun Tzu Simplified: An Approach to Analyzing China's Regional Military Strategies" by Dennis Blasko
- "Hollywood and the Chinese Market" by Loujing Pan
- "U.S. South China Sea Policy: The Case for UNCLOS" by Ryan Henseler
- "China's Fifth Generation Air Power Development" by Ryan Henseler
- "Iran and North Korea: Partners in Proliferation?" by Ryan Henseler
- "Chinese Media Warfare Targets the U.S.-Japan Alliance" by Sabrina Tsai

- "The South China Sea is Not Beijing's Next Battlefield" by Ian Easton
- "Chinese media leverages "false dilemma" fallacy against U.S. allies" by Alison Bartel

External Articles/Publications

- "Do China's New Terrorism Laws Go Too Far?" in the National Interest by Julia Famularo (February 13)
- "The China-Russia NGO Crackdown" in the Diplomat by Julia Famularo (February 23)
- "U.S.-China Military-to-Military Relations in 2015: Negative Scenarios" in The Asan Forum by Randy Schriver (May 26)
- "China's Super Weapons: Beware of the J-20 and J-31 Stealth Fighters" in the National Interest by Ryan Henseler (August 1)
- "China Has Its Own Problems With History" in the Diplomat by Randy Schriver (August 31)
- "The South China Sea is Not Beijing's Next Battlefield" in the National Interest by Ian Easton (September 19)
- "What China Wants You to Think About U.S.-China Relations" in the Diplomat by Sabrina Tsai (September 25)
- "The Chinese People's Liberation Army General Staff Department: Evolving Organization and Missions" by Mark Stokes and Ian Easton, book chapter in *PLA as Organization v.2.0*, edited by Kevin Pollpeter and Kenneth Allen, DGI, 2015.
- "Employment of National-Level PLA Assets in a Contingency: A Cross-Strait Conflict as Case Study" by Mark Stokes, book chapter in *The People's Liberation Army and Contingency Planning in China*, edited by Andrew Scobell, Arthur S. Ding, Phillip C. Saunders, and Scott W. Harold, NDU Press, 2015.

Public Events Highlights

As part of the Institute's public education initiative, the Institute regularly holds public seminar on timely issues affecting U.S. interests in the Asia-Pacific region. The following events were hosted in 2015:

Chinese Military Modernization and the U.S.-Japan Alliance

The Institute hosted public conferences in Washington, DC and San Diego to discuss and analyze the evolving security environment in the Asia-Pacific region and the People's Liberation Army's advancing programs and capabilities. The conference brought together Japanese scholars and American experts to discuss the PRC's overall military strategy and implications for the U.S.-Japan alliance and other partners in the region.

Influence Operations: Chinese Political Warfare in East Asia and Beyond

This event, cosponsored by the Project 2049 Institute and the Heritage Foundation, brought together experts and observers of Taiwanese politics and cross-Strait relations to discuss Taiwan students' occupation of the Legislative Yuan intended to protest against the passage of legislation on a Trade Service Agreement with China. Some of the topics of discussion included the underlying reasons for the protest and implications of the protests for Taiwan's domestic politics, foreign policy, regional security, and cross-Strait relations.

Taiwan's Future Submarine Program: A Deep Dive

The Institute hosted a conference on Taiwan's submarine program in relation to the PLA's force modernization and Taiwan's defense strategy. The conference discussions also highlighted key policy goals for U.S.-Taiwan relations going forward. Executive Director Mark Stokes gave a comprehensive presentation on the history, background, and progress of Taiwan's submarine program, and outlined steps the ROC MND is taking to move forward on the indigenous program. DATT Rear Admiral David Yang gave a keynote speech at the conference highlighting Taiwan's commitment to the defense of the nation vis-à-vis its submarine program.

Hearings

Staff and affiliates of Project 2049 Institute also testified on Capitol Hill on Taiwan and China in 2014:

- On February 18, 2015, Mark Stokes testified before the United States Economic and Security Review Commission (USCC) hearing titled “China’s Space and Counterspace Programs,” focusing on China's space and counterspace programs.
- On April 1, 2015, Mark Stokes testified before the United States Economic and Security Review Commission (USCC) hearing titled, “China's Offensive Missile Forces.”
- On June 11, 2015, Kelley Currie testified before the House Committee on Foreign Affairs Subcommittee on Asia and the Pacific at a hearing titled “Retreat or Revival: A Status Report on Democracy in Asia” on the situation in Burma related to the Rohingya.
- On July 15, 2015, Randy Schriver testified before the House Committee on Foreign Affairs Subcommittee on Asia and the Pacific at a hearing titled “U.S. Economic and Military Alliances in Asia” on the U.S.-Japan alliance.
- On November 19, 2015, Kelley Currie testified before the Senate Committee on Foreign Relations at a hearing titled "Democratic Transitions in Southeast Asia" on Burma's democratic transition.

Private Roundtables

The Institute regularly hosts distinguished officials and speaker for private roundtables. In 2015, the Institute hosted the following guests:

Sara Yi-ying Lin

Legislative Aide, Taiwan Legislator Hsiao Bi-khim

Dr. Willy Lam

Senior Fellow, The Jamestown Foundation

Peter Mattis

Fellow, China Program, The Jamestown Foundation

Admiral Richard Yeong-kang Chen

Deputy Minister of National Defense of Taiwan

Annette Lu

Former Vice President of Taiwan

Monovithya Kem

Deputy Director-General of Public Affairs, Cambodia National Rescue Party

Dan Kritenbrink

Senior Director for Asian Affairs on the National Security Council, White House

Outlook 2015

Flashpoints in the Asia-Pacific during the fourth quarter centered around U.S. freedom of navigation operations (FONOP) in the South China Sea, China’s behavior following September’s cyber security agreement, a historic meeting between President Xi Jinping and President Ma Ying-jeou (ROC/Taiwan), and a U.S. Congressional notification for a \$1.83 billion arms sale to the Republic of China (ROC/Taiwan).

In 2016, the Institute will continue to research and publish works related to the evolving regional security environment, host programs and exchanges with Asian counterparts, sponsor public discussions and conferences, and support efforts to enhance alliance partnerships in the Asia-Pacific region. The Institute will continue to increase its online presence through active social media outreach, press releases through its email listserv, and online publications.

Statement of Activities 2015

| REVENUES/GRANTS | |
|------------------------|------------------|
| Subtotal | 1,189,154 |
| EXPENSES | |
| Salaries & Stipends | 407,585 |
| Office Rent | 38,077 |
| Other Operating Costs | 32,566 |
| Travel | 100,647 |
| Program Execution | 474,432 |
| Subtotal | |

| ASSETS (as of December 31, 2015) | |
|---|------------------|
| Cash | \$245,356 |
| Fixed Assets (office equipment) | \$3,000 |
| TOTAL ASSETS | \$248,356 |
| LIABILITIES | |
| Accounts Payable | 0 |
| TOTAL LIABILITIES | 0 |