



# Annual Report 2010

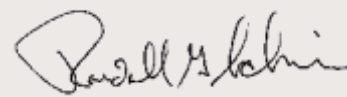


## From the President

**A**s 2010 comes to a close, we reflect on our mission at the Project 2049 Institute in the face of constantly changing dynamics in the Asia-Pacific. In our third year, we watched as the Chinese economy became the second largest in the world, tension mounted between North and South Korea, contest flared up over disputed maritime boundaries, and countries from Indonesia to India drew closer to Washington. This was also a year of anniversaries that reminds us of Asia's historical ties to the United States and of the region's growing importance in for the world. 2010 marked the 15<sup>th</sup> anniversary of diplomatic relations between the U.S. and Vietnam, the 40<sup>th</sup> anniversary of the U.S.-South Korean Nuclear Nonproliferation Treaty, the 50<sup>th</sup> anniversary of the Treaty of Mutual Cooperation and Security between the United States and Japan, and the 100<sup>th</sup> anniversary of the Bureau of East Asian and Pacific Affairs' establishment at the U.S. Department of State.

At this critical juncture, we offered fresh perspectives and analyses to policymakers to inform decision making to meet emerging challenges, and, in turn, promote a more secure Asia. Our work examined some of the most significant trends and issues in the past twelve months, including China's nuclear program, regional aerospace modernization, the potential for Japan-NATO cooperation, ASEAN-Indian relations, and the promotion of human rights and democracy across Asia. As we strove to think innovatively about security in Asia, we also brought together leaders, experts, and officials in public forums to share policy approaches and the latest insights.

As we move into 2011, the Project 2049 Institute will continue to solidify our role as an organization filling the public policy gap in the Asia-Pacific. We remain committed to our mission of offering alternative policy and security solutions to strategic challenges faced by policymakers in Washington and in Asian capitals. As Asia continues to rise to new levels of prominence and global integration, we will continue to work towards achieving a higher level of security, peace, and prosperity in the region.



President and CEO  
The Project 2049 Institute

*Top right: Indonesian girls with American flags (DipNote); Middle left: US Essex and Mayor Norio Tomonaga of Sasebo, Japan commemorate 50 years of U.S.-Japan security treaty (U.S. Navy); Middle right: Randy Schriver; Bottom left: Obama and Singh in New Delhi (Washington Post)*

# Our Mission

*The Project 2049 Institute seeks to guide decision makers toward a more secure Asia by the century's mid-point. The organization fills a gap in the public policy realm through forward-looking, region-specific research on alternative security and policy solutions. Its interdisciplinary approach draws on rigorous analysis of socioeconomic, governance, military, environmental, technological and political trends, and input from key players in the region, with an eye toward educating the public and informing policy debate.*

The Asia-Pacific region has the potential to reach an unprecedented level of prosperity, freedom, and stability in the next half-century. In recent decades, the emergence of vibrant democracies in Taiwan and South Korea, China's rapid economic rise, and Japan's leadership on issues ranging from technology to international development have helped Asia reach new levels of global engagement and improve living standards for millions. But the region faces growing uncertainties as well. Fluctuating economies, a deepening divide between the urban wealthy and rural poor, worsening environmental threats, shifting military capacities, and the specter of terrorism are among the many factors that could affect regional stability in the near future.

## *Our research:*

**Democracy and governance.** Examining the role of civil society, elections and political processes, rule of law, and anti-corruption activities in young democracies or countries in transition, and assesses the impact of democratic consolidation on security.

**Alliances, coalitions and partnerships.** Forecasting risks and opportunities arising from established and nascent regional alliances, and analyze how pooling of resources and political capital might shift the region's balance of power.

**Non-traditional security.** Examining regional impacts of terrorism/extremism, pandemic disease control, natural disasters, and environmental and energy security—issues that are of increasing concern to security experts but remain relatively new to the field.

**China studies.** Assessing the impact of China's rapid economic, social and military development on the Asia-Pacific security environment, and how neighboring countries and the United States are managing China's rise.

**Asia and the world.** Analyzing Asia's interactions with countries and organizations outside the region to better understand future global dynamics.

# Publications

The Project 2049 Institute publishes research papers, policy briefs, monographs and other materials on critical security issues in Asia.

Occasional Papers | Futuregrams | AsiaEye | Other Publications



**Occasional Papers:** Extensively researched papers developed by working groups and field research. These papers provide a deeper analysis of ongoing and emerging security trends in the Asia-Pacific region and present policy recommendations for addressing rising concerns.

**Futuregrams:** A series of brief memorandums that address future-oriented topics, which go unnoticed in mainstream analysis, and have medium-long term strategic implications.

**AsiaEye:** The official blog of the Project 2049 Institute. Launched in 2009, AsiaEye provides readers with the latest news and analysis about emerging and under-noticed strategic trends in the Asia-Pacific region.

**Other Publications:** Project 2049 staff regularly write articles and editorials for publications such as the *Wall Street Journal*, the *Washington Times*, and the *Washington Post*.



## Cutting edge research that generates policy discussions

The Project 2049 Institute stimulates policy discussion through in-depth analysis of key strategic trends in the Asia – Pacific and bringing together regional experts in public forums.

### Occasional Papers

**Mirage or Reality? Asia's Emerging Human Rights and Democracy Architecture**

**The Next Steps in Japan-NATO Cooperation**

**Evolving Aerospace Trends in the Asia-Pacific Region: Implications for Stability in the Taiwan Strait and Beyond**

**Strengthening ASEAN-India Relations in the 21st Century**

**China's Nuclear Warhead Storage and Handling System**

**Revolutionizing Taiwan's Security: Leveraging C4ISR for traditional and non-traditional challenges**

**China's Secret Co-orbital Satellites: The Quiet Surge in Space**

**Urban Mining: Recycling Japan's Rare Earth Metals**

**The Shanghai Cooperation Organization: Regional Powerhouse or Military Theatre?**

**North Korea's Food Security Future**

**Tip of the Spear: The Thirteen Missions for the U.S. Marines in Okinawa**

**Trouble Brewing with Burma?** (originally published in the blog, *The Diplomat*)

**China's Rare Earth Monopoly**

**Birds of a Feather Flocking to Beijing**

**Zeroing in on China – Africa Trade Tariffs**

**ECFA and Beyond**

**News on AsiaEye: Insight Series Second Artillery Anti-Ship Ballistic Missile Brigade Facilities Under Construction in Guangdong?**

**Asia's Turbulent Waters: Blue Water Tensions in the Yellow Sea**

**Renewed Violence in Kashmir Provides Window of Opportunity for Militants, Politicians**

**Kaesong Complexities**  
**China Yingli's Green Power a Winner at the World Cup**

### Futuregrams and Blog Entries

*Futuregram: Averting Crisis on the Mekong River*

**Beyond the Anti-Ship Ballistic Missile (ASBM): China's Next Generation Long Range Precision Strike Systems**

**Dark Futures: Thinking About North Korea's Coming Leadership Transition**

**After the Flood: Pakistan Domestic Security and Implications for Sino-Pakistan Relations**

**Economic Implications of China's Fifth Generation Leadership**

**The Nuclear Resistance in Asia and Radioactive Waste**

**Watering China's Drying Capital**

**Aerospace Trends in the Asia-Pacific Region**

**The Arctic "Floating Pipeline" to Asia?**

**A Sino-Pakistan Nuclear Deal?**

**Will electric vehicles drive the future of resource diplomacy of East Asia?**

**The Not-so Strategic Dialogue**

**China's Copper Industry is not Copping Out**

**Taiwan Facing Up to the Airbase Survival Challenge**

**Malaysia Still Unclear About Nuclear**

**Solar Power's Future Looking Up in China**

**Hong Kong: On the Road to Become US Export Control's Loophole?**

**Undersea Cables: Taiwan's Achilles Heel?**

**Political Aftershocks from Yushu Earthquake?**

**After the Coup: Kyrgyzstan's Relations with China**

**The Mekong's Murky Future**

**Cheonan Sinking Highlights Naval Mine Threat**

**Southeast Asia's Dry Spell**

**Low Fertility and the Future of South Korea**

**Trade Talks Lay Foundation for Free Trade Across the Pacific**

**Asia's New Strategic Energy Resource?**

**China Taking the Lead in Global Shipbuilding**

**The Birth of Indo-Burmese Counterinsurgency Cooperation?**

**South Korea's Arms Industry Goes Global**

**ASEAN's Relief from Disaster?**

**Malaysia's Radical Drift**

**Beyond Vietnam's Defense White Paper**

## Op-eds

Op-eds in the *Wall Street Journal*:

**Beijing's Unlikely Ally in Burma?**

**Commissioning Justice for Burma**

**Keeping Burma Out of the Nuclear Silo**

**Prick the China Policy Bubble**

**Burma's North Korea Gambit**

**Fixing Obama's Tibet Bungle**

**India Can Move the Needle on Burma**

Op-ed in the *Washington Times*:

**Taiwan Faces Two Chinas**

Op-eds in the *Daily Caller*:

**Time for New Dialogue for China Human Rights**

**Administration Must Sharpen Message on Burma**

**Obama-Dalai Lama Meeting Mishandled**

**Nothing New About China's 'New' Assertiveness**

Op-ed in the *Weekly Standard*:

**The Tibetan Agenda**

## In the News

The Project 2049 Institute experts have published op-eds on a variety of topics from Burma to China's military rise in major newspapers including the *Wall Street Journal*, the *Washington Times*, the *Far Eastern Economic Review* and the *Wall Street Journal Asia*. Our reports have also been cited in publications including *Washington Times*, the *Sydney Morning Herald*, *Taipei Times*, the *L.A. Times*, *Bloomberg* and *Defense News*. In addition, our experts have appeared on CNN and PBS, as well as foreign news programs.

# Events

## The Implications of Taiwan's Big City Elections

December 1, 2010

Project 2049, in partnership with the Heritage Foundation, discussed the implications of Taiwan's municipal elections for U.S.-Taiwan and cross-Strait relations. The event was hosted by Walter Lohman (Director, Asian Studies Center) and the panelists were Randall Schriver (Project 2049 Institute), Dr. Ho Szu-yin (former Deputy National Security Adviser, Taiwan) and Dr. Lo Chih-cheng (Taiwan Brain Trust).

## The 2010 DOD China Report: Defining the Challenge to Taiwan

September 28, 2010

Executive Director Mark Stokes discusses China's military modernization, Beijing's missile posture across the Taiwan Strait and U.S. arms sales to Taiwan. Other speakers are Dan Blumenthal (Resident Fellow and Director, Asian Studies, American Enterprise Institute) and Dean Cheng (Research Fellow, Asian Studies Center, The Heritage Foundation).

## Emerging Aerospace Trends in the Asia-Pacific

May 25, 2010

This seminar was a discussion of the implications of aerospace trends in Asia for the United States, and the region. The speakers were Mark Stokes (Project 2049 Institute), Paul Giarra (Global Strategies & Transformation), and Jim Thomas (Center for Strategic and Budgetary Assessments), and a keystone address on the development of China's air and space capability was delivered by Dr. Andrew Yang (Deputy Minister of Defense, Taiwan). The presentation is echoed in the Project 2049 Institute's report "Evolving Aerospace Trends in the Asia-Pacific Region: Implications for Stability in the Taiwan Strait and Beyond" by Mark Stokes and Ian Easton.



Top row, left to right: Dan Blumenthal (American Enterprise Institute), Mark Stokes (Project 2049 Institute), Dean Cheng (Heritage Foundation),  
Second row, left to right: Paul Giarra (Global Strategies & Transformation), Dr. Lo Chih-cheng (Taiwan Brain Trust), Randall Schriver (Project 2049 Institute)  
Bottom row, left to right: Dr. Andrew Yang (Deputy Minister of Defense, Taiwan), Jim Thomas (Center for Strategic and Budgetary Assessments)

“

**As I mentioned earlier in other occasions and I repeatedly emphasize, peace through strength, which is my president's famous phrase when we respond to questions from our parliament. We are determined to continue to consolidate our defense through necessary transformation and innovative thinking in terms conducting modernization process.**”

- Dr. Andrew Yang, Deputy Minister of Defense of Taiwan, speaking about China's economic growth at Emerging Aerospace Trends in the Asia-Pacific.

## On the Hill

### Taiwan-China: Recent Economic, Political, and Military Developments Across the Strait, and Implications for the United States

*President Randall Schriver and Executive Director Mark Stokes testified before the U.S. - China Economic and Security Review Commission.*

“The future trajectory of cross-Strait relations, however, remains far from certain. A number of essential questions about China and Taiwan’s collective future remain extremely difficult to answer. There are a large number of variables, each complex and fluid, that factor into the equation that will ultimately determine the health of China-Taiwan ties. While current trend lines remain mostly positive, there are increasing signs that the direction of cross-Strait relations could still change dramatically. The environment remains fragile and vulnerable to disruption from a variety of sources. As result, the interests of the United States could be adversely impacted.”

—Randall Schriver (March 18, 2010)

### China’s Emergent Military Aerospace and Commercial Aviation Capabilities

*Executive Director Mark Stokes testified before the U.S. - China Economic and Security Review Commission.*

“First, aerospace power is emerging as a key instrument of Chinese statecraft. Informed by universal air campaign theory and leveraging the global diffusion of technology, the PRC understands the potential role that aerospace power can play in pursuing political and military goals.”

—Mark Stokes (May 20, 2010)

## Looking Ahead

*In 2010, we convened three expert working groups to explore a wide range of strategic issues.*

### Afghan National Police

*Afghanistan continues to be roiled by conflict after nearly a decade of U.S. involvement. Approaching a transition point, the importance of a functional police force for long-term security and promoting rule of law is more critical than ever. The report will offer new recommendations for strengthening the training efforts to build a more effective and cohesive police force in Afghanistan.*

### Future of U.S.-Central Asian Relations

*The working group will devise an action agenda for American and Central Asian leaders on economics, energy, governance, security, social development, and regional cooperation. The project emphasizes the need for a reassessment of the United States strategy in Central Asia and calls for a renewed engagement with the nations of Central Asia.*

### Energy Security and Climate Change

*The project seeks to facilitate a wider and deeper understanding of how climate change and energy security challenges will affect Asia, and U.S. interests in Asia. The findings will be targeted at U.S. policymakers and experts as well as their Asian counterparts to promote comprehensive and strategic approaches to energy security policies.*



# Project 2049 Online

The Project 2049 Institute broadened our online presence by constructing a new website and utilizing additional media applications. These resources have allowed us to expand our worldwide outreach and readership in order to heighten public interest and deepen our impact in the global marketplace of ideas.



## Web & New Media

In 2010, the Project 2049 Institute joined the **Twitter** community. Our feed is frequently updated with news from all across Asia.

We also maintain our interactive **website** which is home to all of our publications and information. Our **Facebook** page is updated with notifications on our latest publications, and our **YouTube** page hosts video records of our conferences and interviews. The **AsiaEye** blog is home to articles on underreported news in Asia, with a weekly recap called **Under the Radar**.

## Location and Contact Information

The Project 2049 Institute is located in Arlington, Virginia at 2300 Clarendon Blvd, Suite 250, next to the Court House metro station.

For general inquiries please call (703) 879-3993 or email [project2049@project2049.net](mailto:project2049@project2049.net).

For more information about the Institute, please visit us online at [www.project2049.net](http://www.project2049.net).



2300 Clarendon Boulevard  
Vornado Properties

# Board, Advisors & Staff

*The Project 2049 Institute works under the guidance of our Board of Directors, Board of Advisors and International Advisory Council. Our Board members and Advisors hold varied backgrounds in government, private sector and academia.*

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National Chengchi University

## **Staff**

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President and CEO

**Mark Stokes**  
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# Statements of Activities and Financial Position

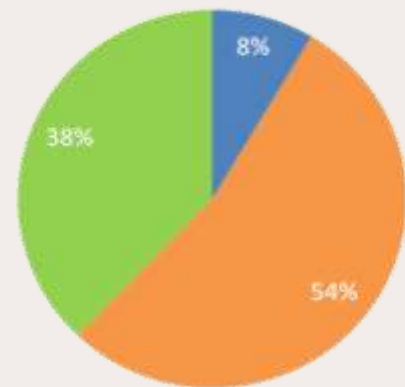
## Statement of Activities 2010

(as of December 1, 2010)

<b>Revenue</b>	
Contributions and Grants	\$420,148
<b>Total Revenue</b>	<b>\$420,148</b>
<b>Expenses</b>	
Salaries and Other Compensation	\$227,548
Project Sub-Contracting	\$4,700
Travel	\$53,602
Office Expenses	\$36,900
Conferences and Seminars	\$25,401
Accountant and Legal	\$8,000
Supplies	\$1,068
Other Expenses	\$2,035
<b>Total Expenses</b>	<b>\$359,254</b>

## Supporters:

■ Foundation Grants ■ Corporate ■ Government



The Project 2049 Institute would like to thank the generosity of our supporters which make our research, events and other work possible. Their support allows us to create forward-looking, region-specific research on alternative security and policy solutions and to educate the public and inform policy debate.

## Statement of Financial Position (Balance Sheet)

(as of November 30, 2010)

<b>Assets</b>	
Cash	\$119,648.92
Accounts Receivable	\$190,000.00
Fixed Assets	\$1840.00
<b>Total Assets</b>	<b>\$311,488.92</b>
<b>Liabilities</b>	
Accounts Payable	\$25,625.03
<b>Total liabilities</b>	<b>\$25,625.03</b>

