



Annual Report 2011

The Project 2049 Institute
January 2011-December 2011



From the President



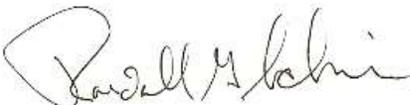
This year has been a pivotal one for Asia and the Project 2049 Institute. To start, we watched the Obama Administration unveil its ‘rebalancing’ strategy to the Asia-Pacific, setting the stage for the gradual shift away from the conflicts in Iraq and Afghanistan and towards Asia. In March, Japan—our greatest ally in the Asia-Pacific—suffered the tragic tsunami, earthquake, and subsequent nuclear melt-down, and the value of the U.S.-Japan alliance was reinvigorated and enhanced through Operation Tomodachi. North Korea witnessed its first leadership transition in seventeen years and growing social unrest in China inspired by the remarkable events in Dalian and Wukan led to the closing of a toxic Paraxlyene factory and provisions for local elections, respectively. In Southeast Asia, Burma caught the world’s attention when it released political prisoners and began reconciliation with democracy icon and Nobel Peace Prize laureate Aung San Suu Kyi. All the while, Asia became more militarized and at the same time integrated with new and reaffirmed security pacts and discussions for free trade agreements rising to the forefront of national agendas.



Now in our fourth year, the Project 2049 Institute continued to offer future-looking analysis and recommendations on emerging strategic developments and challenges. We published original articles and reports that include but are not limited to the Chinese People’s Liberation Army (PLA) cyber capabilities and reconnaissance infrastructure, Northeast Asia aerospace trends and their implications for the U.S.-Japan Alliance, and Taiwan’s complex traditional security and non-security threats. We testified on Capitol Hill on why Taiwan Matters for the United States and on the future of Japan after 3-11. We strove to think innovatively about security issues in Asia, we also brought together leaders, experts, and officials in public forums in Washington, D.C. and in Asia, to share policy approaches and the latest insights on emerging security trends affecting our mutual interests.



2012 is an especially important year for Asia. The elections in Taiwan, South Korea, and the United States, and power transition in China may bring about new actors and possible changes to regional policymaking. Cyber security and energy challenges will continue to play a large role in the region particularly in light of 3-11 and the region’s robust economies. Yet, increasing competition and political changes in the region need not lead to conflict. As we enter 2012, the Project 2049 Institute will continue to address urgent but under-reported strategic trends, challenges, and opportunities in the region. We remain committed to our main goal of influencing the public policy realm with interdisciplinary, forward-looking and innovative research, so that the Asia-Pacific and the United States will reach an unprecedented level of prosperity, freedom and stability in the next half-century.

President and CEO
The Project 2049 Institute



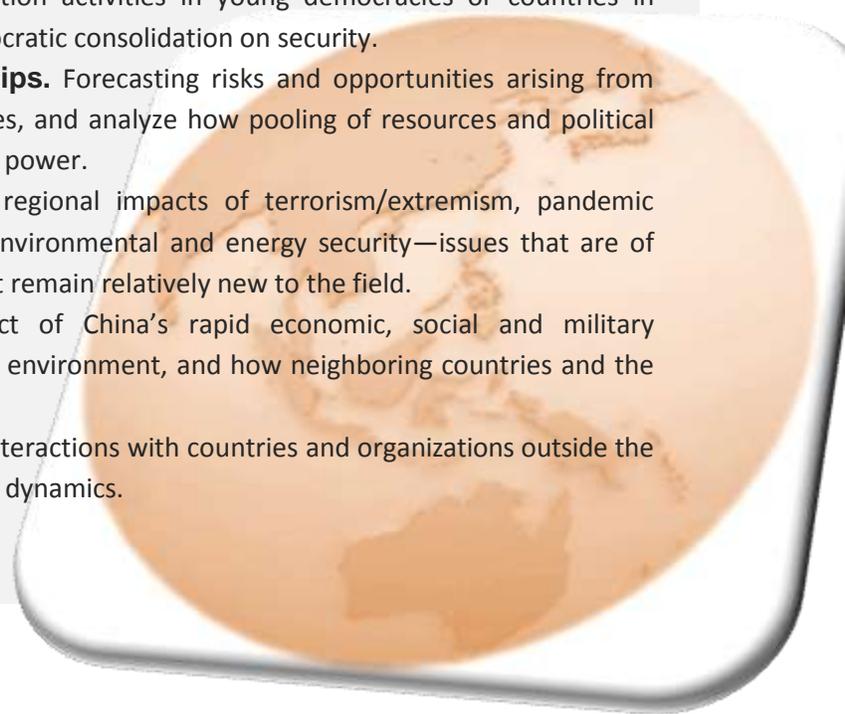
Our Mission

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 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 factors that could influence regional stability in the near future.

Our research:

- 1. 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 assess the impact of democratic consolidation on security.
- 2. 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.
- 3. 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.
- 4. 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.
- 5. Asia and the world.** Analyzing Asia's interactions with countries and organizations outside the region to better understand future global dynamics.



Making an Impact

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. The Institute also contributes to policymaking through active interaction on Capitol Hill.

Guiding decision makers toward a more secure Asia by 2049

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.

Strengthening Fragile Partnerships: An Agenda for the Future of U.S.-Central Asia Relations

By: Evan A. Feigenbaum and the Project 2049 Institute
February 17, 2011

China's Electronic Intelligence (ELINT) Satellite Developments: Implications for U.S. Air and Naval Operations

By: Ian Easton and Mark A. Stokes
February 23, 2011

China and Pakistan: Emerging Strains in the *Entente Cordiale*

By: Isaac B. Kardon
March 25, 2011

Taiwan, the People's Liberation Army, and the Struggle with Nature

By: Mark A. Stokes and Tiffany Ma
May 23, 2011

The Police Challenge: Advancing Afghan National Police Training

By: Afghan National Police Working Group and the Project 2049 Institute
June 13, 2011

Air Power Trends in Northeast Asia: Implications for Japan and the U.S.-Japan Alliance

By: Oriana Skylar Mastro and Mark A. Stokes
August 29, 2011

Asian Alliances in the 21st Century

By: Dan Blumenthal, Randall Schriver, Mark A. Stokes, L.C. Russell Hsiao, and Michael Mazza
August 30, 2011

The Chinese People's Liberation Army Signals Intelligence and Cyber Reconnaissance Infrastructure

By: Mark A. Stokes, Jenny Lin, and L.C. Russell Hsiao
November 11, 2011

Futuregrams

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

Asia's Electric Grid: The Future of Nuclear Power in the Region's Energy Mix

By: Isabella Mroczkowski

October 31, 2011

Scaling Japan's Defense Needs: Airpower in Asia and the FX Program

By: Dan Blumenthal

November 19, 2011

AsiaEye Insights

AsiaEye is 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.

Seven Guidelines for U.S.-Central Asia Policy

The Year of the Tiger: China's Spy Satellite Surge in 2010

Expansion of China's Ballistic Missile Infrastructure Opposite Taiwan

The Rise of China's Eco-cities: A Harbinger of a Sustainable Future?

China's Colombian Courtship

The Trans-Pacific Partnership and the need for KORUS

Terrorism in Indonesia after Bashir

Spotlight on New Second Artillery ICBM Base Leadership

Japan's Energy Outlook Post 3-11

New DF-31A ICBM Brigade in Hunan?

China's "Doctrine of Non-Interference": The Curious Case of Iran

China's Charity Case: Reforming the Third Sector

Other Publications

“Why China’s Missiles Should be Our Focus”

Washington Post

“An American Message for the Chinese President”

Wall Street Journal

“Indonesia’s Seven-Year Itch”

Wall Street Journal

“Rebuilding a United Front on China Rights”

Wall Street Journal

“Bound to Fail”

Washington Times

“Avoiding Armageddon with China”

Foreign Policy

“Avoid the China Trap, Recognize Taiwan”

Taipei Times



Randall Schriver testifying before the House Committee on Foreign Affairs on the Future of Japan.

On the Hill

China’s Narratives Regarding National Security Policy

On 10 March 2011, Project 2049 Institute Executive Director Mark Stokes testified before the U.S.-China Economic and Security Review Commission on the Chinese government’s narratives related to military modernization and the role of the PLA in foreign policy.

The Implications of China’s Military and Civil Space Programs

On 11 May 2011, Project 2049 Institute Executive Director Marks Stokes testified before the U.S.-China Economic and Security Review Commission on the drivers of China’s space modernization, military space organizations, and emerging aerospace capabilities.

The Future of Japan

On 24 May 2011, Project 2049 Institute President and CEO Randall Schriver testified before the House Committee on Foreign Affairs’ Subcommittee on Asia and the Pacific of Japan’s long-term disaster recovery and the U.S.-Japan alliance in the context of the changing regional security.

Why Taiwan Matters

On 16 June 2011, Project 2049 Institute President and CEO Randall Schriver testified before the House Committee on Foreign Affairs on why Taiwan matters to the United States.

“ From time to time we hear people question whether Japan will recover and reconstitute. I think we should dispense with that notion. **Japan will recover.** Japan is a great society and a great nation.”

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*. In 2011 our reports and in house experts have also been cited in publications including *Washington Times*, the *Wall Street Journal*, *The Diplomat*, *Foreign Policy*, *Epoch Times*, and *Reuters*, *Bloomberg*, *Voice of America*, and *BusinessWeek*.

The United States can be a force multiplier by providing the intelligence, surveillance, and reconnaissance that only Washington possesses, and by training, and equipping our allies and friends. This strategy is one way of beginning to put Asia back in balance as China changes the status quo.

-Blumenthal, Stokes and Mazza in "Avoiding Armageddon with China" in FP magazine



Events

Strengthening Fragile Partnerships: An Agenda for the Future of U.S.- Central Asia Relations

On 17 February 2011, Project 2049 Institute hosted a roll-out event for the *Strengthening Fragile Partnerships* report produced by the bipartisan Asia Study Group led by Richard L. Armitage (former Deputy Secretary of State) and Evan A. Feigenbaum (Director, Asia, Eurasia Group). The report proposes an action agenda on economics, energy, governance, security, and places particular emphasis on the importance of reconnecting Central Asian countries to the global economy.

Reconsidering America's China Policy: Engaging Party and People

On 17 March 2011, Project 2049 Institute and AEI co-hosted a conference examining U.S. policy toward China, particularly on American engagement of Chinese civil society. With new dynamics shaping Chinese and American interests, the conference evaluated the prospect of a diplomatic strategy both more effective and better aligned with U.S. interests and values.

Is America Meeting Taiwan's Self-Defense Needs?

On 27 April 2011, Project 2049 Institute President and CEO Randall Schriver participated on a panel hosted by the Heritage Foundation. The speakers discussed steps that need to be taken to fulfill America's legal obligations to meet Taiwan's self-defense needs.

Afghan National Police Report Roll-out

On 13 June 2011 Project 2049 Institute held a roundtable discussion on the U.S. drawback from Afghanistan and the current state of the Afghan National Police (ANP) forces. The report offers recommendations on ways to strengthen training efforts to build a more effective police force.

The Future of Japan and the U.S.-Japan Alliance for Leadership in Regional and Global Affairs

On 11 August 2011, Project 2049 Institute and the Sasakawa Peace Foundation hosted a roundtable in Tokyo examining the implications of 3-11 on Japan's foreign and domestic politics and areas for greater U.S. – Japan cooperation in maintaining regional peace and prosperity.

Taiwan-U.S.-Japan Trilateral Security Dialogue

On 17 October 2011, Project 2049 Institute and the Chinese Council for Advance Policy Studies co-hosted a conference in Taipei for lawmakers from Taiwan, Japan, and the U.S. to exchange views on security issues. In attendance were U.S. Congressmen Peter Roskam and Tom Reed, Japanese House of Councillor Members Yoichi Masuzoe and Kenzo Fujisue, and Taiwanese Legislators Lii Ming-shing and Chu Fong-chi.

Is the United States Ready for China's Rise?: Alliances for a New Asia

On 19 October 2011, the Project 2049 Institute President and CEO Randall Schriver discussed U.S. commitments to Asia and the implications of China's rise

Taiwan's Future in the Asian Century: Toward a Strong, Prosperous and Enduring Democracy

On 10 November 2011, Project 2049 Institute President and CEO Randall Schriver and Executive Director Mark Stokes discussed Taiwan's role in the Asian century.

“Warming cross-Strait relations have led to changes in Asia's security situation... **Peace, however, does not come without a price—sufficient self-defense capability is still needed.**”

Deputy Defense Minister Andrew Nien-zu Yang discussing President Ma Ying-jeou's cross-Strait policies at the Taiwan-U.S.-Japan Trilateral Security Dialogue

The Future of the U.S.-Thailand Alliance

On 10 November 2011, Project 2049 Institute Senior Fellow, Kelley Currie, discussed areas for cooperation for the United States and Thailand and the trajectory of the U.S.-Thailand Alliance in light of regional security developments.



Roundtable Discussion on Cyber-Security

On 13 December 2011, the Sasakawa Peace Foundation hosted Project 2049 Institute Executive Director Mark Stokes for a private discussion on his findings in: *Chinese PLA Signals Intelligence and Cyber Reconnaissance Infrastructure*.

Exchanges

Exchanges are a vital component in achieving the Project 2049 Institute's mission of a prosperous and stable Asia-Pacific by mid-century. Exchanges promote understanding among partners in the region, facilitate sharing of knowledge and expertise, and foster sustainable partnerships among actors across the Pacific.

Leaders Program

In 2011, the Project 2049 Institute launched our latest initiative—an educational and intellectual exchange-based program for leaders in the government, non-governmental and private sectors. The program centers on a series of roundtable discussions on current issues in Asia policy and implications of global developments for the Asia region. In line with our mission, Project 2049 has instituted a regular Leaders dinner series. This year's featured guests included: Deputy Secretary of State Bill Burns, Singaporean Ambassador to the United States Chan Heng Chee, United States Trade Representative Ambassador Demetrios Marantis and Japanese Ambassador to the United States Ichiro Fujisaki.

In 2011, the Project 2049 Institute facilitated multiple exchanges for American experts, policymakers, younger rising stars in government, private, and non-profit sectors and their counterparts in the Asia-Pacific.



Top left and right: Project 2049 Tokyo Leaders Program Roundtable Discussion with Japanese counterparts
Center: Randall Schriver shakes hands with President Ma as Richard Armitage looks on from the background.
March 29, 2011

Looking Ahead

China's Evolving Space Capabilities: Implications for U.S. Interests

Over the next 10-15 years, China is likely to develop more advanced precision strike assets, integrated with persistent space-based surveillance, a single integrated air and space picture, and survivable communications architecture. Such capabilities could enable greater confidence in the PLA for contesting a broader range of sovereignty and territorial claims around China's periphery.

Japan's Global Engagement

In the aftermath of 11 March 2011, Japan's frequent political turnovers, and the country's soaring government debt, the conventional wisdom is that the nation is turning inward. This mapping study seeks to highlight Japan's continued international contributions in international organizations and official development assistance as well as Japan's efforts in multiple simultaneous peace-keeping operations and anti-piracy missions.

Burma in the Balance

The historic constraints on donor interventions in Burma—whether self-imposed sanctions or regime-imposed barriers—are increasingly giving way to a sense of heightened optimism about the possibilities of working on issues across the development spectrum. But while the terrain appears to be improving, there remain substantial barriers to effective programming beyond the overall pace and scope of political reform.



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.

In 2010, the Project 2049 Institute joined the **Twitter** community. Since then our readership has grown to 1,070 followers including policy-makers, scholars, and Asia-Pacific leaders.

We also maintain our **interactive website** which is home to all of our publications and information. Our **facebook** page is regularly updates with events and publication releases. **AsiaEye** is home to articles on underreported news in Asia, with a weekly recap called **Under the Radar**.

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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Location and Contact Information

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For more information about the Institute, please visit us online at www.project2049.net.



Statement of Activities 2011

Contributions and Grants	2011
	\$456,701
Salaries and Other Compensation	\$475,822
Project Sub-Contracting	\$30,495.67
Travel	\$166,734
Office Expenses	\$54,674
Conferences, Seminars, and Other Events	\$8,745
Accountant and Legal	\$4,500
Other Expenses (<i>website development, supplies, board and other meetings, entertainment, banking fees, etc</i>)	\$8,000
TOTAL EXPENSES	\$748,971.67

Statement of Financial Position (2011 Balance Sheet)

2011 Beginning of Year Balance: \$409,121.79

ASSETS (as of December 31, 2011)	
Cash	\$154,024.94
Accounts Receivable	0
Fixed Assets (office equipment)	\$1,500.00
TOTAL ASSETS	\$202,524
LIABILITIES	
Accounts Payable	0
TOTAL LIABILITIES	0

Page 2 Images (from top): Aung San Suu Kyi meets with Thein Sein for the first time (*The Mizzima*); Chinese Aircraft Carriers (*Indian Defense*); North Korea's Kim Jung Un (*The Inquisitr*); Wukan resident casts his vote during village elections (Getty Images); Korea-US trade agreement (timshorrockcom); Photo Gallery: Japan Disaster and Relief Operations (Defense Media network); Page 10 Images: Japan flag (businessoffashion.com); Burma in the Balance (*Washington Post*)

