

PROJECT
2049
INSTITUTE

2017 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. As part of our mission to guide decision makers toward a more secure Asia by the century's midpoint, 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 assertive behavior, and the United States' evolving Asia-Pacific Strategy under President Trump, the Project 2049 Institute continues to champion the role of American leadership in the region through its programs, events, and publications.

Programs:

In 2017, the Institute implemented the following programs:

Assessing the Resiliency of the Chinese Communist Party: In 2017, the Project 2049 Institute launched a year-long program aimed at studying elements of the Chinese Communist Party's (CCP) resiliency. This program included a public conference that assessed the following: 1) the overall resiliency of the CCP after the 19th National Party Congress; 2) a comparison of the Chinese democracy movement from the Tiananmen era vs. the Xi Jinping era; 3) an assessment of the effectiveness of the CCP's propaganda system; and 4) implications of the CCP's "One Belt, One Road" system. The conference also assessed future scenarios of an Asia without a China lead by the CCP and the role of Japan's leadership. This program commissioned two papers, the first assessed the Chinese democracy movement and the second assessed the role of the CCP within China's security apparatus.

Tech Policy, Trade Policy, and U.S.-Taiwan Relations: This project aimed to promote broader bilateral cooperation on trade and thus a more robust security partnership between the U.S. and Taiwan. The project hosted a delegation of experts on U.S.-Taiwan diplomatic and economic relations to visit Taipei to engage in a closed-door workshop to assess avenues for cooperation on tech and trade policy, and its impact on U.S.-Taiwan relations.

Taiwan Exchange Program: As part of our comprehensive program on Taiwan, Former Deputy Secretary of State Mr. Richard Armitage lead the annual delegation visit to Taiwan. The program invites professionals to engage with Taiwan's government to learn more about Taiwan's foreign policy and strengthen U.S.-Taiwan relations. In addition, President/CEO Randall Schriver, Executive Director Mark Stokes, Deputy Director Rachael Burton, and Research Fellow Ian Easton have visited Taiwan on separate occasions as part of our field visits and consultations.

South Korea Ministry of National Defense (MND) Fellowship: The Project 2049 Institute hosted Ms. Lee Mi-Young and Ms. Song Rae-Chan from the Republic of Korea's (ROK) Ministry of National Defense who completed their fellowship in 2017. Ms. Lee conducted research on U.S. and China policy towards the ROK and the heightened security challenges on the Peninsula. Ms. Song conducted field research and completed extensive interviews with policy experts and practitioners in Washington, D.C. on the topic of arms sales and the system and process of developed countries government and defense industry's export strategy and policy.

Prospect Foundation: In 2017, 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, D.C. related to Taiwan.

Global Investment Project: In 2017, the Project 2049 Institute conducted research on global investments and implications for U.S. interests. This included maintaining a database and tracking the development of these investments.

Framework for a U.S.-Japan Free Trade Agreement: The United States and Japan can create a bilateral free trade and investment agreement that both sides will sign and ratify. While the Trans-Pacific Partnership (TPP) initially appeared to qualify as the new approach the U.S., Japan, and East Asia needed. It failed to sufficiently promote free markets and address concerns to generate enough support from traditional protectionist opponents in the United States. Nonetheless, the TPP did clarify the value of a directly related initiative: a U.S.-Japan bilateral agreement. This monograph serves to provide a framework for a U.S.-Japan Free Trade Agreement (FTA) and offers an outline for what such an agreement should look like in order to work both economically and in terms of domestic politics.

The Anti-Corruption Campaign and China's Future as a Strategic Competitor: The Project 2049 Institute proposed a study to examine the potential long-term economic, domestic political, and geopolitical consequences of Chinese President Xi Jinping's anti-corruption campaign. The institute researched the campaign to date; correlated anti-corruption outcomes with economic outcomes; assessed possible future Chinese economic and political developments; and assessed implications for the long-term U.S.-China strategic competition and geopolitics in Asia.

Taiwan (ROC) Ministry of National Defense (MND) Executive Program: In partnership with AEI scholars Dan Blumenthal and Mike Mazza, the Project 2049 Institute conducted its second annual exchange program for officers and personnel from Taiwan's Ministry of National Defense. The program consisted of a one-week long series of seminars for about 15 Taiwan nationals focusing on the United States and Taiwan's

security partnership. This year, the program hosted Former Deputy Secretary of State Mr. Richard Armitage, Congressman Mike Gallagher, Deputy Assistant Secretary of Defense for Strategy and Force Development Elbridge Colby, among other experts and policymakers. The program is designed to help Taiwan's military officers understand American priorities and perspectives related to Asia's security environment and the defense of Taiwan.

China's Sixth Generation Leaders: The Changing Landscape of Chinese Communist Party Security Policy: In 2017, 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. Due to ongoing changes related to General Secretary Xi Jinping's anti-corruption campaign, the Project 2049 Institute continues to monitor and assess the changes in the CCP's leadership. 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.

The Party Watch Initiative: Through the regular monitoring of authoritative open source Chinese language materials, the Party Watch Initiative provides the China-watching community with insights into Chinese Communist Party (CCP) regime activities and viewpoints. The Initiative specializes in original analysis of regime-controlled publications to promote better understanding of Chinese domestic and foreign affairs. Its signature products include weekly, quarterly, and annual reports that track developments from the lens of Party institutions. Additionally, bimonthly feature articles offer timely analysis on topics of current interest.

U.S.-Japan-Taiwan Trilateral Assessment: Regional Challenges

This is a 2-year program aimed at promoting a trilateral assessment of developments in the Asia-Pacific and exploring areas of mutual interest and potential cooperation in the region at large. The Project plans to stimulate discussion for joint strategies and areas of cooperation for the United States, Japan, and Taiwan. In light of rising challenges in the region, the Project 2049 Institute hopes this effort will promote stability and inclusive networks in the region.

The Chinese Invasion Threat: Taiwan's Defense and American Strategy in Asia: The Project 2049 Institute published its first book, authored by Ian Easton, analyzing the People's Liberation Army's planning and doctrine for a range of possible cross-Strait contingencies, including full-scale forcible entry operations against Taiwan.

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. In September 2016, BTI received an additional grant from DRL to launch a new program supporting civil society in Burma. We are currently in the process of identifying local partners with whom we will implement this new project. We also were notified that our partnership with AAPP would continue to receive DRL support for an additional two years. With support from the National Endowment for Democracy (NED), BTI also continued its program to support Burmese-developed policy analysis, strategic policymaking and political coalition building among like-minded democratic actors.

Project 2049's work in Burma has given the organization an influential platform for networking among Burmese policy research institutions, policymakers, politicians, and political civil society. Both our existing and new projects include a component of outreach to political leaders among Burma's ethnic nationalities, and work with them on planning, strategy and analysis. Recent programs include support for the first-ever ethnic nationalities youth conference organized in Burma, and funding for a local think tank to do federalism training for ethnic women leaders.

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. For example, we partnered with a local foundation to launch a new 'informal dialogue' series that brings high-level speakers to meet with ethnic members of parliament in Naypyidaw, and are working with a group of key women MPs to develop an internship and mentorship program to support their work in parliament. Deputy Director Rachael Burton manages BTI's work together with Ms. Cheery Zahau, our in-country representative in Burma.

Research Highlights (Occasional Papers and *Policy Briefs*)

In 2017, the Institute produced the following research reports:

The People's Republic of China and Burma: Not Only Pauk-Phaw

This paper outlines the complicated relationship between China and Burma. It first gives a historical review of China-Burma relations. Next, it explores the strategic significance Burma holds for the PRC, as a vast, mainly inland, empire constantly looking to secure outlets to the sea for its land-locked western and southwestern provinces. Finally, the paper reviews relations between China and Burma today, noting

that China will not easily cede influence over Burma to the West, given the weight of Burma's strategic and economic importance to the PRC.

The Limits of CCP Liaison Work: Sino-Vietnamese Relations

The focus of this paper centers on the role of CCP Liaison Work in relations between China and Vietnam. The paper first demonstrates how the PRC has fully leveraged its relative receptiveness to communist liaison work, carried out through CCP Central Committee's International Department (CCP/ID), to utilize party-to-party exchanges to ease tensions in the Sino-Vietnamese relationship. Then, it highlights how CCP diplomacy toward Vietnam has focused on appealing to the ruling Communist Party of Vietnam's (CPV) shared revolutionary heritage and socialist ideology, emphasizing the need to protect the overall special relationship that both countries supposedly enjoy. The paper concludes that this party-centric dimension of diplomacy between China and Vietnam remains an active and important element of the People's Republic of China's pursuit of its foreign policy interests.

The Logic of Historical Nihilism: Analyzing the PRC Orthodoxy on the Origins of the Korean War

This paper explores how the Chinese Communist Party utilizes its own narrative of the Korean War to fulfill the Party's strategic interests. First, the paper provides a historical review of China's creation of a false narrative of the Korean War, and the documents to prove its inaccuracies. Next, it outlines how the falsified narrative remains integral to Maoist historical nihilism, and how it is employed by the Party to ensure regime survival, which is the Party's number one goal. Finally, the paper argues that following the 67th anniversary of the beginning of the Korean War it is necessary to examine the Korean War's historical legacy, and the role of the manipulation of historical narratives in communist China.

Dangerous Truths: The Panchen Lama's 1962 Report and China's Broken Promise of Tibetan Autonomy

The central argument of this paper posits that the Chinese Communist Party has sustained a strategy to manipulate history and subjugate Tibet in order to maintain Party rule. To begin, the paper describes how the CCP's tactics against Tibet can be evidenced through its denial of a report critical of the Party's policies, authored by the 10th Panchen Lama in 1962. Then, the paper gives an analysis of the historical context surrounding the CCP's repudiation of this report, and the Party's resulting efforts to erase the grievances of the Tibetan people while imposing its own narrative. In conclusion, the paper emphasizes that the CCP views nationalist sentiment in Tibet as

inimical to social stability, and, to counter that threat, the Party requires the active suppression and political compliance of the Tibetan people.

Negotiating History: The Chinese Communist Party's 1981

This paper illustrates one of the most important cases of CCP historical manipulation that the Party utilizes to bolster their own political standing, and to buttress the continued primacy of the CCP within China. First, the paper analyzes of the political process surrounding the 1981 "Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China." Next, it outlines how Deng Xiaoping used his ability to control what would become the CCP's official verdict on Mao Zedong's legacy to supplant Mao's appointed successor, Hua Guofeng. On the whole, the paper aims to highlight the ability of the CPP to control history as a tool in order to maintain the CCP's political legitimacy, as the influence of the Chinese government and the CCP increasingly spreads abroad.

The Framework for a U.S.-Japan Free Trade Agreement

This paper serves to provide a framework for a U.S.-Japan Free Trade Agreement (FTA). First, the paper reviews the flaws of the Trans-Pacific Partnership (TTP), given that it failed to sufficiently promote free markets and address concerns to generate enough support from traditional protectionist opponents in the United States. Following that, the paper delineates the outlines of a concept to create a bilateral free trade and investment agreement between the U.S. and Japan that both sides will sign and ratify, taking both economics and domestic politics into consideration. The paper concludes calling for the U.S. and Japan to understand the value of a bilateral FTA, and to acknowledge an alternative means to achieve it.

Risk and Resiliency: China's Emerging Air Base Strike Threat

This paper seeks to provide an overview of the evolving airpower challenge that the United States faces in the Western Pacific and beyond. The paper begins by noting the centrality of air power for U.S. power projection in the Western Pacific, and the Chinese People's Liberation Army (PLA)'s focus on prioritizing the development of asymmetric capabilities to target American air superiority where it is weakest—on the ground. Then, the paper explores Chinese military writings on air base strike operations, and evaluates the current trajectory of the PLA's precision strike capabilities. Finally, the paper provides recommendations for how American airpower in Asia can be more resilient against threats.

Getting the U.S.-China Relationship Right

This *Policy Brief* is a publication by Senator Cory Gardner [R-CO], Chairman of the Subcommittee on East Asia, the Pacific, and International Cybersecurity Policy. The article assesses the need for a long-term strategy in regards to the U.S.-China relationship. In addition, he details his new legislation called the Asia Reassurance Initiative Act (ARIA), an approach that will put American interests first by reassuring our allies, deterring our adversaries, and securing U.S. leadership in the region for future generations.

Red Drones Over Disputed Seas: A Field Guide to Chinese UAVs/UCAVs Operating in the Disputed East and South China Seas

This *Policy Brief* lays out a field guide for the sailors and pilots operating in the disputed areas of the East and South China Seas. The guide examines four Chinese aerial drone models: S-100, ASN-209, BZK-005, and GJ-1, including tips on how to identify them, and where they could be seen operating in the East and South China Seas. The intent is to jumpstart a conversation on how militaries and law enforcement agencies should prepare their personnel to deal with potentially hostile aerial drones, armed or otherwise, operating in disputed areas in their maritime neighborhood.

Taiwan's All-Volunteer Force and Military Transformation

This *Policy Brief* makes the case for a Taiwanese All-Volunteer Force (AVF) military in order to transform it into a more capable combat force. Wu analyzes the Tsai administrations' defense strategy and concludes that the implementation of an all-volunteer force is in line with Taiwan's interests to enhance its projection capabilities to attack, disrupt, and even defeat the People's Liberation Army (PLA) far outside of the island.

AsiaEye Blog Posts

- “China’s Military Provocations Against Taiwan Are Not Mere Responses to Trump” by Shirley Kan
- “The United States and Future Policy Options in the Taiwan Strait” by Mark Stokes
- “Shifting Russian-PRC Relations and its Implications for Mongolian Foreign Policy” by Charles Emmett

- “Taiwan’s Anti-Invasion Strategy: Elevating Defense Capabilities from Crisis to Wartime” by Ian Easton
- “Inscribing the Tiananmen Massacre on UNESCO’s Memory of the World” by Sebra Yen
- “20 Years Later: Reevaluating the Taiwan Policy Review” by Annabel Virella
- “Trump Must Boost Taiwan Arms Sales Now” by Ian Easton
- “The Chinese Communist Party’s Censorship Practices and Future Implications” by Emily David
- “Can Cambodia Make Electoral History This Week?” by Rachael Burton
- “Bolstering Taiwan’s Last Line of Defense” by Ian Easton and Dee Wu
- “1984 with Chinese Characteristics: How China Rewrites History” by Emily David
- “China’s Fault Lines: Challenges, Instability, and Response” by Ian Burns McCaslin
- “The Chinese Communist Party’s Political War on Taiwan: The Assault on Taiwan’s Diplomatic Allies” by Emily David
- “Congressional Executive Commission on China 2017 Annual Report on Human Rights in China and Hong Kong” reposted by the Project 2049 Institute
- “Interview with Author Ian Easton on ‘The Chinese Invasion Threat: Taiwan’s Defense and American Strategy in Asia’ ” by the Project 2049 Institute
- “The Untapped Potential of U.S.-Taiwan Trade Relations” by Rachael Burton

External Articles/Publications

- “Transformation of Taiwan’s Reserve Force” published by the RAND Corporation by Mark Stokes and Ian Easton (2017)
- “How China Would Invade Taiwan and How to Stop It” in The National Interest by Ian Easton (March 25, 2017)

- “Trump Must Boost Taiwan Arms Sales Now” in *The Diplomat* by Ian Easton (March 29, 2017)
- “Can Cambodia Make Electoral History This Week?” in *RealClearWorld* by Rachael Burton (May 30, 2017)
- “Bolstering Taiwan’s Last Line of Defense” in *The Diplomat* by Ian Easton and Dee Wu (June 15, 2017)
- “Why Didn’t Mao Invade Taiwan?” in *The National Interest* by Ian Easton (October 16, 2017)
- “Countering China’s Anti-Taiwan Campaign” in *The National Interest* by Ian Easton (November 28, 2017)
- “China’s Playbook for Conquering Taiwan” in *The Diplomat* by Ian Easton (November 29, 2017)

Public Events Highlights

As part of the Institute’s public education initiative, the Institute regularly holds public seminars on timely issues affecting U.S. interests in the Asia-Pacific region. The following events were hosted in 2017:

1984 with Chinese Characteristics: How China Rewrites History

This event addressed the costs and implications of the Chinese Communist Party’s deliberate distortion of key moments in China’s past, and how it may be utilized in the future to influence the current international rules-based, liberal, world order. The conference hosted two sessions. The first focused on the impact of the CCP’s involvement in Tibet, Southeast Asia, and Korea. The second discussed China’s domestic historical revisionism, emphasizing how the modern reform era beginning in the 1980’s has resulted in a stronger and more defiant CCP today.

China’s Fault Lines: Challenges, Instability, and Response

The Institute hosted a conference to assess China’s current challenges and sources of instability, as well as Beijing’s potential response to both. Discussion at the conference centered on how China’s current challenges will impact the U.S.-China relationship.

Based on these factors, further discussion evaluated ways in which the U.S. and its allies could more effectively engage with China in the future.

Assessing the Resiliency of the Chinese Communist Party

This conference explored the potentially tenuous nature of the Chinese Communist Party's hold on power, and what a possible future CCP collapse could mean for the United States and the future of Asia. The panelists reviewed the strength of the Party, the CCP's propaganda apparatus, China's growing international footprint, and China's domestic public opinion. Additionally, the panelists ventured to surmise what shape a future world without the CCP might take, and what implications such a scenario might have for China's security apparatus, Japan, Korea, and the United States, among other actors.

A Book Discussion with Author Ian Easton: The Chinese Invasion Threat on Taiwan

At this event, Project 2049 research fellow and author Ian Easton discussed his recent book, "The Chinese Invasion Threat: Taiwan's Defense and America's Strategy in Asia." The discussion focused on how Mr. Easton exposed internal Chinese military documents and restricted-access studies to explore the secret world of China's war planning, strategy, espionage, and national security. Mr. Easton also explained how his book utilizes these Chinese military documents to outline a potential Chinese invasion scenario, and to analyze the implications of such a threat for Taiwan, the United States, and the Asia-Pacific region.

Securing the Strait: U.S.-Taiwan Security Relations

In light of the threats facing the U.S. - Taiwan relationship, the Project 2049 Institute hosted this conference to address the Chinese Communist Party's coercive actions against Taiwan, and to impress upon areas of opportunities for strengthened security relations between the United States and Taiwan. Topics of discussion included potential security cooperation within the defense industry and the U.S. Congress. The event also suggested that security cooperation could come in the form of U.S. and Taiwanese counter-coercion measures and expanded U.S. support for Taiwan through symbolic and substantive policy actions.

Hearings

Staff and affiliates of Project 2049 Institute also testified on Capitol Hill in 2017:

- On April 13, 2017, Ian Easton testified before the U.S.-China Economic and Security Review Commission at a hearing titled, "Hearing on Hotspots along China's Maritime Periphery."

Private Roundtables

The Institute regularly hosts distinguished officials and speaker for private roundtables. In 2017, the Institute hosted the following guests:

Mr. Richard McGregor on his book, "Asia's Reckoning: China, Japan, and the fate of U.S. Power in the Pacific Century"

Journalist, Writer, Author

Mr. Ian Easton on his book, "The Chinese Invasion Threat: Taiwan's Defense and American Strategy in Asia"

Research Fellow, Project 2049 Institute

"China's Internal Security and Propaganda System"

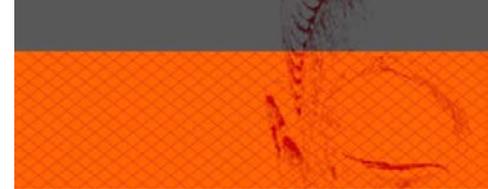
Samantha Hoffman, Independent Consultant & MERICS Visiting Academic Fellow
David Gitter, The Party Watch Initiative

Outlook 2018

One year under a new administration, U.S. leadership faces an urgent challenge to mitigate a crisis on the Korean Peninsula. As the Kim Jung Un regime continues its steady uptick of missile tests, a few notable tests changed the calculus of the crisis. On July 4th, the North Korean regime successfully tested its first intercontinental ballistic missile (ICBM) and on August 28th, North Korea launched a missile that flew over Hokkaido in northern Japan. Despite the immediate crisis on the Peninsula, The People's Republic of China has continued coercive and provocative actions in the Asia-Pacific region, specifically in the East and South China Sea, as well as across and around Taiwan. In addition, the Chinese Communist Party held their 19th Party Congress, where General Secretary Xi Jinping consolidated his power over both the Party and its armed wing, the People's Liberation Army (PLA). With authoritarian regimes seemingly on the rise in the region, U.S. leadership and efforts in Southeast Asia, especially Cambodia and Burma (Myanmar), are more important than ever. In light of the ongoing challenges, The United States will need to look to its toolkit of innovative and asymmetric diplomatic and military means to inject confidence and substantive support

to friends and allies in the region. Thus, the Project 2049 Institute is keen to continue programs aimed at strengthening and developing U.S. partnerships and alliances in the region.

In 2018, 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.



CONTRIBUTIONS AND GRANTS (2017 YTD)	
U.S. Department of State [DRL]	\$252,273
TECRO	\$150,000
Prospect Foundation	\$60,000
Taiwan Ministry of National Defense	\$129,357
Japan Embassy	\$54,000
Japan External Trade Organization (JETRO)	\$41,740
Japan Foundation Center for Global Partnership	\$76,965
ROK MND Fellow	\$3500
National Endowment for Democracy	\$109,000
Sarah Scaife Foundation	\$150,000
Pointe Bello	\$30,000
Qualcomm	\$161,760
Dyncorp	\$10,000
SAIC	\$10,000
BAE	\$20,850
Other	\$30,763
Total Grants	\$1,290,208
EXPENSES (2017 YTD)	
Staff Expenses	\$387,510
Program Execution	\$672,080
Travel Expenses	\$19,761
Office Management Expenses	\$74,642
Total Expenses	\$1,119,311

