Executive Summary

Defense & Security Quarterly Report
First Quarter, 2005

©2005 US-Taiwan Business Council
INTRODUCTION

The US-Taiwan Business Council is committed to providing our members with tactical and strategic advice on how to succeed in the Taiwan market. As part of a suite of information products distributed to our members, the Council publishes several analysis reports each year. These reports are published each quarter, with an expanded report in the fourth quarter that covers the entire previous year.

The Defense & Security report focuses on defense and national security issues as they relate to Taiwan, and provides up-to-date analysis of developments during each quarter. Each report also contains contact information valuable in initiating and maintaining a relationship with Taiwan private and government entities, as well as other useful information including organization charts and a glossary.

The US-Taiwan Business Council’s Defense & Security Report has been published since the first quarter of 2001. Although these reports are distributed exclusively to members and to U.S. government employees, this executive summary provides some insight into the focus and contents of the report.

For more information, please contact us directly at the below address, or visit us online at www.us-taiwan.org.

US-Taiwan Business Council
1700 North Moore Street, Suite 1703
Arlington, Virginia 22209

Phone: (703) 465-2930
Fax: (703) 465-2937
Email: Council@us-taiwan.org

www.us-taiwan.org
In the wake of its failure to attain a majority in the December 2004 Legislative Yuan (LY) elections, the first quarter of 2005 was marked by a deepening of political divisions between the ruling Democratic Progressive Party (DPP) and the Kuomintang (KMT). A number of events this quarter have created a tense and emotional atmosphere, with significant implications for the future of Taiwan’s national security and cross-Strait stability.

This quarterly report reviews Taiwan’s security environment, including the Chinese Anti-Secession Law, the détente between the DPP and opposition People’s First Party (PFP), and the KMT’s cross-Strait initiative. This report then examines the implications of the environment on today’s key defense policy issue – the Chen Shui-bian administration’s NT$480 billion (US$15.29 billion) special budget request for diesel electric submarines, PATRIOT PAC-3 missile defense systems, and P-3C maritime patrol aircraft. Finally, we provide an update on key Army, Navy, and Air Force issues.
REPORT TABLE OF CONTENTS

Letter from the President.................................................................Error! Bookmark not defined.
About the Council ...........................................................................Error! Bookmark not defined.
Defense & Security Analysis .............................................................Error! Bookmark not defined.
      The Domestic Political Environment .....................................Error! Bookmark not defined.
      Taiwan Defense Policy .........................................................Error! Bookmark not defined.
      FY05 Budget .........................................................................Error! Bookmark not defined.
      The Taiwan Air Force .............................................................Error! Bookmark not defined.
      The Taiwan Navy ....................................................................Error! Bookmark not defined.
      The Taiwan Army .....................................................................Error! Bookmark not defined.
      Conclusion .............................................................................Error! Bookmark not defined.
Glossary of Terms ............................................................................Error! Bookmark not defined.
Taiwan’s Military Equipment & Personnel .........................................Error! Bookmark not defined.
      Air Force .................................................................................Error! Bookmark not defined.
      Army Error! Bookmark not defined.
      Navy Error! Bookmark not defined.
Taiwan Government Contact Information ........................................Error! Bookmark not defined.
United States Government Contact Information .............................Error! Bookmark not defined.
Suggestions of Sources for Defense Information ..............................Error! Bookmark not defined.
Defense Headlines – First Quarter 2005 .............................................Error! Bookmark not defined.
Appendix ........................................................................................Error! Bookmark not defined.
      Organization Chart, Procurement Bureau, Ministry of National Defense Error! Bookmark not defined.
      Organization Chart, Defense Procurement Division (TECRO) in the U.S. Error! Bookmark not defined.
      Structure of Taiwan’s National Defense Organization ...... Error! Bookmark not defined.
      Organization Chart, Chung Shan Institute of Science & Technology Error! Bookmark not defined.
      Organization Chart, Armaments Bureau ................................. Error! Bookmark not defined.