



Executive Summary

Defense & Security Quarterly Report First Quarter, 2003

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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.

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QUARTERLY DEFENSE & SECURITY ANALYSIS

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In February of 2003, the US-Taiwan Business Council held the second in a series of defense industry meetings focusing on the security relationship between the United States and Taiwan. Our goal was to build on the success of last year's event in Saint Petersburg, Florida which featured Taiwan's Minister of National Defense, Tang Yiau-ming, and Deputy Secretary of Defense Paul Wolfowitz as keynote speakers.

This year's keynote speakers were Taiwan's Vice Minister of Armament & Acquisition, General Chen Chao-min, and the Deputy Assistant Secretary of Defense for East Asia and the Pacific Richard Lawless. Vice Minister Chen brought a delegation to San Antonio comprised of high-level military officials representing each branch of the military and several departments within the Ministry of National Defense (MND). By inviting such a large delegation from Taiwan to the United States, we hoped to provide ample opportunity for all of our members to interact with these officials and to build important relationships.

As was the case in 2002, the event was strictly off the record and all sessions were off-limits to the press. While the keynote speeches were made available to the media the actual sessions remained private, which allowed for a very high level of comfort for our speakers. In addition, it allowed for very candid question & answer periods following each of the sessions, and the dialogue between the audience and the panel participants was more extensive and productive than during the previous Saint Petersburg event.

The Council's newly appointed Chairman, former Secretary of Defense William S. Cohen, opened the event with an introductory keynote speech. Attendees then spent a day and a half looking at the risks now apparent in the US-Taiwan-China relationship and the barriers to the stated goal of a robust and modern deterrent capability for the people on Taiwan. It is the Council's view that America's leading defense and security companies can play a vital role in building that deterrence, and can work with Taiwan to integrate the myriad of complex systems and platforms.

This analysis will summarize the three main topics covered during the conference, including Taiwan's defense reorganization, the budgetary process in the Legislative Yuan and MND, and Taiwan's future defense needs.

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