



## **Executive Summary**

# **Defense & Security Quarterly Report First Quarter, 2004**

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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](http://www.us-taiwan.org).

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**QUARTERLY DEFENSE & SECURITY ANALYSIS**

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Taiwan is in a period of political transition, as President Chen Shui-bian's electoral victory is being contested within Taiwan's judicial system. A second Democratic Progressive Party (DPP) administration has significant implications for force modernization and budget issues, as well as for defense reform, strategy, and U.S.-Taiwan defense relations.

Under normal circumstances, Chen's election to a second term would have given the President more confidence to press the DPP's defense agenda, which was first articulated in the party's defense white paper issued in November 1999. However, allegations of DPP improprieties by the KMT/People's First Party (PFP) coalition - collectively known as "Pan-Blue" - the narrow margin of victory, and the failure of the two referenda could hinder progress on a range of fronts, at least for the initial few months into Chen's second term.

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