

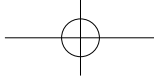
National Defense Report

Ministry of National Defense, ROC

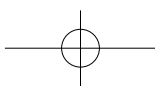
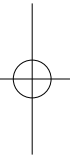
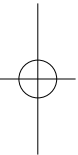
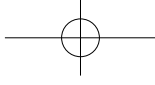
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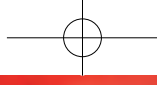
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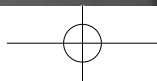


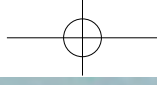
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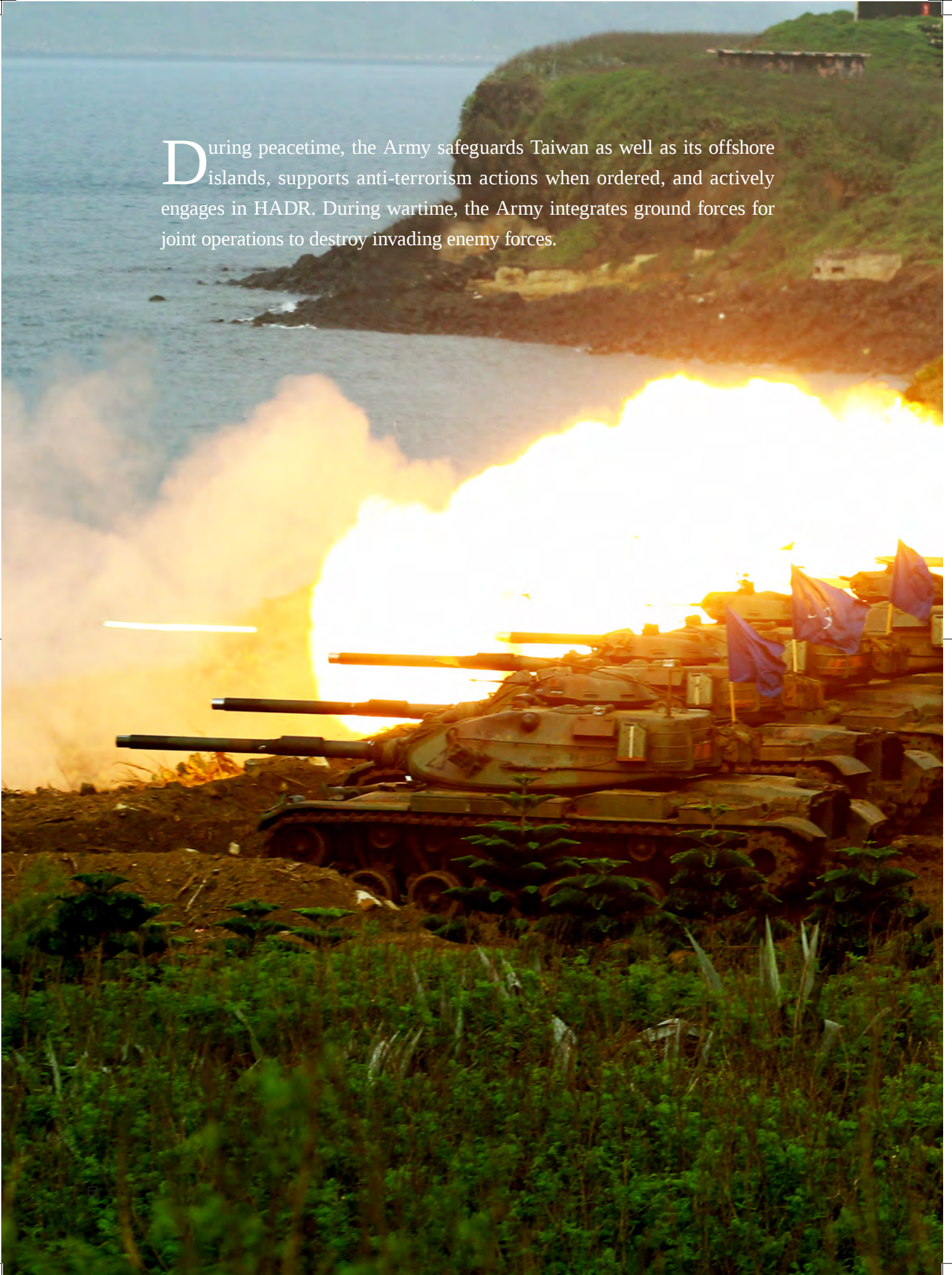


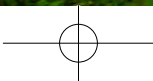
The national defense of the Republic of China aims to build a defense force with comprehensive national strength, to provide humanitarian assistance and disaster relief (HADR), and thus safeguard the nation and its people and preserve world peace.

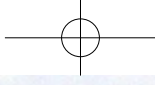


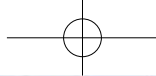


During peacetime, the Army safeguards Taiwan as well as its offshore islands, supports anti-terrorism actions when ordered, and actively engages in HADR. During wartime, the Army integrates ground forces for joint operations to destroy invading enemy forces.



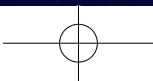






During Peacetime, the Navy is responsible for maritime reconnaissance, patrolling and safeguarding maritime security across the Taiwan Strait, and actively engaging in HADR. During wartime, the Navy will conduct joint operations with allied forces to against the enemy's maritime blockade or military invasion, thereby securing the sea lines of communication (SLOC).







During peacetime, the Air Force is responsible for aerial reconnaissance, patrolling the Taiwan Strait and securing national airspace, and actively engaging in HADR. During wartime, the Air Force will coordinate with allies to gain air dominance and conduct air defense operations.

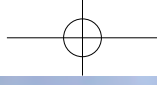






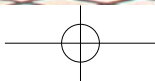
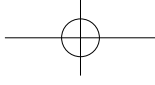
The ROC Armed Forces has stepped up for HADR measures, and is actively improving its preparedness for the threat of complex disasters. It conducts various live exercises in order to safeguard the field and assets of citizens.

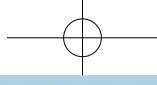




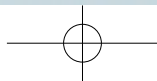
All-out defense activities are organized to inspire patriotism, build esprit de corps, and achieve “all-out concern, all-out support, and all-out participation.”

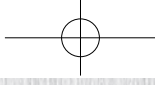




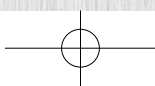


Article 138 of the Constitution of the Republic of China states: “The land, sea and air forces of the whole country shall be above personal, regional or party affiliations, shall be loyal to the state, and shall protect the people.”





Minister's Foreword

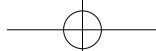




The National Defense Report is a critical window to the transparency of defense policies. It not only expounds the overall security situation, defense policies, force buildup, and readiness preparations, but also allows citizens to examine and supervise defense administration. Early this year (2013), The Transparency International announced the “Government Defense Anti-Corruption Index,” which is based on objective indicators. Among the 82 countries evaluated, the ROC was rated in Band B (low-risk rank) along with 6 advanced countries, including the US and UK. This result shows that we have made significant progress in “defense transparency” and won the recognition from a specialized international organization.

Despite easing tension across the Taiwan Strait, the PRC’s has insisted on the path of military preparation against Taiwan, and has not renounced the use of force against Taiwan. Hence, the PRC remains the greatest threat to our national security. Furthermore, East Asia has been a region of uncertainty over the past year due to disputes over sovereignty and maritime rights, as well as the confrontation in the Korean Peninsula. The disputes over Diaoyutai and islands in the South China Sea bear the most significant implications for our national security. To safeguard national security, the ROC Armed Forces are dedicated to building defensive capabilities. An adequate level of defense budget will be allocated to step up force training and acquire advanced weapon systems. Furthermore, in coordination with the government’s overall policy planning, the ROC Armed Forces will continue to strengthen maritime patrol capabilities, and collaborate with the coast guards to defend our sovereignty and maritime rights and interests.

On the relations with the US, President Ma Ying-Jeou, since assumption of office, has been building on the existing foundation and making further improvements on the premise of being “pragmatics and surprise free.” US President Obama also noted that the US will continue to provide Taiwan with necessary defensive weapons based on the Taiwan Relations Act and its consistent commitments to Taiwan. Recently delivered systems include attack helicopters, utility helicopters, P-3C anti-submarine aircraft and PAC-3 missiles, not only indicating our robust military relations with the US, but also our determination to



build self-defense capabilities.

The transition to a volunteer force and the implementation of the Jingsui Program, have resulted in significant progress in the defense transformation. Amended Act of Military Service System and Enforcement Rules of Military Service System were already passed by the Legislative Yuan. However, the timetable for completing a volunteer system is extended to the end of 2016 because the number of volunteers did not meet expectations. Furthermore, the legislative procedures for the six defense organization acts, which concern adjustments to high level staff organizations, were completed on November 27th, 2012 and promulgated by the President on December 12th, 2012. The acts provide the legal basis for organizational adjustments of the Jingsui Program. The armed forces are on track to formulate future plans based on the concepts of innovation/asymmetry and focused force buildup, The force structure and organization will continue to be adjusted on a rolling basis in response to changes in the overall national security situation.

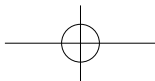
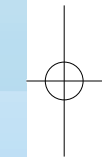
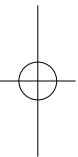
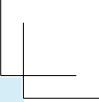
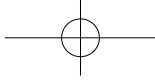
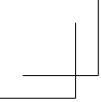
In the wake of the unfortunate development of a recent incident of mismanagement of the troops, the Ministry of National Defense has run an intensive review, and the Code of Court Martial Procedure was also amended for a major reform. The hope is to respond to public expectations for improving human rights conditions the military to regain the citizens' trust.

Let me thank the advisory committee and fellow colleagues who dedicated their hearts and minds into this report to bring greater public awareness on defense affairs. I also express my sincerest gratitude to all the men and women of the armed forces for their dedication and contribution to national defense and disaster relief missions. Finally, I hope the citizens will continue to maintain their security awareness and also provide guidance and the greatest support to the MND.

Minister of National Defense

Yen, Ming

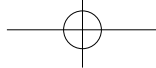
October, 2013





Introduction

The Ministry of National Defense (MND) periodically publishes national defense reports in accordance with Article 30 of the “National Defense Act.” On one hand, the reports describe the current status and results of the national defense policy and national defense administration, so as to gain citizens’ identification and support. On the other hand, the reports show the ROC’s military transparency to the international society, and declare our determination for self-defense.

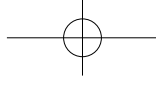


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This national defense report describes implementation results of the organizational system, force structure, talent cultivation, resource distribution, capability buildup, and gender equality. Furthermore, it explains how the ROC Armed Forces stepped up its training in response to changes in the security environment, so as to prevent war and preserve peace in the Taiwan Strait, enhance disaster relief capabilities to ensure the safety of people’s lives and assets, and build an elite defense force capable of disaster relief during peacetime and combat during wartime.

Cross-Strait relations have gradually improved in recent years, and the situation across the Taiwan Strait has become growingly relaxed. However, considering the significant growth of the PRC’s comprehensive national strength, as well as the PRC’s refusal to renounce the use of military force against Taiwan, which has led to its deployment of over a thousand missiles along the coasts, we cannot neglect the PRC’s threat to Taiwan, and consolidating our defense capabilities is the only way to truly ensure peace in the Taiwan Strait.

The ROC Armed Forces serve as a defender of national security and the people’s welfare, and a guardian of constitutional democracy. It resolutely holds the belief to “fight for the survival and development of the ROC, and fight for the safety and welfare of people in Taiwan, Penghu, Kinmen and Matzu.” The MND practically carries out force buildup and readiness, and enhances the ROC Armed Forces’ joint operations capabilities under the guidance of the military strategic concept of “resolute defense and credible deterrence,” aiming to achieve war prevention and deterrence. Based on the principles of “smart and steadfast, strict and arduous,” exercises and training missions, such as the



Han Guang Exercise, are utilized to pragmatically review the Armed Forces' training results, thereby enhancing the Armed Forces' overall capabilities.

Volunteer force is an important part of national defense transformation, and aims to recruit outstanding men and women to join the military and build a “small but superb, strong and smart” elite force. Furthermore, drafted age men are required to receive four months military training to ensure reserve mobilization capabilities. After they complete training, they are included in the reservist system for management, accumulating mobilization capabilities and reinforcing them through all-out defense.

This report features “integration and innovation” and contains 4 parts and 8 chapters, each of which is further described below:

Part 1 Strategic Environment

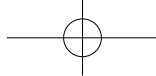
This part summarizes developments in the global security environment and trends of the security situation, and analyzes current traditional and non-traditional threats. Furthermore, it discusses the PRC's rise and the “three step” strategy for its military modernization, as well as the influence on global and regional security environments, allowing citizens to understand the current security challenges we face.

Part 2 General Plan of National Defense

The ROC Armed Forces formulated the general plan of national defense in response to national security challenges, and uses it as a basis for force buildup and readiness, as well as national defense administration. Its objective is to build a strong defense force that can achieve “resolute defense, credible deterrence” and safeguard national security.

Part 3 National Defense Capabilities

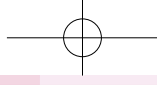
Part 3 describes the efforts of the ROC Armed Forces in defense infrastructure, capability preparedness, and defense management, expounding the results of efforts in “national defense organization,” “joint operations effectiveness,”



“information and electronic warfare capabilities,” “logistics support,” “reserve capability buildup” and “intangible combat capability” in recent years. This part also explains how the ROC Armed Forces maximize the effectiveness of human, financial and material defense resources to support the execution of its missions.

Part 4 All-out National Defense

Efforts of the ROC Armed Forces in all-out defense and citizen services are described in four aspects, namely national defense education, defense mobilization, disaster prevention and relief, and military-civilian services, emphasizing its endeavors and contribution to disaster relief and citizen services.



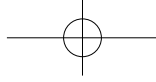
Part 1 Strategic Environment

Economic growth of the US and European countries fell short of expectations as a result of the European Debt Crisis that began in 2011. Countries cut their defense spending and reduced the scale of their military to reduce government expenditure, which affected their strategic development directions. Major security challenges in the Asia-Pacific currently include territorial land and sea disputes, confrontation in the Korean Peninsula, and the PRC's military expansion. Although cross-Straits political and economic relations are currently stable, the PRC has not renounced the use of military force against Taiwan, and remains a major threat to the stability of the Asia-Pacific and the future development of the ROC.



Chapter 1 Security Situation

The global security situation currently presents diverse forms of competition and cooperation that exist at the same time. Traditional political or military conflicts are mainly derived from territorial land (sea) and sovereignty disputes, as well as the proliferation of weapons of mass destruction (WMD). Furthermore, non-traditional security issues, e.g. climate changes, maritime rights and interests, major natural disasters, international terrorism, resource competition, infectious diseases, and malicious cyber actions, also pose challenges to the security environment.



Section 1 Global Security Environment

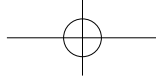
The United States remains the dominant force in the global security environment. However, the EU, Russia, the PRC, India, and Japan have gained growing influence in international and regional affairs, but the overall situation remains “one superpower and many powers.” Generally speaking, in the current global security situation large countries continue to play a leading role in regional situations, while medium and small countries form alliances, regional security cooperations, and engage in economic and trade interactions to show their influence and existence value.

I. Asia

(I) Mainland China

The PRC’s fifth generation leaders Xi Jin-Ping and Li Ke-Qiang fully took over in March 2012. Current objectives of their administration are to maintain economic growth, maintain internal stability, reduce the poverty gap, secure the party’s political leadership, and prevent corruption and uphold integrity. Under the military strategy of “active defense,” the PRC emphasizes a number of “core interests,” including safeguarding its sovereignty, territorial integrity, and national unification. Besides advocating communication, cooperation and mutual benefits when dealing with sovereignty disputes in the East China Sea and South China Sea, the PRC will also continue to show its determination that it will not back down on matters concerning its territory and sovereignty.

To reconcile the “China Threat Theory,” the PRC hopes to create a peaceful image via frequent visits by high level military and government officials and providing financial (military) aid, especially in the Asia-Pacific. Furthermore, the PRC uses its political and economic strength to consolidate military exchanges with Russia and India, and strengthen relations with countries in the Middle East, Latin America, and Africa, ensuring its energy and mineral resource supply, as well as stable national development during a “stage of strategic opportunities.”



(II) *Northeast Asia*

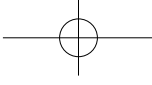
1. Korean Peninsula

After Jeong-eun Kim, the leader of North Korea, assumed important positions in the party, government, and military in April 2012, he continued to follow through with the “army-first policy” and stepped up education of military ideology. He further conducted long and short-range ballistic missile tests and nuclear tests to consolidate his political power. North Korea conducted its 3rd nuclear test even after the U.N. Security Council imposed sanctions, and went as far as to scrap the Korean Armistice Agreement. Relations between the North and South tensed when North Korea cut military hotlines with the US and South Korea, creating an immense impact on the regional stability of Northeast Asia.

Park Geun-hye was elected as South Korea’s first female president in December 2012, and continued many policies of the former president Lee Myung-bak, actively implementing Revolution in Military Affairs (RMA) and continuing the policy to transfer command of the South Korea-US joint force during wartime by 2015. Furthermore, Park Geun-hye is actively seeking to reopen dialogue with the North in hopes of relaxing the tense situation on the Korean Peninsula and improving relations with North Korea.

2. Japan

Japan naming and nationalizing uninhabited islands around Diaoyutai in 2012 caused the PRC to dispatch vessels to conduct active operations in the area. Japan redeployed its Navy and Air Force reconnaissance and patrol units in response. Furthermore, in response to the threat of nuclear tests and ballistic missiles of North Korea, Japan actively engaged in dialogue with the US and South Korea, strengthening contingency measures, intelligence sharing, and exchange and cooperation mechanisms, and further planning



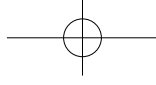
Japan naming and nationalizing uninhabited islands around Diaoyutai drove the PRC to dispatch vessels to conduct active operations in the area, causing an escalation of conflict within the region.

the enhancement of intelligence, surveillance, and reconnaissance capabilities for surrounding areas.

Japan Ministry of Defense announced its “Defense of Japan 2013” in July , and considered the PRC’s military expansion and North Korea’s nuclear weapon and ballistic missile developments to be potential threats in the region. Furthermore, Japan will strengthen its defenses on islands in the southwest and build mobile defense capabilities, consolidating its alliance with the US to enhance its overall deterrence.

(III) Southeast Asia

Southeast Asian emerging economies have attracted global attention under the “ASEAN (Association of Southeast Asian Nations) integration.” Yet, there remain sources of conflict rooted in their history, religious differences, and struggles for independence. Moreover, there are a number of factors causing uncertainty in



Southeast Asia, including differences in the social structure of ASEAN countries, different degrees of economic development, and the US, PRC, Japan, and Russia all seeking leadership over security affairs.

Under the growing demand on ocean development, most countries have increased their defense budget to strengthen their military power; they also frequently conduct joint military exercises with other countries to strengthen regional joint defense capabilities. With consideration to the frequent disasters caused by earthquakes and tsunamis, the ratio of humanitarian aid and disaster relief has also been increased in military training and exercises, so as to build large scale disaster response and relief capabilities.

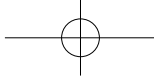
(IV) *South Asia*

India is located at the center of South Asia. In recent years, India has significantly increased its defense budget under its strong economic growth, and has actively procured armaments from the US, Russia, and France, enabling it to become a political, economic, and military power with growing influence.

To summarize the situation in South Asia, there remain border disputes between the PRC and India at the McMahon Line and in Aksai Chin; Afghanistan and Pakistan must still face the threat of expanding terrorist organizations and armed forces; the PRC is attempting to expand towards the Indian Ocean; and the US return to Asia “rebalancing” strategy. These developments all have an effect on the regional security situation.

(V) *Middle East*

After US and NATO forces left Iraq, civil war in Syria and conflict between Israel and the Hamas have attracted global attention. Iran announced a religious decree in January 2013 to ban the development of nuclear weapons, but its nuclear development program continues to raise suspicion and concern, causing surrounding countries to purchase advanced weapons and equipment and strengthen their own defense capabilities. The moderate conservative and former nuclear negotiator Hassan Rouhani won Iran’s presidential election in June 2013



under the Iranian people's hopes for a better economy. After Rouhani assumes office, Iran's tense relations with the Western world are expected to gradually relax.

Poor administration of Egyptian President Mohamed Morsi led to Egypt's unstable political situation in July 2013, resulting in a bloody conflict between millions of supporters of different sides. Turmoil will continue in Egypt within the near future. In addition, civil war broke out in Syria in 2011, and prolonged military confrontation between the government and rebel army led to the chemical weapons attack in August 2013. The international society strongly condemned this attack and imposed sanctions. Israel and Palestine reached a cease fire agreement under mediation by the international society, and commenced negotiations after prolonged conflict. However, the borders and expansion of settlements in East Jerusalem and the Palestine Autonomous Government gaining observer status in the UN remain obstacles of their negotiations.

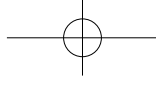
II. Europe

(I) European Union

Most European countries cut defense spending in response to the European Debt Crisis, implementing a number of measures to lower the cost of military maintenance, including personnel quota reduction, organization streamlining, combined training, and eliminating old equipment. Under the framework of the EU(European Union) and NATO (North Atlantic Treaty Organization), European countries are expanding their capabilities in dialogue, readiness training, and contingency response, in hopes of preventing crises and maintaining a stable security environment.

(II) Russia

Russia crosses over the Eurasian continent. After President Vladimir Putin assumed office, Russia once again directed its attention towards Asia in the light of global development trends, and intends to strengthen its political and



economic influence in the Far East. Russia's objective is to complete its military modernization by 2020, and is reforming its military command structure; it has invested great resources into developing strategic nuclear weapons, is conducting long-range operation exercises and training, and is actively developing and exporting armaments in hopes of restoring its status as an international power.

III. Americas

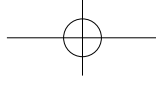
(I) United States

US President Obama released the Defense Strategic Guidance titled "Sustaining US Global Leadership: Priorities for 21st Century Defense" in early 2012, planning to cut the defense budget and force size until 2021 to achieve "spending reduction without capability loss." Furthermore, the US initiated a mechanism to cut government spending in March 2013, and the additional budget cuts are expected to affect the US's government operations, power projection, armaments maintenance, and weapons development, as well as the strategic deployment in Asia-Pacific rebalancing.

(II) Central and South Americas

Economic development of Central and South Americas have long been affected by extreme weather, earthquakes, and hurricanes. Current disputes in the region include England and Argentina's dispute over sovereignty of the Falkland Islands (Islas Malvinas); El Salvador, Nicaragua, and Honduras's dispute over ocean borders; Nicaragua and Costa Rica's border issues. Furthermore, transnational crime, including illegal economic activities, gang crimes, and drug trafficking all affect the regional security situation.

In addition, whether or not Venezuela adjusts its anti-US policy that has been in effect for years concerns the development of relations between Latin America and the US. Also, under the calls of Latin American countries, the UN has urged the US numerous times to lift economic sanctions on Cuba, which were imposed 50 years ago, hoping to improve their relations and reduce factors of uncertainty in the region.



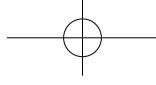
IV. Oceania

In September 2012, the US lifted the ban on naval vessels of New Zealand anchoring in US ports or bases, and lifted restrictions on meetings between ministers of national defense and military exercises to further strengthen military cooperation in regional security. Australia has always been an ally of the US and plays an important role in the US “rebalancing strategy.” In Australia’s “Defense White Paper 2013” released in May 2013, besides reiterating that it will maintain its alliance with the US, it also welcomed the rise of the PRC. However, in the election of the Parliament of the Commonwealth of Australia on September 7th, the Liberal Party won and gained the right to form a cabinet. Therefore, whether or not the Liberal Party continues national policies of the Labor Party, which was formerly in power, is worth our further attention.

Due to their geostrategic position and rich natural resources, Southern Pacific island countries are actively implementing regional cooperation through the “Southern Pacific Islands Forum,” attracting leaders of large nations to participate in the form and thus attracting large nations to invest resources to aid their development. However, accelerated melting of the polar ice cap caused by global warming, extreme climate, and frequent earthquakes has had a major impact on the social stability and survival of countries of Oceania.

V. Africa

Africa’s development has long been behind other continents, but its rich natural resources, including minerals and energy, and market potential have attracted the US, PRC, EU, and Japan to strengthen their relations with African countries. However, Africa’s overall security situation continues to be threatened by instable regimes, war between groups, religious conflicts, and border disputes. Moreover, African countries are impacted by weapons proliferation, pirates, and terrorist attacks. At present, South Africa is the only emerging power in Africa, and it will continue to play an essential role in the region under the support of the US, Russia and PRC.



Section 2 Asia-Pacific Security Situation

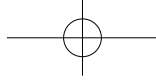
Asia-Pacific countries, such as the PRC, India, and members of ASEAN, have become the engine of global economic growth with their great populations, resources, and market scale, and it has also affected global politics. However, as such countries are showing rapid development, they face a number of security issues, such as the PRC's military expansion, the US "rebalancing" strategy, territorial land and sea disputes, sovereignty disputes, prolonged confrontation on the Korean Peninsula, resource competition, and non-traditional security issues, causing security difficulties in the region. As a result, countries are competing to procure armaments, and it has formed challenges and threats to overall regional security.

I. Traditional Security Situation

(I) Significant Expansion of the PRC's Military Power

The PRC's defense budget has maintained high growth rates for numerous years benefitting from the rapid growth of its comprehensive national strength. However, the transparency of its defense budget is far from meeting the international society's expectations, and its rapid military modernization has raised suspicion and alerted surrounding countries. In recent years, the PRC has used "World of Harmony" and "Good Neighbor Diplomacy" and participated in international peacekeeping and anti-piracy operations to remove suspicions of the international society regarding its military expansion.

The PRC's current national strategy is to maintain domestic political stability, drive comprehensive economic development, and maintain peace in the surrounding environment. Its military development aims to gain leadership in the Asia-Pacific by 2020, and to strengthen "Second Artillery new ammunition development and deployment," "Navy and Air Force modernization and power projection expansion," and "information and electronic warfare and joint



operation capability buildup.” Furthermore, the PRC is actively developing “Anti-Access/Area Denial (A2/AD)” capabilities as well as related strategies and tactics, in hopes of deterring other military forces from intervening in the situation of the Taiwan Strait or disputes in the Asia-Pacific.

(II) US “Rebalancing” Strategy

The US published the “Defense Strategic Guidelines” in early 2012 to actively expand its military presence beyond Northeast Asia. The US has demonstrated its determination to maintain regional stability via various military cooperation measures, such as expanding joint military exercises and stationing the US Marines in Australia.

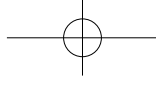
However, under the policy to reduce government spending, some force buildup plans have been suspended or delayed, affecting the timetable as much as 10 to 15 years. With the Middle East still instable and powers in the Asia-Pacific, such as Russia, the PRC, and India, waiting for the opportunity to expand, the Obama Administration will have to face the issue of how to implement its “rebalancing” strategy and maintain US leadership.

(III) Situation on the Korean Peninsula

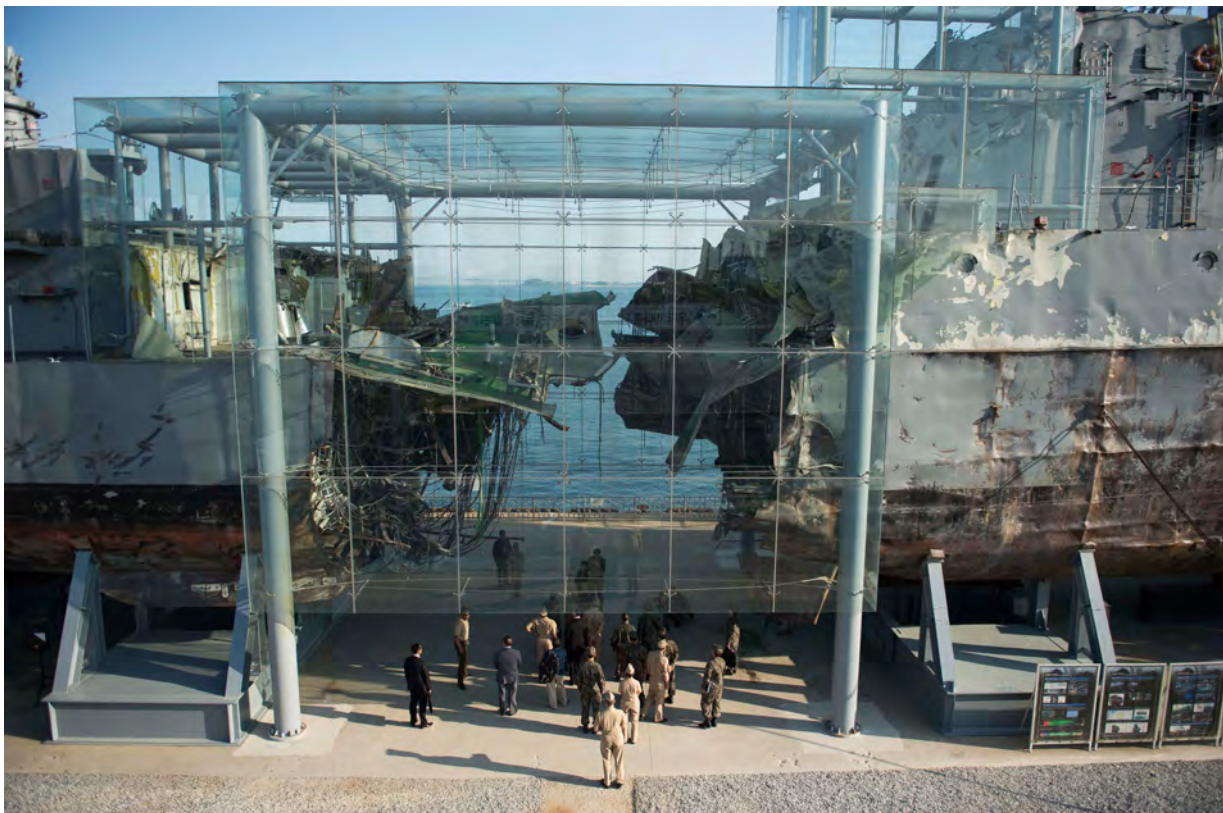
North Korea adopted the “brink of war” measure in February 2013 in hopes of gaining national interests and international attention, during which the PRC expressed its position on a nuclear- weapon-free Korean Peninsula and supported the international sanction against North Korean operations. Future developments in the Korean Peninsula will not only be determined by the political situation of North Korea, but also by the influence of the US, PRC and Russia in Northeast Asia.

(IV) Territorial Land (Sea) and Sovereignty Disputes

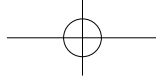
Current territorial land (sea) disputes in the Asia-Pacific include oil and gas fields in the East China Sea, the northern islands (Kuril Islands), Takeshima (Dokdo Island), and exclusive economic zones. In the South China Sea, the



PRC in recent years has used navy warships and public service ships to drive away ships of other countries and declare its sovereignty. The PRC further announced the establishment of Sansha City in Hainan Province on June 22nd, 2012, and its deployment of Navy and Air Force troops indicates that its South China Sea policy has gradually shifted from “joint development” into “effective management.” Vietnam also enacted its “Vietnam Maritime Law” in late June 2012, and extended its “sovereignty” and scope of “jurisdiction” to the Paracel and Spratly Islands. The responses of surrounding countries to disputes in the South China Sea will affect the security situation in the Asia-Pacific.



The tense situation on the Korean Peninsula has become a challenge and threat to the security of Northeast Asia. The illustration shows South Korean officers and personnel of the US Army examining remains of the Cheonan ship that was sunk by North Korea during a sneak attack. (photo: US Navy)



(V) Weapons of Mass Destruction Proliferation

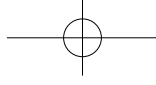
Although the fight against terrorism has been somewhat effective, WMDs have not been completely controlled and the risk of its proliferation still may not be overlooked. For example, the issue of nuclear weapons in Iran and North Korea continue to affect regional and even the global security situation.

II. Non-traditional Security Situation

(I) Economic Security

The US and Japan have used economic stimulation, quantitative easing, and exchange rate policies under the pressure of financial retrenchment and economic slowdown, hoping to benefit exports and reverse its economic downturn. Yet, the abovementioned policies have aggravated fluctuations of exchange rates and impacted the market competitiveness of other Asia-Pacific countries. Furthermore, competition between the “Trans-Pacific Partnership (TPP)” of the US and the “Regional Comprehensive Economic Partnership (RCEP)” of ASEAN will affect the investment amount of international capital in Asia-Pacific emerging markets, and result in more severe market competition that will increase regional economic security risk.

The free trade agreement between the US and South Korea took effect in March 2012; the “Agreement among the Government of the People's Republic of China, the Government of Japan and the Government of the Republic of Korea for the Promotion, Facilitation and Protection of Investment” was formally signed in May 2012 and accelerated regional integration. Other developments that have a profound effect on the economic security of the ROC and Asia-Pacific include the accelerated rise of Northeast Asian countries, as well as the US and PRC separately implementing economic and trade integration, deepening political exchanges, and forming economic alliances in the Asia-Pacific.



Droughts, floods, strong rainfall and snow, and typhoons with growing intensity and frequency caused by climate anomalies in recent years have severely impacted the ecological environment and economic development of countries around the world. The image shows a site struck by a tornado in Oklahoma, US. (photo: US Navy)

(II) Climate Changes

Droughts, floods, strong precipitation and snow, and more frequent and stronger typhoons in the Asia-Pacific caused by weather anomalies in recent years have severely affected the ecological environment and economic development of countries in the region. According to statistics of the United Nations International Strategy for Disaster Reduction (UNISDR), a total of 83 natural disasters occurred in East, Southeast, and South Asia in 2012, and caused 3,103 deaths, affected 64.5 million people, and resulted in damages reaching US\$15.1 billion. The Asia Disaster Reduction Center (ADRC) combined the strengths of countries around the world and established an integrated disaster relief mechanism and dialogue framework, so as to jointly face challenges brought by climate changes.

Taiwan has an extremely sensitive and vulnerable natural environment and geological conditions, so extreme weather caused by global climate changes can easily cause a disaster, resulting in great losses of lives and assets. The

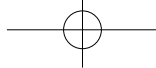
government has comprehensively reviewed national land development and use policies, carried out adjustment measures of international organizations to alleviate the effects of climate changes, and actively seeks to joint international disaster prevention organizations to ensure the sustainable development and prosperity of the ROC and other countries in the region.

(III) Ocean Development Disputes

In recent years, claimant countries, such as Vietnam and the Philippines, have become growingly aggressive in gaining sovereignty over islands in the South China Sea, in which there remain unresolved disputes over maritime rights and interests between claimant countries and the PRC. The PRC's regular patrol of the region has caused disputes to further escalate. As sovereignty disputes over Asia-Pacific islands become growingly difficult, although the "United Nations Convention on the Law of the Sea" states that related disputes may seek international arbitration or mediation, the decision might be affected by



Terrorist attacks and conflicts still occur in the Middle East, South Asia, and Southeast Asia, endangering local security and social stability. (photo: US Navy)



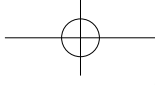
the intervention of any power, making the peaceful resolution of disputes quite difficult.

In terms of ocean development disputes in surrounding sea areas, the ROC signed an agreement with Japan in the 17th Fishery Conference in April 2013 as a result of President Ma's "East China Sea Peace Initiative," and has received recognition and approval from the international society. The incident of the Philippines shooting a Taiwanese fisherman on Guang Da Xing No.28 in the South China Sea in May 2013 caused tense relations with the Philippines, and showed the severity of overlapping exclusive economic zones. To prevent such disputes from affecting our national security and people's well-being, it is necessary to have strong military strength to protect our maritime rights and interests.

(IV) International Terrorism

Frequent terrorist activities in the Asia-Pacific in recent years have severely affected regional stability. International terrorism is prevalent in the Middle East, South Asia, and Southeast Asia due to history, religious differences, and struggles for independence, endangering national security and social order in many countries, and severely impacting regional security and economic development.

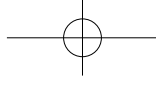
The main cause of frequent terrorist activity in Southeast Asia are conflicts that arise from demands of the Kachin Independence Army in Southeast Asia for autonomy, demands of the Sulu Army in Sabah Malaysia for sovereignty, demands of separatists in southern Thailand for independence, and Islamic movement in the Philippines. In South Asia, conflicts caused by religious differences in Pakistan and India have not decreased even today. Therefore, Asia-Pacific countries discuss counter-terrorism measures through a multi-lateral mechanism, and deal with counter-terrorism issues through international cooperation. The ROC has also stepped up counter-terrorism cooperation with Asia-Pacific countries using the Counter-Terrorism Task Force (CTTF) of the Asia-Pacific Economic Cooperation (APEC) as a platform.



(Upper left and upper right) Countries such as the US dispatch ships to jointly patrol sea areas to reduce pirate incidents and effectively improve regional energy security. (Lower) Resources invested by countries into preventing and responding to new infectious diseases is not less than large scale military operations or force buildup. (photo: US Navy)

(V) Energy Security

Increasing global energy demand driven by economic development has raised tensions in the PRC, Japan, Vietnam, and the Philippines, and resulted in energy contention in surrounding sea areas. This has caused Asia-Pacific countries to



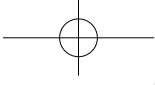
reexamine the key position of energy in national security issues.

At present, the main energy supply of East and Northeast Asian countries, including the ROC, Japan and South Korea, is the Middle East and Africa. An exception is the PRC, which produces oil and also imports oil through oil pipes in Central Asia. The oil supply of Southeast Asian countries besides Vietnam, Indonesia, Malaysia and Brunei, a handful of countries that produce oil, is also from the Middle East. Therefore, the Strait of Malacca, a main passageway for transporting oil, has become an important area protected by Asia-Pacific countries to protect energy security. Joint patrol currently carried out by Indonesia, Malaysia, Singapore and Thailand has significantly reduced pirate incidents in the area, effectively improving energy security in the Asia-Pacific.

(VI) Infectious Diseases

Climate changes, globalization, and frequent international exchanges have caused the rapid spread of infectious diseases, including H5N1, H7N9, novel influenza, super bacteria NDM-1, Ebola, and Norovirus, posing a great challenge to the current public health system. Resources invested by countries into preventing and responding to new infectious diseases is not less than large scale military operations or force buildup.

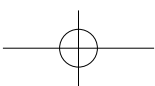
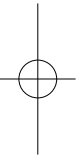
Although the ROC is currently an observer in the World Health Assembly (WHA), we cannot directly and fully participate in the global infectious disease prevention network as a peer, greatly constraining infectious disease prevention in Taiwan. In the future, the government will endeavor to join international cooperation platforms, so as to eliminate the threat of infectious diseases on the public health system of the ROC and the Asia-Pacific.



NATIONAL DEFENSE REPORT

MINISTRY OF NATIONAL DEFENSE, ROC

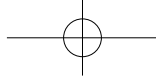
2013





Chapter 2 Security Challenges

The PRC has actively participated in international affairs and implemented military diplomacy in recent years. Under the economic integration in East Asia, the PRC is building multilateral political, economic, and security cooperative relations with Asia-Pacific countries, which constrains the ROC's space for political, diplomatic, and economic development. The PRC's current military strategy is to focus on handling issues in the East China Sea and South China Sea, but it has not renounced the use of military force against Taiwan and remains our greatest military threat. Furthermore, escalation of disputes over territorial sovereignty in the East China Sea and South China Sea also forms challenges to our national security.



Section 1 Current Status and Developments of the PLA

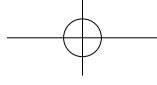
The PRC has absorbed force buildup experiences of advanced countries in Europe and the US, and actively adjusted its force organization, revised its training outline, deployed new weapons, and cultivated military talents to conduct joint operations. These measures were carried out based on the political report of the “18th National Congress” of the PRC in 2012, which demanded “accelerating the modernization of national defense and the armed forces,” President of the PRC Xi Jin-Ping’s force buildup guidance to “be called and come at any instant, come and be able to fight, fight and be sure to win” in 2013, and the strategic guidance to “quickly win long distance battles and fight a first decisive battle.” The PRC hopes to build a modernized force able to “win a local war under conditions of informatization,” and has devoted its efforts to field exercises targeting Taiwan, using new tactics, strengthening force training, and enhancing joint operations capabilities.

I. The PRC's Military Strategy against Taiwan

Although cross-Straits relations have become growingly relaxed, the PRC continues to strengthen its military preparations against Taiwan, and is actively developing and procuring new weapons platforms and precision weapons, so when a dispute arises in the Taiwan Strait, it can deter or delay a foreign military force from intervening.

(I) Creating a Peaceful Atmosphere to Weaken Awareness of the Enemy

The PRC’s “National People’s Congress” and “Chinese People’s Political Consultative Conference” (the “Two Sessions”) made a resolution in 2013 and reiterated the “1992 Consensus,” insisting on the policy of “One Country Two Systems and Peaceful Reunification,” and adopting the model “into the island, into the households and into the hearts” to expand its interactions with



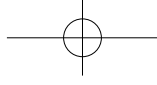
political parties, organizations, and people of Taiwan. This shows that the PRC is using relaxed cross-Straits relations and expanded exchanges in an attempt to create advantageous conditions for cross-Straits political negotiations. It hopes to gradually change the Taiwanese people's impression of it being militaristic, and to weaken the awareness of servicemen in the ROC Armed Forces, so as to weaken our determination to resist the enemy.

(II) Hindering ROC Weapons Procurements from the US to Increase its Chances of Victory Using Military Force

The PRC indicated numerous times to the US that arms sales to Taiwan is the main obstacle of their military exchanges and relations. The “Two Sessions” reiterated in 2013 that the PRC will properly handle the Taiwan issue based on the “three communiqués,” and demanded that the US government “gradually reduce arms sales to Taiwan” as stated in the communiqués. Xi Jin-Ping, President of the PRC, during his visit the US in June the same year once again expressed his wishes to US President Obama for the US to stop arms sales to Taiwan, hoping that the US will gradually reduce and eventually end arms sales to Taiwan. The PRC intends to suppress the further upgrade of our defense capabilities and increase its chances of victory when using military force against Taiwan.

(III) Claiming a Defensive Strategy to Remove Doubts of the International Society

Based on the thought to “focus on the Taiwan Strait, manage the South China Sea, stabilize sensitive regions, and step up border control,” the PRC is strengthening targeted exercises, but also intentionally emphasizing “self-defense” and “striking only after the enemy has struck” to remove doubts of the international society on its military expansion. Although the PRC publicly claimed that it hopes to peacefully resolve the dispute across the Taiwan Strait, the PLA has the ability to intimidate Taiwan with military force. It is apparent that the PRC's thought on “driving unification with military force” and military preparations against Taiwan were not adjusted as cross-Straits relations



The PRC has made great leaps in defense technology and its ability to develop weapons systems; the right is a 054 frigate made by the PRC. (photo: US Navy)

improved.

II. Current Status of the PRC's Military Preparedness

The PRC is actively improving the management performance of its headquarters, and is adjusting the scale and outfit of military branches based on development requirements of information infrastructure, building an elite joint, multi-functional, and highly efficient force. The PRC's defense technologies and indigenous weapons and equipment development capabilities have significantly improved as a result. In recent years, the PRC has actively strengthened its global reconnaissance and surveillance as well as regional strategic warning capabilities, and the new air defense missiles deployed along its southeast coast can reach airports in Taiwan and the patrol area of the ROC Air Force. Furthermore, the PRC is implementing military-civilian collaborative defense and autonomous air defense training, and has achieved the objective of cross military branch and cross department joint training.

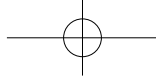
Table 2-1 The PRC's Defense Budget from 2004 to 2013

Year	Defense Budget Total	Defense Budget Growth %	of Overall Expenditure Total	of Overall Expenditure Growth %
2004	2,200.0	15.3	28,486.9	7.7
2005	2,476.0	12.5	33,930.3	7.3
2006	2,979.4	20.4	40,422.7	7.4
2007	3,555.9	19.3	49,781.4	7.1
2008	4,182.0	17.6	62,427.0	6.7
2009	4,951.1	18.5	76,300.0	6.5
2010	5,335.0	7.8	93,180.0	5.7
2011	6,027.7	13.0	108,969.0	5.5
2012	6,703.7	11.2	125,712.0	5.3
2013	7,201.7	6.9	138,246.0	5.2

1.Unit: 100 million RMB. 2.The budget amount is approved by PRC National People's Congress in 2013. 3.The conversion from RMB to USD in 2013 is estimated at 1 : 6.23. 4.Figures are rounded up to the first decimal point. 5.Source: Data announced by the PRC.

In response to strategic force buildup requirements for the East China Sea, South China Sea, and open sea operations, the PRC will continue to conduct cross fleet and cross military branch joint training, and actively develop and procure advanced combat and support aircraft for future operational requirements. The PLA Ground Force consists of composite forces that carry out sea and air joint landing, blockade, and firepower strike exercises along its southeast coast targeting nearby islands. These exercises enhance its amphibious landing operations, cross-region mobility operations, air strike, joint air defense, special operations, and informatized command and control capabilities.

The PLA sequentially completed its organizational restructuring and integration from 2011 to 2012 according to the training reform plan of the Twelfth Five-year Plan. Emphasizing base training, actual combat, and conditions of complex electromagnetic environments, the PLA is outfitting



	of GDP Total	of GDP Growth %	Converted into US\$100 millions	Difference between nominal and real budget
	159,878.3	1.4	262.4	98.0
	183,217.5	1.4	302.2	28.5
	211,923.5	1.4	381.5	141.0
	257,305.6	1.4	482.4	44.7
	314,045.0	1.3	572.9	4.4
	340,903.0	1.5	725.8	144.0
	397,983.0	1.3	796.3	13.9
	471,564.0	1.3	956.0	16.0
	519,322.0	1.3	1,064.0	2.9
	558,271.0	1.3	1,163.4	Not yet disclosed

new weapons and establishing doctrines to enhance its surveillance and reconnaissance capabilities, strengthen the Second Artillery's tactical (strategic) strike deterrence, improve air assault capabilities, and expand maritime raid capabilities. The PRC is planning high-tech developments with the purpose of deterring and denying intervention from foreign military forces when there is a conflict or other sudden incidents in the Taiwan Strait.

(I) The PRC's Defense Budget

As a result of its economic development, the PRC's defense budget has averaged double digit growth every year to reach second in the world. In terms of budgeting and execution, its defense budget is mainly used to upgrade the PLA's overall capabilities, traditional and non-traditional weapons, aerospace, manpower and training, and to achieve strategic objectives of its policy to "build a modernized defense and elite force." Since the PRC's defense budget

Table 2-2 The People's Armed Police's Budget from 2004 to 2013

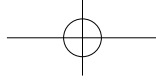
Year	Budget Total	Budget Growth %	Execution Total	Execution Growth %	Execution Compared with Budget %
2004	254	8.1	256	106.7	100.8
2005	273	7.5	286	111.7	104.7
2006	310	13.6	335	117.1	108.1
2007	417	34.5	462	137.9	110.8
2008	477	14.4	502	108.7	105.2
2009	577	21.0	679	135.3	117.7
2010	679	17.7	663	-2.4	97.7
2011	784	15.5	790	119.2	100.7
2012	877	11.9	913	115.6	110.2
2013	1,006	14.7%	Not yet disclosed	Not yet disclosed	Not yet disclosed

1. Unit: 100 million RMB. 2. Figures are rounded up to the first decimal point. 3. The budget amount is approved by PRC National People's Congress in 2013. 4. Source: The national budget amount announced by the PRC Ministry of Finance from 2004 to 2012; the budget amount for 2013 is from the annual budget of the PRC Ministry of Finance.

and immense concealed funding has exceeded defense requirements, some countries consider the PRC to be a potential threat and believe that it might start a new armaments race, affecting regional security and stability. The PRC's defense budget from 2004 to 2013 is shown in *Table 2-1*.

1. Budget Overview

The PRC's defense budget was RMB720.2 billion (roughly US\$116.3 billion) in 2013, growing 7.4% compared with the 2012 budget (RMB670.3 billion, roughly US\$106.4 billion). According to "China's National Defense in 2010" and the 2012 report "The Diversified Employment of China's Armed Forces," the increased defense budget was mainly used to increase salaries for its servicemen, improve conditions for coast guard and forces in remote and difficult regions, increase non-war military operation capabilities and infrastructure, ensure earthquake disaster relief, and carry



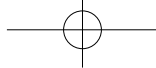
out convoy missions in the Gulf of Aden and Somali waters. However, considering the cost of procuring, modifying, outfitting, and maintaining new strategic equipment, the budget announced by the PRC cannot support other military developments, indicating that its actual expenditure must be concealed in other non-military budgets.

2. Immense Hidden Budget

In response to requirements of defense missions, the PRC is actively purchasing new weapons and equipment from Russia, and uses arms purchases to negotiate technology transfers; the PRC also uses reverse engineering together with its scientific research results to indigenously develop weapons and equipment, hoping to achieve national defense autonomy. The PRC's expenditure on defense technology research, weapons sales income, weapons procurement expenditure, revenue of defense industries, and expenses of the People's Armed Police (listed under the public security budget) have all been excluded from its defense budget. Considering that the various expenses are distributed under different departments, we can determine that there remains immense expenses concealed under non-military budget items, and that the PRC's actual defense spending is 2 to 3 times the amount it discloses (roughly US\$232.7-349.0 billion).

3. Rapid Increase of the Budget of the People's Armed Police

While the PRC promoted economic development, local governments adopted the policy to put economic development above all else, and used public power to remove all investment obstacles, which led to frequent large scale protests and conflicts. Furthermore, the PRC considers separatism in Tibet and Xinjiang to be a serious threat to the stability of its borders. For this reason, the People's Armed Police's budget has showed double digit growth every year since 2006, purchasing new equipment to



carry out missions for maintaining stability and handling conflicts, so as to ensure regional stability and the CCP's political power. The People's Armed Police's budget and execution from 2004 to 2013 is shown in *Table 2-2*.

(II) Deployment of New Strategic Equipment

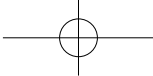
To realize its military modernization and in response to multiple military threats, the PRC in recent years has been actively developing new unmanned aircraft, fighters, stealth bombers, nuclear-powered submarine and submarine-launched intercontinental ballistic missile, aircraft carrier, helicopter carrier, and carrier-based aircraft.

1. Current Status of Strategic Equipment

The PRC's first aircraft carrier Liao Ning was formally handed over to the Navy for training; nuclear-powered attack submarines and ballistic missile submarines have been handed over to fleets for service, and are currently testing the JL-2 submarine-launched ballistic missile; the Air Force has been outfitted with the new strategic bomber and air-refueling tanker, and the Second Artillery has been outfitted with new tactical (strategic) missiles and new strategic nuclear missiles.

2. Development of New Equipment

The PLA is actively developing and modifying weapons and equipment, such as the Ground Force's new heavy tanks, armed reconnaissance, transport, and attack helicopters; the Navy's helicopter carriers, aircraft carriers (traditional and nuclear powered), amphibious landing vessels, new warships, and new nuclear-powered submarines; the Air Force's stealth bombers, stealth fighters (fourth and fifth generation fighters), ships unmanned aircraft, large warning aircraft, large (medium) transport aircraft, and long-range bombers; the Second Artillery's new tactical (strategic)



missiles.

3. Current Status of Foreign Military Purchases

The PRC has continued to purchase large hovercrafts, AIP traditional submarines, Su-35 fighters, and D-30KP-2 engine from Russia and Ukraine. It has further purchased Ka-28 and Ka-31 helicopters for its aircraft carrier Liaoning, and has developed new warning and anti-submarine helicopters through reverse engineering.

(III) Active Management of the East China Sea and South China Sea

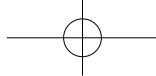
After cross-Straits relations gradually relaxed, although the Taiwan Strait remains the strategic emphasis of the PRC, the strategic importance of the East China Sea and South China Sea has significantly increased. The PRC is currently actively managing its air superiority in the regions, expanding Far Sea contingency response forces, and has delivered the first aircraft carrier to its Navy to declare its sovereignty. When ships of the PRC and the Philippines confronted each other in the South China Sea, and when Japan raised the dispute over sovereignty of Diaoyutai, the PRC immediately assembled a mobile fleet to the sea areas of dispute.

1. Management of the East China Sea to Safeguard Sovereignty of Diaoyutai

Due to the naming and nationalization of uninhabited islands of Diaoyutai by Japan, the PRC dispatched military aircraft and ships to gradually expand the patrol intensity of Diaoyutai and surrounding sea areas. This also caused Japan to strengthen surveillance over surrounding sea areas and air space, and strengthen its defense capabilities via the “Treaty of Mutual Cooperation and Security between the United States and Japan,” resulting in numerous confrontations between the PRC and Japan.

2. Management of the South China Sea to Safeguard Sovereignty of Islands in the Region

Disputes in the South China Sea and exclusive economic zone issues



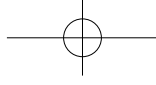
are affected by claimant countries and the PRC's sovereignty protection and military deployment, becoming a new factor in regional stability. At present, Vietnam purchased high-tech weapons from Russia in hopes of matching the PRC. After the confrontation between ships of the PRC and the Philippines in March 2013, the US and Philippines expanded their 29th Balikatan Exercises in April 2013, and the Philippines agreed to let the US use its military bases, forming a challenge to the PRC in managing the South China Sea and safeguarding island sovereignty.

3. Strengthening Public Ship Support Mechanisms

The PRC handed over 10 decommissioned Navy ships that were refitted to the China Maritime Surveillance and China Fisheries Law Enforcement Command to better defend its sovereignty in sea areas. During annual training evaluations and live exercises, the ships are assembled under the State Oceanic Administration as ocean pollution monitoring ships to carry out guard missions, so as to strengthen the command and control mechanism between ships. Starting in January 2013, Hainan Province's Public Security Department and Border Control Department authorized the boarding, detaining and chasing away of foreign ships illegally in sea areas under its jurisdiction in accordance with the "Hainan Province Coastal Border Control Regulations." This is expected to make the PRC's force utilization at sea even more flexible.

(IV) Strengthening A2/AD Capabilities

The PRC believes that in the event it uses military force against Taiwan, its greatest threat is the intervention of foreign forces. Therefore, in order to effectively resist and deter foreign forces from intervening, the PLA is actively developing regional intelligence, surveillance, and reconnaissance systems and new weapons to gradually enhance its comprehensive A2/AD capabilities in the West Pacific. Furthermore, the PRC is actively conducting exercises

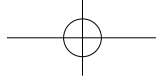


PLA Navy vessels passed through the Osumi Strait, Japan and its operations crossed over the Bonin Islands into the West Pacific, indicating that the PRC has extended its reach beyond the first island chain and expanded trainings are the new norm.

for its action plans in response to possible intervention operations of foreign forces. The PLA Navy's fleets once simultaneously traveled to the waters of Okinotorishima for cross-region Far Sea training, conducting drills of the action plan to resist foreign forces, so as to gain superiority within the first island chain and gradually achieve strategic objectives of Far Sea defense.

(V) Response to Multiple Security Threats

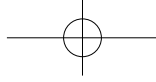
To execute diverse military missions, the PRC utilizes international organizations, such as the Shanghai Cooperation Organization (SCO), to organize joint counter-terrorism and joint search and rescue exercises in sea areas around the Asia-Pacific with multiple countries, using the exercises to strengthen its influence on international affairs. Furthermore, the PRC expanded



non-war military operations training, increasing the ratio of simulated training for high-tech weapons and equipment, and emphasizing exercises related to nighttime, complex climate, and complex electromagnetic environments. This shows that the PLA is capable of effectively completing diverse military and non-military missions under multiple security threats.

(VI) Significant Expansion of Maritime Operations

The PRC began actively managing the South China Sea in 2010, and accelerated its force buildup at the same time, strengthening its sea and air superiority to declare its sovereignty. PLA Navy vessels passed through the Osumi Strait, Japan twice and its operations crossed over the Bonin Islands into the West Pacific, indicating that the PRC is exercising its right of freedom of navigation on high seas and expand its training sea area. PLA Navy fleets conducted roughly 30 cross region Far Sea trainings from 2005 to 2013, reaching as far as the area east of the Ogasawara Islands, showing its ambition to achieve Far Sea defense.



Section 2 Military Capabilities and Threat of the PRC

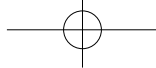
The PRC published its Defense White Paper “The Diversified Employment of China’s Armed Forces” in April 2013, in which it stressed the purpose for strengthening defense infrastructure was to safeguard national sovereignty, security, and territorial integrity. Although the PRC claims that it will not invade others for expansion in hopes of eliminating concerns of other countries related to the China Threat Theory, it directly put on paper its six core interests, namely national sovereignty, national security, territorial integrity, unification, political system, and sustainable economic and social development, as well as separatism of Taiwan independence, Tibet independence and Xinjiang independence, and sovereignty disputes in the East China Sea and South China Sea, strictly prohibiting foreign forces from interfering with China’s domestic affairs. The PRC made clear that it will never back down when defending its territory and sovereignty.

I. The PRC’s Military Capabilities

The PRC has invested immense funds into national defense, is actively implementing defense modernization, and has accelerated “mechanization” and “informatization,” carrying out military training under conditions of informatization to strengthen its ability to “win a local war under conditions of informatization.” As a result, the PRC is capable of blockading Taiwan and seizing our offshore islands. A comparison of the military capabilities of the two sides of the Taiwan Strait is shown in *Table 2-3*.

(I) Intelligence, Surveillance, and Reconnaissance Capabilities

In order to compensate for its surveillance and reconnaissance blind spots, the PRC strengthened its real-time target identification ability to satisfy requirements of reconnaissance, missile warning, target surveillance, identification, and operation command and control. The PRC further deployed



strategic unmanned reconnaissance aircraft and established a data link communication system. Furthermore, the PRC's UAVs conducted operations in the sea area of the Diaoyutai Islands for the first time on September 9th, 2013, from which we know that its current surveillance and reconnaissance forces and range can achieve all hour military command, control, intelligence and communication for all regions west of the first island chain, enabling it to effectively carry out long-range precision strikes. The PRC's capabilities are enough to support the use of military force for resolving the Taiwan issue and disputes in the East China Sea and South China Sea.

(II) Capabilities of the PLA Ground Force

The PLA Ground Force has a total of roughly 1.25 million servicemen, in which roughly 400 thousand are stationed at borders. The Ground Force is undergoing modernization, mechanization and force restructuring into a flatter hierarchy under the strategic guidance of “global mobility and solid attack and defense.” Furthermore, it is conducting technological group training for armored vehicles, air defense, ground forces, land and air collaboration, and electronic warfare, and has stepped up training for military operations against Taiwan, land and air joint operations, and cross-region mobility operations, aiming to strengthen its overall strike, defense, and command and control capabilities. To gradually enhance land and air integration, long-range mobility, rapid strike, and special operations capabilities, the Ground Force conducts intensive joint landing exercises to become familiar with tactics and strategies of landing operations. The PLA Ground Force is capable of conducting triphibian landing operations to seize offshore islands of the ROC.

(III) Capabilities of the PLA Navy

Vessel modernization is a priority of the PLA Navy's force buildup to satisfy Far Sea strategic requirements, in which the aircraft carrier Liao Ning was already formally handed over to the Navy. The Navy is actively replacing new nuclear and traditional powered submarines; surface ships are equipped with YJ series

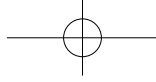
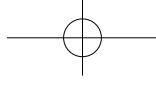


Table 2-3 Comparison of Military Strength on Both Sides of the Taiwan Strait

Category Items		ROC Armed Forces	People's Liberation Army
Total Force		Over 240,000(The amount will be cut down to 215,000 in the end of 2014)	Over 2,270,000
Ground Forces	Force	Over 170,000	Over 1,250,000
	Combat Equipment	Tanks and armored vehicles: Over 1,500 Helicopters: Over 200 Heavy artillery: Over 1,000	Tanks and armored vehicles: Over 15,400 Helicopters: Over 600 Heavy artillery: Over 7,200 (including anti-tank guns)
Navy	Force	Over 30,000	Over 260,000
	Battleships	Over 190	Over 800
	Principal Combatants	Large battleships: Over 20 Amphibious ships: Over 10 Submarines: 4	Large battleships: Over 70 Amphibious ships: Over 40 Submarines: Over 60
	Aviation servicemen	Anti-submarine helicopters:Over 20	All kind aviation vehicles:Over 600
Air Forces	Force	Over 30,000	Over 370,000
	Principal Combatants	Fighters: Over 370 (F-16, M-2000, IDF and F-5)	Fighters: Over 2,900 (J-7, J-8, J-10, Su-27, Su-30) bomber:Over 400 Attack aircraft: Over 280 Unmanned aircraft: Over 280 Air defense missile systems: Roughly 1,000
Air Defense Missile Command	Force	Over 5,000	
	Principal Combatants	Air Defense Missile:Over 30	
Second Artillery	Force	n/a	Force:Over 149,000
			Strategic Missiles:Over 190
	Principal Combatants	n/a	Tactical Missiles:Over 1,400
			Nuclear Warheads:Over 200

anti-ship missiles and HQ series air defense missiles; built new 094 nuclear-powered submarines carrying ballistic missiles; replaced old 091 nuclear-powered attack submarines and 092 nuclear-powered missile attack submarines. Furthermore, the Navy continues to use exercises and Far Sea patrol training to test its plans for operations against Taiwan and resisting foreign forces, so as to enhance its comprehensive sea control operational capabilities. The Navy's ability to carry out diverse military missions is further verified through convoy

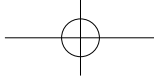


The PLA Air Force has been accelerating the commissioning of new generation fighters in recent years, and through continuous exercises it now possess the ability to fight for air superiority and control over the first island chain.

missions in the Gulf of Aden, international medical aid, and humanitarian aid, as well as joint military exercises with other countries. In areas facing Taiwan, the PLA deployed mobile coastal missile forces, and utilize new warships and naval fighters that can effectively blockade the Taiwan Strait and seize near shore islands, as well as blockade key air space.

(IV) Capabilities of the PLA Air Force

To achieve the strategic requirements of “from homeland air defense to balanced offense and defense,” “from quantity to quality and performance,” and “from tactics to strategies,” the PLA Air Force modified its H-6 bombers into air-refueling tankers, and purchased D-30KP-2 engines from Russia to enhance its performance and range; accelerated the commissioning of J-15 and J-16 fighters, and is developing J-20 and J-31 stealth fighters and new warning aircraft to enhance strike and aerial command and control capabilities. The PLA Air Force has also deployed HQ and S series air defense missiles, unmanned aircraft,



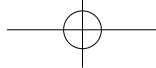
Y-20 large military transport aircraft, and air launched long-range precision weapons at the borders, hoping to build complete air defense anti-missile, air strike, warning and reconnaissance, strategic delivery, and strategic deterrence capabilities. The above shows that the PLA Air Force is already capable of fighting for air superiority and control over the first island chain.

(V) Capabilities of the PLA Second Artillery

Under the strategic guidance to “prevent crises, control the war situation, and win the war,” the PLA Second Artillery not only focuses on the development and deployment of new DF-21D ballistic missiles, as well as the replacement of old equipment, but also aims to also meets requirements of “possessing both nuclear and traditional” and “emphasizing both deterrence and combat” to enhance overall joint operations capabilities, so as to effectively carry out strategic (tactical) operations. At present, the Second Artillery has deployed



The PLA Navy is actively replacing new nuclear and traditional powered submarines based on its Far Sea strategic requirements, developing towards vessel modernization.



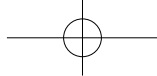
over 1,400 missiles that can be used for operations against Taiwan. Combined with the Navy and Air Force, the PLA is now capable of conducting large scale joint firepower strikes and denying foreign forces from intervening in disputes across the Taiwan Strait. Furthermore, the PRC has adopted the principles “general, serial, and module” to develop towards the second island chain and achieve strategic objective of denying foreign forces. The PRC developed multiple new missiles, including the DF-21D missile, to satisfy requirements of diverse military missions, including ground, anti-carrier, and nuclear strike operations.

(VI) Information and Electronic Warfare Capabilities

To strengthen the effectiveness of joint operations against Taiwan, electronic warfare forces at each level of the PLA have completed the use of communications interference equipment, anti-radiation weapons, and independently produced long-range electronic jammers in simulations of the electronic environment in the Taiwan Strait. The PLA conducted attack and defense exercises targeting weaknesses of command and control systems of the US and Japan, hoping to gain electromagnetic control throughout the entire battle. The PLA has conducted joint electronic warfare exercises, which integrate information and electronic technologies in joint operations exercises to increase the performance of equipment and flexibility of tactics and strategy. Determining based on the PLA’s force deployment and electronic warfare equipment, the PLA is capable of electromagnetic parameter reconnaissance and possesses initial capabilities of blocking and interfering with the surveillance, reconnaissance, command, and control system of the ROC Armed Forces.

(VII) Military Cyber Capabilities

The PRC’s 4 headquarters, 7 military regions, defense technology research agencies, defense mobilization, intelligence, and militia departments form its basic cyber-attack and defense capabilities. Starting in 2010, the PRC began



developing new spy software to steal classified information on the internet. The software was developed with automated functions capable of changing data encryption, concealing transfer channels, and countering tracing attempts by network security personnel.

(VIII) Military Aerospace Capabilities

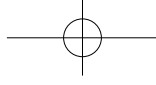
The PRC's satellites are divided into 6 categories, namely reconnaissance and surveillance; communication, command and control; navigation and positioning; meteorological observation; resource prospecting; and scientific experiment. The Beidou navigation satellite developed by the PRC is already capable of covering the Asia-Pacific, and will reach the strategic objective of covering the entire world by 2020. The PRC is also actively developing high resolution ground observation, global positioning, and large capacity communication satellites, as well as large payload rockets, so as to further enhance the PLA's surveillance, reconnaissance, command, control, and precision strike capabilities.

II. PRC Military Preparedness against Taiwan

The PRC's military strengthen has rapidly expanded in recent years. However, its strategic intent remains unclear and the military continues to lack transparency. Hence, its strong awareness and actions to defend territorial sovereignty and gain maritime interests have become a potential threat to regional peace and stability. Moreover, the PRC emphasized that "Taiwan is China's core interest and it will not renounce the use of military force," indicating that the risk of military conflict across the Taiwan Strait continues to exist.

(I) Organization Adjustment and Emphasis on Modernization

The PLA established the "Military Reform Master Plan Before 2020" at the end of 2010 based on mechanization, informatization and collaboration requirements. Starting in June 2011, the PLA sequentially completed its



organizational reform and adjustments, and its strategic focus gradually moved towards the West Pacific and South China Sea. The PLA adjusted its force buildup, including the Navy, Air Force and Second Artillery, to “deny foreign forces” and cohere with the strategic development of defense modernization. Its development towards an extrovert military and military power has gradually increased the contrast of military strength across the Taiwan Strait.

(II) Improving Surveillance and Reconnaissance Equipment and Deployment

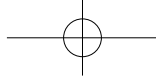
Besides accelerating military branch developments, the PRC is also actively combining strengths of military, civilian and international cooperation, and is gradually building intelligence, surveillance, and reconnaissance platforms. Based on the size and deployment of surveillance and reconnaissance forces of the PRC, the diversity of its surveillance and reconnaissance measures, and its reconnaissance range covering all of East Asia, its capabilities are enough to support the use of military means to resolve the “Taiwan issue” and territorial disputes in the East China Sea and South China Sea.

(III) Upgrading Weapons for Deterrence

To achieve capability requirements of A2/AD, the PRC is dedicated to upgrading new deterrence weapons and military modernization to deter foreign forces from intervening. The PRC currently has a variety of tactical ballistic missiles, cruise missiles, air-to-ground precision missiles, and precision bombs, in which tactical ballistic missiles are capable of carrying different kinds of warheads for attacking different types of targets; air-launched precision missiles are capable of attacking ground command and control systems, and are characterized by their diversity, large range, and multiple tactical applications.

(IV) Incorporating the Three Warfares into Military Thought

To follow through with its preparations for military conflict with Taiwan, the PRC strengthens its psychological warfare advantages through the Political Warfare Regulations and Outline of the Three Warfares, and integrates politics,



economics, diplomacy, military, and psychology into its modern military thought, developing towards combining military and non-military missions. The PRC uses “public opinion warfare” to raise national consciousness, gain international support, and deter enemy forces; it uses “psychological warfare” based on the two-hand strategy of peace and war to deter and destroy the enemy’s will of resistance; it uses “legal warfare” to establish the legitimacy of its wars in an attempt to win great victories in small battles or win without war.

(V) Expanding Results of Military Soft Power

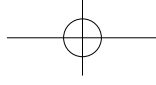
In recent years, the PRC has been devoted to developing its military soft power, in which main measures include strengthening political work, core values of military personnel, talent cultivation, all-out defense, foreign military sales, increasing its defense budget, military promotion talent cultivation, celebrations, and completing its military operations legal systems, aiming to gain the ability to win over and control other states through conciliation.

(VI) Cultivating Military Talents for Joint Operations

With consideration to future forms of warfare, the PRC released the “Military Talent Development Outline Before 2020,” in 2012, which plans military talent cultivation for joint operations, dividing them into four levels - basic command, military branch command, collaborative operation command, and joint operation command, forming a system of cultivation by level supported by job training, and training coherent with application, hoping to cultivate cross region and cross military branch joint operations command talents.

(VII) Building Diverse Military Capabilities

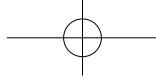
The PRC has carried out organization adjustments and outfitting, stepped up joint training of different military branches, procured (modified) high-tech weapons, and established strategic (tactical) unit intelligence, surveillance, and reconnaissance platforms. Determining based on its military modernization progress, strategic ideology development, force structure and deployment, and



weapons research and development, the PRC now possesses air-and-ground reconnaissance and surveillance methods, versatile firepower, and multiple intimidation options, which increases the intensity of its subsequent military operations and benefits mobile adjustment of force deployment.

III. The PRC's Military Threat to Taiwan

The PRC stresses that the “Taiwan independence separatist force” and its activities are still the greatest threat to the peaceful development of cross-Strait relations, and pointed out that the PRC’s purpose for strengthening defense infrastructure is to safeguard its national sovereignty, security and territorial integrity. During the 18th National Congress, the PRC revealed that it will continue to carry out preparations for military conflict, build a powerful military force that matches its international status, and follow the “three step” strategic concept to make significant progress in mechanization and informatization by 2020. The PRC’s military modernization still emphasizes the development and deployment of high-tech weapons, the development of cyber force attack and defense technologies, and the enhancement of overall capabilities via a number of measures, including mobilizing fighters and air defense missile forces to borders, the navy conducting cross region Far Sea training, and tri-force joint landing exercises. The PRC plans to build comprehensive capabilities for using military force against Taiwan by 2020. In the future, the PRC will continue to use joint operations as the basic form of operations, and aims to effectively prevent foreign forces from intervening in its operations against Taiwan, posing a growing threat.



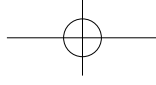
Section 3 Security Challenges of the ROC

The PRC's military threat remains the primary challenge in our current security environment. The PRC has not renounced the use of military force against Taiwan, and its defense budget has maintained double-digit annual growth rate for over twenty years. This has driven its military development and significantly improved its weapons and equipment development capabilities, continuously enhancing its military deterrence, which forms a major threat to our national defense. Furthermore, disputes over island sovereignty in East Asia and maritime rights and interests have escalated in recent years, as well as domestic issue such as growing non-traditional security threats the economic downturn, changes in demographic structure (low birth rates), increasing threat of natural disasters, cyber-attacks and the gradually weakening defense awareness among citizens. These are all challenges to our national security that may not be overlooked.

I. Rapid Expansion of the PRC's Military Strength

The PRC's comprehensive national power has rapidly grown in recent years, and with the substantial increase of its defense budget, the PLA's capabilities have significantly increased, accelerating the imbalance of military strength across the Taiwan Strait and tilting situation in their favor. The PLA's overall ability to blockade Taiwan and seize offshore islands is a serious threat to our national security. The PLA's strength will continue to grow within the foreseeable future, and it will actively develop A2/AD strategies and tactics, develop long-range precision weapons, and extend its power projection range, which will become challenges to our national security.

Threatened by the PRC's refusal to renounce the use of military force against Taiwan, our national defense policy is to build a "Hard ROC" defense force, and to adopt "innovative/asymmetric" concepts based on trends of the security environment, technological innovations, and strategic requirements, so as to enhance joint operations performance, establish a robust armaments



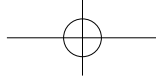
development mechanism, and combine the people's strength to develop a "small but superb, strong and smart" elite force that can defend the ROC's sovereignty and national interests, as well as maintain peace and security in the Taiwan Strait.

II. Sovereignty Claims over Disputed Islands and Maritime Rights and Interests

Regional conflicts over island sovereignty and maritime rights and interests are also security challenges to the ROC, in which the disputes over Diaoyutai and islands in the South China Sea are especially complex. In recent years, these disputes have caused confrontation between law enforcement ships of different countries or military conflicts and operations, directly affecting our national security. The government calls on countries surrounding the East China Sea and South China Sea to exercise self-restraint, to resolve disputes via negotiation and dialogue mechanisms, and to avoid armed conflicts based on the fundamental principle that "safeguarding sovereignty, shelving disputes, pursuing peace and reciprocity, and promoting joint exploration and development." The ROC Armed Forces will continue to strengthen maritime patrol capabilities, and use military strength to maintain island sovereignty, maritime rights and interests, and freedom of citizens to navigate through public sea.

III. Defense Resource Constraints

The Financial Tsunami and European Debt Crisis indirectly led to an economic downturn in the ROC, and defense resources gradually decreased as the government's financial situation became more and more difficult. Yet, as factors causing instability in the Taiwan Strait continue to exist, it is necessary to continue purchasing or developing asymmetric and innovative weapons to enhance our defense capabilities. Furthermore, military personnel salary increase, benefits, and service environment improvement in coordination with the implementation of voluntarism will also be a burden on the defense budget.



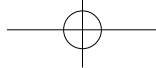
Under the challenge of the government's financial burden, the ROC Armed Forces must continue to allocate a reasonable and suitable budget, refine the armaments management mechanism, suitably allocate and use defense financial resources, and maximize the effectiveness of the defense budget, so as to alleviate the impact of mid- to long-term administrative plans. At the same time, the MND encourages the private sector to participate in the development and production of military products, and seeks for maintenance technologies of high-tech weapons and equipment that are procured to be transferred to domestic firms. Besides vitalizing the domestic industry and economy, these measures also benefit subsequent maintenance and upgrade of domestic industrial technologies.

IV. Low Birth Rates

Birth rates have sequentially decreased in recent years, and the number of young adults in the population structure also decreased. In the future, there will eventually be insufficient draft age men. Moreover, low birth rates will result in an aging and insufficient labor force, and affect overall economic development. In the light of changes in social and population structures, as well as warfare changes, the ROC Armed Forces will suitably streamline its force and gradually adjust the defense organization, force size and structure. Also, the military service system will be converted from conscription to voluntarism, and excellent long-term volunteer manpower will be recruited to maintain credible capabilities.

V. Disaster Relief and Response

Due to climate changes in recent years, the impact on national security of natural disasters and the complex disasters that they cause is not less than a war. With consideration to the threat of natural disasters, the ROC Armed Forces has listed "disaster relief" as one of its core missions, and enhances "military operations other than war" capabilities during regular exercises and

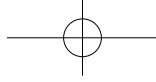


training. This will build a force with immediate disaster relief and contingency response capabilities, which are strengthened through proper pre-disaster planning, equipment, and disaster relief training. Furthermore, the ROC Armed Forces will closely cooperate with government agencies and local governments in disaster relief drills, complete human and material resource mobilization preparations, carry out resource integration, utilize private organizations, and build cross-area support capabilities. These measures aim to fully utilize the nation's overall disaster relief, mitigation and prevention capabilities, and thus lower the threat of natural disasters on national security.

VI. Information Security

Cyberspace has become an important battlefield in modern warfare in a complex information and electronic warfare environment, and the PRC's military cyber capabilities and hacking have become a threat to our national security. The PRC Cyber Force continues to use remote infiltration and viruses (malware) to infect, steal information or monitor our websites, affecting the normal operation of information systems. Once a conflict arises, these operations will enable them to cripple our command, control and logistics network, which will affect the normal operation of the ROC Armed Forces' information systems, and delay its contingency response time.

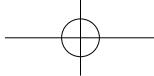
In the light of this, the ROC Armed Forces will persistently uphold information security and work with the national information security system, raising information security awareness through information security lectures, reports, sudden inspections, and contingency response exercises. In the future, the ROC Armed Forces will strengthen the protection of command, control, communication, and information platforms, increase the strength of overall information security, and ensure information security and a smooth network by enhancing information, network and electronic warfare defense capabilities.



VII. Threat Awareness

Under the government's efforts, the situation across the Taiwan Strait has been peaceful and stable, and cross-Strait relations gradually relaxed, but this has also caused citizens to gradually lose their awareness of the enemy. Furthermore, the PRC utilizes the "three warfares" strategy, namely psychological warfare, public opinion warfare, and legal warfare, to weaken the people's awareness of the enemy and separate their unity, using the war fares to weaken their defense awareness and support for defense affairs.

The ROC Armed Forces referred to the experiences of other countries in all-out defense education, and is actively integrating government, school, and social resources, implementing all-out defense education to raise citizen's defense awareness, and encourages the public to participate in defense affairs to gain their support of defense infrastructure, ensuring the nation's long-term stability and sustainable development.

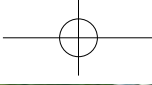


(Upper left and upper right) In the face of non-traditional security threats, the ROC Armed Forces organized units with immediate response and disaster relief capabilities under the existing organization and force structure, so as to respond to future disasters that occur without warning. (Lower) The Navy and Coast Guard carry out joint convoy missions to defend the ROC's sovereignty and fishing rights, protecting the freedom of ROC fishing boats to navigate in high seas.



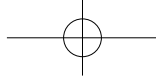
Part 2 General Plan of National Defense

The Ministry of National Defense (MND) formulates national defense policies, national defense strategies, and military strategies under the guidance of the President's concept "three legs of national security (the use of cross-strait rapprochement to realize peace across the Taiwan Strait, the use of viable diplomacy to establish more breathing space for ourselves in the international community, and the use of military strength to deter external threats)," the Executive Yuan's Mid-term Administration Plan, and the Quadrennial Defense Review, and aims to build a defense force that is "small but superb, strong and smart" based on the concept of "innovation/asymmetry." The purpose of this force is to ensure national security and carry out administrative measures under the guidance of national defense policies, including promoting volunteer force, weapons procurement, defense capability buildup, upholding military discipline, and caring for servicemen and their families.



Chapter 3 National Defense Strategy

The MND aims to build a “Hard ROC” defense force, follow through with the military strategic guideline of “resolute defense, credible deterrence,” safeguard national security, ensure the ROC’s territorial integrity and national interests, and maintain regional peace and stability. These objectives are aligned with the Executive Yuan’s policy planning of the Golden Decade, National Vision - Defense Security.



Section 1 National Defense Policies

The primary objective of our national defense policies is to build a “Hard ROC” defense force. The ROC Armed Forces will continue to implement national defense transformation and military preparations, in order to deter enemies from launching an attack and to achieve the goal of deterrence and war prevention. This will allow people to live in peace and prosperity and the nation to achieve sustainable development. On this basis, the seven strategies implemented at the current stage are as follows:

I. Build Credible Capabilities

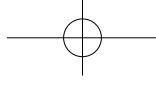
Based on trends of the security situation, technological innovation and strategic requirements, the ROC Armed Forces will continue to reform its defense organization and modernize force structure, adopt “innovative/asymmetric” concepts, enhance joint operation effectiveness, establish a robust armaments development mechanism, and combine the strength of all citizens to deter any attempts to invade Taiwan. These measures will enable the ROC Armed Forces to serve as a strong support for peace across the Taiwan Strait, ROC territorial integrity and regional stability.

II. Demonstrate Defense Resolution

Military and civilian should demonstrate determination to defend national security by allocating a reasonable defense budget, carefully planning military investments, effectively distributing resources, facilitating development of self-reliant national defense, strengthening peacetime mobilization capabilities, and consolidating people’s will to fight against the enemy.

III. Safeguard Regional Stability

Under the government’s diplomatic policy, the MND will establish solid relations with friendly and allied countries, increase dialogues and exchanges on



regional security, and actively participate in international security affairs. Based on the principle of “safeguarding sovereignty, shelving disputes, pursuing peace and common interests, and promoting joint exploration and development,” the MND will support to secure our sovereignty over islands and maritime rights and interests, and jointly promote regional security and stability together under Asia-Pacific countries.

IV. Strengthen Intangible Combat Capabilities

The MND will build the ROC Armed Forces into a force with core values and military ethics that aims to consolidate national identity, shape military disciplines, foster military virtues, and build a sense of honor among military personnel.

V. Enhance Disaster Prevention and Relief Readiness

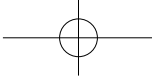
Based on the principle of “disaster relief is akin to fighting a battle” and guidance of “prepare for disasters in advance, deploy troops with an eye to disaster relief, and ensure readiness for rescue operations,” The ROC Armed Forces should strengthen disaster relief capabilities and assist disaster prevention in accordance with the law.

VI. Promote Volunteer Force

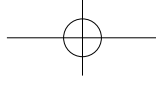
In consideration of the nation’s long-term development requirements, in response to the public’s expectations, and under the premise of effectively safeguarding national security and maintaining military obligation as stipulated in the Constitution, the military conscription is transforming into a volunteer force. The active duty force will entirely consist of volunteers, building a “small but superb, small but strong, small but smart” elite force.

VII. Improve Welfare for Military Personnel

Military servicemen defend the nation and people’s survival, rights and interests



with their lives, and accomplish missions bestowed upon them from the nation with the support and encouragement of their families. Therefore, it is necessary to defend the dignity of military servicemen. The MND will continue to care for the welfare of military personnel, improve working conditions and provide better protection of their rights, at the same time, improving the quality of life for military families, providing comprehensive services and accommodations, offering better consultation for reterans, caring for veterans and military families living near military barracks, so as to boost the morale of the Armed Forces, and encourage military personnel to make the military their career choice.



Section 2 National Defense Strategies

The MND establishes national defense strategies in response to changes in the international strategic environment and security challenges faced by the nation, so as to ensure the nation's survival and sustainable development. At the current stage, objectives of national defense strategies are war prevention, homeland defense, contingency response, conflict avoidance, and regional stability, which are further described below:

I. War Prevention

(I) Strengthen Defensive Operations Readiness

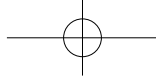
The MND is actively implementing defense transformation, developing defense technologies, continuously procuring defensive weapons, establishing “innovative/asymmetric” capabilities, and strengthening force preservation and infrastructure protection capabilities. Furthermore, it is enhancing mobilization capabilities of reserve forces and implementing all-out defense to effectively defend homeland so as to demonstrate our determination to face any threat or challenge.

(II) Promote Regional Military/Security Exchanges and Cooperation

Taiwan is located at the center of the First Island Chain of the West Pacific, an important geographic location in terms of military strategy. Hence, Taiwan maintains good relations with other countries through high level visits, security dialogues, track two exchanges, education and training, military procurement, and military assistance, and strives to engage in bilateral or multilateral military exchanges and cooperation, so as to collaboratively establish security mechanisms and maintain regional peace and stability.

(III) Consolidate Defense Capabilities

Measures to consolidate national defense capabilities include cultivating military talents for foreign affairs, continuing to participate in international



affairs, promoting military diplomacy, implementing Revolution in Military Affairs (RMA), promoting research and development in defense technology, continuing to practice civilian control of the military, improving military-civilian coordination mechanisms and military-civilian relationships, upholding the military's honor, glory and ethics, improving the quality of manpower, and boosting the morale of military personnel.

(IV) Cross-Strait Military Confidence Building Measures (MCBMs)

In response to the PRC's proposal to address the issue of establishing MCBMs, the current cross-Strait policy is to implement exchanges between the two sides with an emphasis on economic, cultural and livelihood issues and gradually build confidence based on the principle of "first the urgent, then the gradual; first the easy, then the difficult; first economics, then politics." Issues concerning MCBMs will be carefully handled in coordination with government's cross-Strait policy in the future.

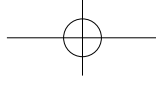
II. Homeland Defense

(I) Build an Elite Armed Forces

In response to the demand for highly skilled manpower in modern warfare under advanced technological conditions and the economic and social changes, the MND will promote military service system transformation into a volunteer force, strengthen the defense organization and refine force structure with limited national defense resources.

(II) Establish Highly Effective Joint Operations Capabilities

Based on joint operational concepts, the ROC Armed Forces will continue to improve joint operations command mechanisms, develop joint operations capabilities with an emphasis on long-range precision operations and synchronized joint engagement in order to deter enemy incursions.



(III) Acquire Modernized Weapons

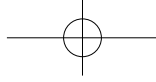
Under the guideline of “maintaining fundamental warfighting capabilities while focusing on the development of asymmetric capabilities,” the MND will prioritize the indigenous development of key technologies and weapon systems. In addition, foreign procurement of advanced weapon systems will be defensive in nature, beyond indigenous development capability and purposed to replace outdated systems, so as to build a modernized force required by our national defense.

(IV) Strengthen Force Preservation

The ROC Armed Forces will continue to strengthen force preservation



The ROC Armed Forces developed the RT-2000 Multiple Launch Rocket System in response to high-tech warfare and to demonstrate the autonomy of the ROC's defense capabilities.



measures to respond to the threat of high-intensity minimum-warning assaults from enemies; back up operational functions of all operations systems to sustain initial combat losses and rapidly reconstitute and exert operational capabilities; provide necessary support to ensure the operation of infrastructure such as telecommunications, transportation, energy, reservoirs, and electrical grids to sustain military operations.

(V) Accumulate All-out Defense Capabilities

The MND will continue to promote all-out defense education, cultivate the public's patriotism and support for national defense; coordinate interagency efforts to establish a robust all-out defense system; maintain capabilities of reserve force through mobilization recall and training to ensure rapid mobilization during peacetime and wartime.

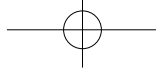
III. Contingency Response

(I) Refine Surveillance, Reconnaissance and Early Warning Capabilities

The ROC Armed Forces will continue to integrate intelligence, surveillance and reconnaissance capabilities, enhance intelligence collection, analysis, integration and early warning capabilities, closely monitor the security situation of surrounding waters and airspace and strengthen intelligence exchange with friendly countries in order to effectively prevent crises.

(II) Perfect Contingency Response Mechanisms

When the nation faces threats of terrorist activities or minimum-warning attacks from infiltrated enemies, the joint operations command mechanism should immediately deploy rapid response units to assist competent authorities and local governments based on the principle of “stabilizing the situation, controlling the crisis, and unifying contingency response operations,” so as to rapidly resolve the crisis and achieve the goal of “preventing internal jolts and external assaults.”



(III) Enhance Contingency Operational Capabilities

Contingency response plans are prepared for possible assaults by the enemy, and simulated exercises are conducted to become familiar with response procedures. These measures strengthen overall contingency and crisis response capabilities, so as to rapidly control and resolve crises and reduce damages.

(IV) Improve Disaster Prevention and Relief Capabilities

Based on the existing disaster relief mechanisms and capabilities, the ROC Armed Forces will continue to learn from other countries' experiences and conduct disaster relief preparation aligning with the government's disaster prevention exercise in order to rapidly and effectively assist local governments' rescue efforts. In addition, the MND will continue to acquire all-purpose equipment with both operational and disaster relief functions, and build mobilization capacity to enhance the ROC Armed Forces' overall disaster relief capabilities.

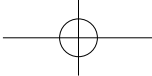
(V) Reinforce Information Security

The MND will integrate the national information security system, strengthen network security readiness, and raise personnel's awareness through information security lectures, reporting, surprise inspections, and contingency response mechanisms, thereby prevent security weaknesses that might be exploited by the enemy and affect the normal functionality of the ROC Armed Forces information system, enhancing the robustness of information security. Furthermore, the MND will reinforce security of the command, control, communication and information platform to effectively support missions in both peacetime and wartime.

IV. Conflict Avoidance

(I) Implement Military Conflict Avoidance Measures

Transparency measures, such as periodically announcing exercises and



publishing the National Defense Report, help surrounding countries understand the purpose of Taiwan's defense policy, objectives of military preparation and readiness, and contents of military activities. These measures will reduce doubts, misjudgment and misunderstanding, and facilitate mutual understanding.

(II) Strictly Abide by Conflict Avoidance Regulations

The ROC Armed Forces abides by the principle and readiness regulation of “crisis prevention, situational control, emergency response, rapid management, and escalation avoidance” and “not provoking incidents, not escalating conflicts, and reducing hostile actions” to avoid military conflict caused by miscalculation or accidents during regular missions.

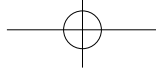
V. Regional Stability

(I) Create an Asia-Pacific Common Security Picture

Following the sequence of “establishing contacts, solidifying friendly relations, reaching a consensus, and forming robust alliances”, the MND will enhance security dialogues and exchanges with countries in the Asia-Pacific region, fully serve its strategic warning function in the First Island Chain of the West Pacific, shoulder more international responsibility in traditional and non-traditional security issues, and seek tighter security bonds with Asia-Pacific countries.

(II) Jointly Safeguard Regional Sea and Air Security

Enhance cooperation with Asia-Pacific countries to protect security of sea and air lines of communication in the East and South China Seas and surrounding waters, establish institutionalized cooperation channels for strategic dialogues, jointly ensure freedom of navigation and overflight as well as sea and air lines of communication, and play a key role in facilitating regional stability.

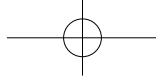


(III) Participate in International Counter-terrorism and Humanitarian Assistance Activities

Restrain terrorist activities and pirate actions with the belief of maintaining peace, conduct personnel training, exchanges and intelligence exchange with regional countries, and seek the opportunity to participate in multilateral military exercises. Furthermore, provide humanitarian assistance in coordination with the government's diplomatic policy to fulfill our responsibilities as a global citizen.

(IV) Abide by the Nuclear Non-proliferation Treaty

The ROC abides by international codes and is dedicated to promoting peace and stability in the Asia-Pacific, following the code of not producing, developing, acquiring, storing and using nuclear weapons. Furthermore, the ROC will continue to support regional and international efforts in nuclear non-proliferation, and will strictly abide by weapons export regulations. Standing by the abovementioned principles, the ROC included contents of the "Missile Technology Control Regime" into the "Foreign Trade Act" in 1998 to provide a basis for transferring strategic high-tech commodities (SHTC), and has continuously controlled the export of sensitive technologies and missile systems.



Section 3 Military Strategies

In consideration of the regional security environment and strategic postures of Taiwan and potential enemies, the ROC Armed Forces has adopted “resolute defense and credible deterrence” as its military strategic concept under the defense strategy guidance, and will never evoke war. Only when the enemy is persistent and war is inevitable will the ROC integrate its joint armed forces with all-out defense capabilities to engage in homeland defense, protect territorial integrity, and ensure national security.

I. Military Strategic Missions

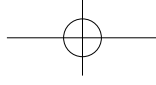
In order to implement the military strategic concept of “resolute defense and credible deterrence,” the ROC Armed Forces must effectively carry out the following missions:

(I) Resolute Defense to Ensure the Security of National Territories

In conducting defensive operations, the ROC Armed Forces need to survive the enemy’s first strike, avert decapitation, maneuver forces to counter strikes, and sustain operations. We will adopt fortified defensive, mutually support and recapture measures to achieve “strategic sustainment and tactical decisiveness.” Strategically, the ROC Armed Forces will assume a defensive posture to fight for time and space and create advantageous conditions. Tactically, the ROC Armed Forces need to fully utilize favorable conditions of force, space and timing, effectively counterstrike, apply all-out defense to resist enemy invasions and ensure homeland security.

(II) Credible Deterrence of Any Hostile Intention to Launch an Attack

The ROC Armed Forces will persistently carry out force training and readiness preparations, and integrate operational capabilities of weapons systems belonging to each armed service, thereby enhancing joint operation performance and overall capabilities. This will force the enemy to consider the costs and risks of war, and thus deter any hostile intention to launch an attack.



(III) Counter Blockade to Maintain Sea and Air Lines of Communication

Most of the ROC's major livelihood and strategic supplies are imported. Therefore, sea and air lines of communication are critical to national survival. In peacetime, the ROC Armed Forces need to maintain security in surrounding airspace and waters. In wartime, it will integrate joint operations capabilities to counter the enemy's blockade forces against Taiwan, open safe air and sea transportation routes, maintain communication to the outside world, and ensure the continuity of its capabilities.

(IV) Joint Interdiction to Delay Enemies from Approaching the Homeland

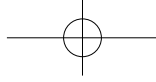
The ROC Armed Forces follows guidelines of defensive operations in learning the enemy's route of approach, and utilizes temporal and spatial factors in seizing advantageous tactical positions, where it can utilize joint capabilities and gather superior forces and firepower for joint interdiction and striking the enemy when transiting across the Taiwan Strait.

(V) Ground Defense to Deny Enemy Landing and Setting Footholds

If the enemy attempts an amphibious landing with its superior naval and air support, the ROC Armed Forces needs to apply the overall capabilities of all-out defense, construct defensive systems in the entire in-depth defense area, and conduct continuous counter strikes to defeat enemy forces at the beachhead before lodgments are secured.

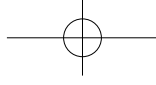
II. Future Requirements for Defensive Operations

In order to fulfill the missions defined in the military strategies and address the conditions of battlefields in the Taiwan Strait, characteristics of modern warfare, and developments in military technologies and weapons systems, the ROC Armed Forces' readiness for future defensive operations needs to be developed according to the following principles:



The ROC Armed Forces effectively enhances joint operation performance via exercises and training, so as to ensure national security. The photo was taken during the Lien Hsing Exercise.

- (I)Force planning, building and deployment must focus on preventing enemy's possible surprise attack, decapitation, paralysis or other asymmetrical operations, and also focus on strengthening far-seas rapid response and recovery capabilities, gradually building a modernized defense force that satisfies requirements of defensive operations.
- (II)Capabilities of all services (or branches), force structure, command mechanisms, military doctrines, tactics and strategies, and education/training should be integrated toward joint operations, in hopes of multiplying combat capabilities and gaining local battlefield superiority.
- (III)All major weapon systems and platforms should be linked to reduce the time required for the cycle of “detection - processing - decision - action”, so that integrated warfighting capabilities can meet the objectives of effective and rapid command and control, real-time and uninterrupted

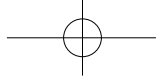


communication, and precise and highly effective firepower.

- (IV) Facing the threat of high-intensity minimum-warning assaults, the ROC Armed Forces, in terms of defensive operations, should emphasize redundant capacity and sustainability of operation functions, and enhance critical infrastructure protection to avoid main combat capabilities being paralyzed in the initial stage of military operations, and thereafter failing to achieve strategic sustainment.
- (V) Considering the reality that the ROC Armed Forces will be outnumbered in defensive operations, capability development should emphasize effectiveness of contingency operations and force/firepower mobility for swifter response and smarter maneuvers, which will enable the ROC Armed Forces to take advantage of tactical situation and reverse unfavorable conditions.
- (VI) Develop the ROC Armed Forces' "innovative/asymmetric" capabilities targeting at the enemy's COG and critical vulnerabilities, to utilize the advantages in time and space in defensive operations to disrupt or paralyze enemy attacks.
- (VII) The ROC Armed Forces carries out military mobilization preparations that integrate personnel, equipment and training based on the military strategic concept of "regular forces conduct strikes and reserve forces defend the homeland." Furthermore, military mobilization preparations will be integrated with the administrative mobilization system, so that manpower and materials can be rapidly mobilized to reinforce the armed forces' capabilities, and enable defensive operations to be successfully carried out.

III. Force Buildup Plans and Objectives

The ROC Armed Forces established force buildup policies and objectives are based on considerations of future strategic situations, the PRC's military threat, Revolution in Military Affairs, projections of defense resources,



and requirements of defensive operations, drawing out specific plans for a modernized defense force. This will establish reliable warfighting capabilities required for the strategic objective of “resolute defense and credible deterrence.” The acquisition and development of major weaponry and equipment are summarized as follows:

(I) Information and Electronic Warfare

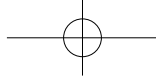
The new generation satellite communications system will continue to be upgraded, radio models will be replaced, information and electronic warfare equipment will be developed, and defense capabilities of critical C2 (command and control) posts will be further solidified, establishing an automated comprehensive C4ISR system and cyber protection and counter attack management system capabilities.

(II) Joint Counter Air Operations

Procuring advanced high performance fighters and upgrading capabilities of Chingkuo Fighters (Indigenous Defense Fighter, IDF), as well as F-16A/B fighters will equip the Armed Forces with long-range and beyond visual range (BVR) combat, advanced electronic warfare system, and air-to-ground and air-to-sea missile capabilities. Furthermore, by procuring the Patriot III missile system, enhancing the performance of the Patriot II missile system, and building ground-based air defense missile systems, the ROC Armed Forces will gain mid-range anti-missile, low altitude air defense and mobile anti-aircraft missile system capabilities.

(III) Joint Sea Control Operations

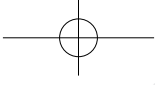
Procurement of diesel-electric submarines, P-3C long-range fixed-wing anti-submarine aircraft, Perry class frigate, high performance combat ships, and minehunters will enhance the Armed Forces 3 dimensional joint sea control capabilities, and strengthen counter blockade and joint interdiction capabilities. In addition, fuel and fast combat support ships, rescue ships, and amphibious



transport docks will be constructed to maintain the capabilities of surface operation groups, thus building a sea control force with ASW, AAW and regional maritime surveillance capabilities.

(IV) Homeland Defense Operations

The continued procurement of new attack and utility helicopters, armored infantry combat vehicles, and short-range anti-armor missiles will further enhance surveillance and mobile strike capabilities of ground forces. Furthermore, disaster relief becoming one of the ROC Armed Forces' main missions, a number of disaster prevention and relief equipment will be procured, including new amphibious assault vehicles, CNBR (i.e. chemical, nuclear, biological and radiological) protection equipment, and de-contamination equipment so as to gain emergency response, counter-terrorism support, and CNBR protection capability.



NATIONAL DEFENSE REPORT

MINISTRY OF NATIONAL DEFENSE, ROC

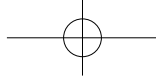
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Chapter 4 National Defense Administration

The ROC Armed Forces has been actively implementing defense transformation in recent years to adapt to various forms of challenge. The MND recently amended and enacted the “six defense organization acts,” which makes high level staff organizations more efficient and the force structure more robust based on the principles of “streamlining high level staff organizations” and “eliminating outdated equipment.” At the same time, the MND carefully considers administration plans and carries out defense readiness and disaster prevention and relief work.



Section 1 Military Strength Reformation

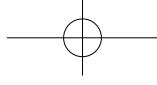
The ROC Armed Forces builds a defense organization capable of satisfying future warfare requirements based on the enemy threat, national security situation, overall resource allocation, and transformation into volunteer force. Furthermore, it concentrates defense resources under cost considerations to build joint operation forces so as to create a relative advantage in key situations, thus achieving strategic sustainment and winning victory in defensive operations.

I. Building a Modernized Defense Force

The ROC Armed Forces is enhancing joint operation capabilities with an emphasis on “basic capabilities,” “innovative/asymmetric capabilities,” “force preservation” and “disaster prevention and relief.” It has concentrated and utilized defense resources in coordination with available financial resources and the force buildup plan. New weapons and equipment will continue to be procured to increase the cost of using military force against Taiwan, achieving “deterrence and war prevention.” In addition, the MND will continue to procure advanced weapon systems that are defensive in nature, cannot be indigenously produced or replaced, and carry out technology transfer to achieve autonomous national defense.

II. Continued Force Restructuring

The MND has continued to implement the “Jingsui Program” and will reduce the personnel quota of the ROC Armed Forces from 275,000 to 215,000 by the end of 2014 based on the principle of “streamlining the regular force and extensively building the reserve force.” Furthermore, military services organization will continue to maintain combined arms brigades, fleets, and wings, and concentrate resources in combat forces to ensure that joint defensive operations are successfully carried out.



Section 2 Military Service Reformation

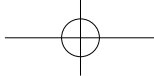
In the light of future digitized battlefield environments and high-tech weapons and equipment, the ROC Armed Forces require highly professional servicemen with long-term commitments. However, due to the shortened mandatory military service in the ROC, conscripted servicemen are near the end of their service period once they become skilled in a certain specialty, and it is thus difficult to maintain a professional force with expertise. The military service system will be changed from “both conscription and voluntarism” towards “volunteer force” to build a highly professional elite force, maintain a small force during peacetime and have a large force available during wartime, and fit in with the future strategic environment, and strengthen national competitiveness. The MND hopes to thus recruit high quality servicemen with long-term commitments and build an elite armed forces.

I. Epochal Transformation of Military Service Systems

The ROC Armed Forces will step up talent recruitment to reach policy objectives of volunteer force and properly utilizes its human resources under the premise of a fair military service. The Executive Yuan organized the “Volunteer Force Promotion Ad Hoc Group”, supervises and integrates interagency resources, and implements measures associated with human resources, financial resources, military service adjustment, and talent recruitment for volunteer force, as well as retention, training, and veterans affairs while taking government’s financial situation into consideration. Furthermore, the mandatory term of service was reduced from 1 year to 4 months in accordance with the law. This measure extensively builds the reserve force both in quantity and quality, and aims to achieve military service transformation.

(I) Recruiting High Quality Manpower

To steadily promote volunteer force and satisfy manpower requirements of the ROC Armed Forces, besides revising laws and orders, the MND has referred to



the methods of advanced countries for forming a volunteer force and revised its timetable and regulations. Furthermore, the MND is actively planning support measures, such as adjusting the starting salary of volunteer soldiers, additional pay for combat forces, and retention compensation, to attract outstanding youth to join the military, and thereby recruit the manpower that is needed.

(II) Converting Military Training

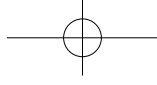
Starting from 2013, young men who were born after 1994 receive 4 months of military training as their regular service. The military training is implemented in two stages - recruit and specialty training. New recruit training fosters qualities of a soldier and is when draft age men learn basic combat skills. Training is intensified in the second stage to meet requirements of “strict and difficult,” so that draft age men are equipped with specialties of their military branch. After training is completed, servicemen are added to the reserve mobilization system and expand capabilities of reserve forces. (see *Appendix 1*)

(III) Improving the Military Service Environment

In coordination with economic development and trends in the social environment, the MND is improving servicemen’s living facilities, improving medical care and military dependents’ welfare, providing thorough career planning, and on-the-job training. The MND hopes to create an excellent military service environment, recruit competent youth to join the military, and make outstanding servicemen willing to remain in the military.

(IV) Timetable Adjustment in Response to Defense Requirements

The growth in number of volunteer servicemen did not meet expectations in the 1 year and 8 months from the beginning of 2012 until now. The Executive Yuan has approved the extension of the timetable for “voluntarism” to the end of 2016, during which draft age men born in and before 1993 will continue to be conscripted to perform military service, so as to satisfy the ROC Armed Forces’ manpower requirements for disaster relief, readiness exercises, and



contingency response missions. This extension will provide more sufficient time for recruiting volunteer servicemen and establishing well-rounded measures. Additionally, the quota for alternative military service of the Ministry of the Interior will be based on plans of the Executive Yuan, and will be distributed among government agencies to support their duties.

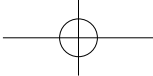
II. Enacting Military Service System Related Laws

(I) Completing Laws and Regulations on Military Service System

The MND has completed legal procedures for amending the Act of Military Service System, Enforcement Rules of Military Service System and Act



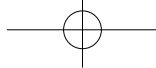
Starting from 2013, draft age men born after 1994 will receive 4-month military training. Upon completion of the training they will be included in the reserve mobilization system, and their capabilities will be validated via muster calls during Han Kuang Exercises each year, expanding capabilities of reserve forces.



of Military Service for Volunteer Enlisted Soldiers with support from the Legislative Yuan, laying the legal foundation for volunteer force. The MND will continue to review laws, orders, and administrative rules on military service, recruitment, training, service, benefits, salary, insurance, and compensation, so that implementation of volunteer force will abide by administration according to law.

(II) Revising the Deductable Military Training Time

The MND revised Article 16 of the Act of Military Service System to comply with the Executive Yuan's guidance on "meeting military training requirements" as well as "actual review and reasonable reduction." Draft age men who take and pass All-out Defense Education Military Training Courses offered in senior high or higher education schools may deduct up to 15 days from their regular service military training time so as to meet the principles of administration by law and fair military service.

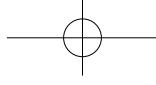


Section 3 Talent Cultivation

Talent cultivation in the ROC Armed Forces is purpose-oriented and plan-based, and aims to build a military backbone with firm belief, excellence, and diligence, cultivating talents that satisfy requirements on leadership, defense management, communication and coordination, and force buildup and readiness. In the future, the MND will continue to improve the education quality of military academies and expand lifelong learning channels to cultivate excellent servicemen.

I. Robust Military Education System

Talent cultivation is implemented in three stages defined by the Act of Military Education, namely basic education, advanced education, and further education, and is divided into commissioned officer education and NCO education. For commissioned officers, basic education includes credit courses that meet requirements of the University Act and specialty and planned education required by basic level officers; advanced education mainly includes courses of military schools and specialty courses; further education mainly includes strategy, command and staff education of the National Defense University and master's and doctoral programs of each college, and civilian master's and doctoral programs may be chosen as an alternative. For NCOs, basic education mainly includes specialty and planned education for NCOs, and support is provided for NCOs that graduate from military schools to acquire entry level technology certificates; advanced education mainly includes advanced courses of military schools for NCOs, and specialty courses and intermediate level technology certificates serve as an alternative; further education mainly includes military school courses for master chiefs, and advanced technology certificates or civilian degree programs may be used as alternatives. In addition, volunteer soldiers mainly receive initial entry training and specialty training, but may be selected for NCO training in coordination with their career planning, so as to meet the demand on basic level NCOs.

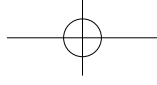


II. Actively Encourage Off-Duty Further Education

The Regulations on the Implementation of Lifelong Education for Military Servicemen and Regulations on Military Personnel Pursuing Further Education Off Duty were enacted based on the Act of Military Education, the Ministry of Education's Towards a Learning Society policy, and the Council of Labor Affairs' "Towards an Occupational Certification Society," so as to promote lifelong learning and improve the quality of servicemen. Servicemen are encouraged to engage in learning activities and attend certification training courses under the premise of not affecting their duties. Appropriate subsidies are provided to those with the qualifications. Furthermore, the quota for pursuing further education off duty will be sequentially increased each year, and the quota for pursuing full-time education will be sequentially decreased, so as to improve the quality of servicemen while effectively utilizing defense resources.

III. Establishment of a National Defense Think Tank

The Preparatory Office of the National Defense Think Tank was established on March 1st, 2010 to carry out legal procedures and make preparations. In the future, the National Defense Think Tank will build professional defense analysis and evaluation capabilities, and focus on carrying out track two exchanges. The Preparatory Office is currently under the Department of Integrated Assessment and consists of personnel concurrently holding positions in the National Defense University and related units. Research fields mainly include defense strategy, security of the Taiwan Strait, international security, PLA studies, and regional cooperation. Future members of the think tank will mainly be civilian scholars with related academic backgrounds and experiences, and military personnel will concurrently hold the position of researcher. The combination of military personnel and civilian scholars will provide complementary specialties, turning the think tank into a platform for discussions on defense affairs and inspire innovative thoughts, which will further strengthen its strategy and policy consultation capabilities.



Section 4 Armaments Mechanisms

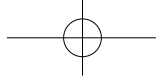
The MND evaluates domestic capabilities at the investment proposal stage in accordance with Article 22 of the National Defense Act, giving consideration to readiness efficiency and degree of military threat when deciding whether to procure, develop, or jointly produce armaments. Also, outsourcing is implemented to utilize civilian forces to develop defense technology industries, which will expand domestic demand and vitalize the market economy, achieving a win-win for both military and civilian by strengthening national defense autonomy and stimulating economic growth. Furthermore, the MND is actively transforming the Chung Shan Institute of Science and Technology (CSIST) into an administrative legal person to meet the public's expectations and continue enhancing defense technology research capabilities.

I. Well-rounded Military Investment Plans

The MND has completed “operational requirement documents,” “system analysis” and “investment outline plans” based on concepts of “innovation/asymmetry” and guidance of the “Quadrennial Defense Review.” Limited defense resources are used to build the most effective capabilities and thereby ensure national security.

II. Stepping Up International Exchanges and Cooperation

Foreign exchanges and cooperation are actively carried out in academic discussions, workshops and conferences, and technology forums based on the principles of “equality,” “mutually beneficial” and “resource sharing,” so as to jointly expand information exchange and cooperation opportunities in defense technologies. These exchanges and international cooperation will be gradually converted into an operation model suitable for Taiwan's situation, developing more international and specialized armament organizations to enhance joint operation capabilities.



III. Elevating Domestic Scientific Research and Development

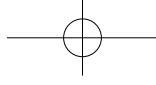
A shared platform was constructed for joint operations and logistics based on the concept of “all-purpose equipment for the tri-services with multiple effects.” Moreover, capabilities of domestic industry, government, academic and research sectors have been integrated for the development of key technologies, as well as deterrence capabilities of weapons systems, gradually building a modern force that meets defense requirements of the ROC.

IV. Strengthening Self-reliant National Defense

Capabilities of the private sector are utilized for developing the defense technology industry. Weapons and equipment acquisition gives priority to those produced in Taiwan, and technology transfer should be a term in foreign procurements. The objective of “strengthening defense technologies, consolidating defense capabilities, integrating domestic industries, and achieving national defense autonomy” is achieved through operating procedures of investment plans and evaluations of the production capabilities of domestic industries.

V. Improving Industrial Cooperation Mechanisms

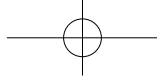
To achieve national defense autonomy via the industrial cooperation mechanism with Ministry of Economic Affairs, the MND integrates domestic resources, verifies specific items for military-civilian industrial cooperation, adopts implementation methods advantageous to defense technology autonomy, such as requiring technology transfer in foreign procurements, and has completed industrial cooperation plans to effectively support logistics and maintenance of the ROC Armed Forces’ weapons and equipment, as well as establish depot level maintenance capabilities, which will shorten the maintenance timetable and reduce cost.



Domestic military-civilian technology exchanges and international armaments cooperation are integrated in armaments acquisition. Furthermore, technology transfer and mutual beneficial industries are applied for military and civilian technology development to complement one another, and thus achieve defense autonomy.

VI. Strictly Auditing Procurements

The “Defense Procurements Office” was established after the Organization Act of the Ministry of National Defense was amended on January 1st, 2013, and is responsible for procurements of the ROC Armed Forces. The MND hopes that elevating the level of procurement management will strengthen the defense procurements system and improve policy planning. Furthermore, the “Ethics Office” was established and will collaborate with the “Inspector General’s Office” in “parallel, double supervision” of procurement cases, implementing internal control to satisfy requirements on “administration according to law” and “anti-corruption.”

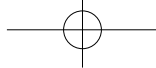


VII. Managing Major Programs

Weapons system acquisition of the ROC Armed Forces must be carried out through complete operating procedures and strict evaluation standards. The MND's robust program management mechanism was established after referring to the weapons acquisition management system of the US Army, and emphasizes reducing acquisition risk and life cycle cost. The MND established regulations on weapons acquisition program control, progress authentication, delivery and payment, and supervision of contracts to ensure the performance and quality of weapons systems, and further enhance the ROC Armed Forces' capabilities.



Capabilities of domestic industrial, government, academic and research sectors have been integrated for the development of key technologies, as well as deterrence capabilities of weapons systems, gradually building a modern force that meets defense requirements of the ROC.



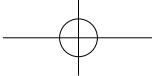
VIII. Improving the ROC Armed Forces' Construction Management

To provide a safe environment for military servicemen, the MND follows the policy guidance and complies with supervision measures of the Public Construction Supervision Commission. The MND routinely convenes military construction review meetings to review the progress and budget execution of projects. Operation nodes and target milestones are set to control military projects so that they are completed as scheduled, meet quality requirements, and stay within budget. This will maximize results of the defense budget.

In order to achieve well-rounded management of the ROC Armed Forces' military bases and land, military bases with plans for future use are adjusted and merged based on the principles of concentrating forces, merging small military bases into large ones, and Army, Navy and Air Force encamped in one military base. These adjustments are made under the premise of not affecting defense readiness and aim to effectively use military base resources. As for military bases with no plans for future use, they are transferred and released according to the Regulations on Military Base Transfer and Release Inspections and Operations for national economic infrastructure and local development.

IX. Organizational Transformation of the Chung Shan Institute of Science and Technology

In order to enhance defense technology R&D capabilities and competitiveness and achieve autonomous defense infrastructure, the MND has referred to development trends of defense technology research institutes in countries around the world, as well as transformation experiences of domestic research institutes, and plans to transform the Chung Shan Institute of Science and Technology (CSIST) into an “administrative legal person” in coordination with the “Jingsui Program.” To achieve this objective the MND enacted the Regulations on the Establishment of the National Chung Shan Institute of Science and Technology (Draft), which was reviewed and approved by the

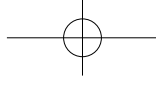


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Executive Yuan and submitted to the Legislative Yuan for deliberation. The review and political party negotiations before second reading concerning the regulations were completed. The MND will continue to push forward legislative procedures in hopes of completing the CSIST's transformation.



Section 5 Military Exchanges

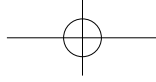
Military diplomacy is a link in the nation's overall diplomacy. The MND engages in military exchanges for other countries in coordination with the national security policy, and is actively expanding strategic dialogue and security cooperation opportunities with countries in the region that share the same strategic interests. It hopes to widely build connections and consolidate relations with friendly and ally countries, and further jointly maintain security in the Taiwan Strait, as well as peace and stability in the Asia-Pacific. Furthermore, interactions and cooperations of military diplomacy enable the MND to gain knowledge on the advanced military technologies, force buildup plans and concepts, combat experiences, and training of other countries, which will serve as a basis for formulating defense policies and improving training.

I. Build Friendly Relations to Lay the Foundation for Cooperation

Low sensitivity measures, such as “think tank cooperation,” “academic exchanges” and “humanitarian aid” are first adopted in coordination with the government's diplomatic progress, building friendly relations with other countries to lay the foundation for expanding military exchanges.

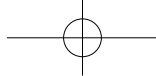
II. Increase Military Interactions to Consolidate Relations with Friendly and Allied Countries

Mechanisms for dialogue between higher level military officials are gradually being built on the existing foundation. The foundation built by “visits between high level government and military officials,” “sending government officials to participate in armaments and logistics related conferences,” and “arms sales and military education exchanges” allows efforts to be directed towards signing agreements or MOUs based on the principles of equality, mutually beneficial, and pragmatism.



III. Actively Participate in Regional Security Affairs

By engaging in exchanges and cooperation, the ROC will show countries within the region its intention to actively participate in regional security affairs, as well as its willingness to take on more responsibility in maintaining peace and stability in the Asia-Pacific. The ROC also endeavors to joint international security cooperation organizations and joint exercise mechanisms with “observer” status.



Section 6 National Defense Legal System

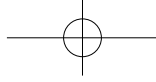
The MND enacted and revised related laws in coordination with defense policy requirements, and molded the legal culture in subordinate agencies to achieve administration according to law and “national defense legalization.”

I. Amending the Six Organization Acts to Complete Organizational Reform

The MND’s organizational reform was carried out in coordination with overall planning of the Executive Yuan’s organization, and legislative procedures were completed for 6 organization acts, namely the Organization Act of the Ministry of National Defense, Organization Regulations of General Staff Headquarters of the Ministry of National Defense, Organization Regulations of the Political Warfare Bureau of the Ministry of National Defense, Organization Regulations of the Armaments Bureau of the Ministry of National Defense, Organization Regulations of the Comptroller Bureau of the Ministry of National Defense and Organization Regulations of the Medical Affairs Bureau of the Ministry of National Defense. The organization acts were submitted to the Executive Yuan, handed over to the Legislative Yuan for deliberations, completed the third reading, promulgated on December 12th, 2012, and took effect on January 1st, 2013. The MND reviewed 77 laws that should be revised/abolished in coordination with the six defense organization acts, and included them in the 2013 plan to sort out laws and regulations.

II. Revising Military Service Related Laws and Promoting Volunteer Force

Military service related laws have been comprehensively reviewed and revised in coordination with the implementation timetable of a volunteer force, including laws on the military service system, military service, appointment and assignment, establishing complete and thorough military service laws that keep pace with the times. At present, revisions that have been completed



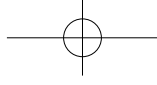
include: the Act of Military Service System to specify personnel attributes related to regular service military training; the Enforcement Rules of Military Service System to specify drafting and usage methods of regular service military training; Article 16 of the Act of Commission for Officers and NCOs of the Armed Forces to specify the competent authority for adjusting NCO missions; several articles of the Act of Assignment for Officers and NCOs of the Armed Forces to add provisions on parental leave without pay and the authority for approving leave, as well as officer and NCO decommission conditions; and the Act of Military Service for Volunteer Enlisted Soldiers to specify that personnel serving regular service and substitute service are eligible for selection to become volunteer soldiers, so as to meet requirements of voluntarism.

III. Enacting the Regulations on the Establishment of National Chung Shan Institute of Science and Technology to Enhance Operation Competitiveness

The Regulations on the Establishment of the National Chung Shan Institute of Science and Technology (Draft) was established to enhance the management performance and competitiveness of the CSIST. The regulations specify the purpose, organization, scope of affairs, and procurement methods of the CSIST, and that the MND is the supervising agency, responsible for approving development objectives and plans, examining assets and financial situation, evaluating operation performance, selecting directors and supervisors, and giving suggestions. The MND will continue dedicating efforts in this area to complete legislation as soon as possible.

IV. Reviewing Laws Related to the “Convention on the Elimination of All Forms of Discrimination Against Women” to Achieve Gender Equality

In coordination with the “The Enforcement Rules of the Convention on the Elimination of All Forms of Discrimination Against Women” that took effect on January 1st, 2012, which stipulates that laws should be enacted, revised



or abolished and administrative measures should be improved to conform to the enforcement rules within three years after it takes effect. The “Guidelines on Conducting Gender Impact Assessments for Laws under the MND” was promulgated on this basis, and the MND completed the assessment of 32 laws under its jurisdiction as scheduled on March 25th, 2013. The review report was submitted to the Executive Yuan Department of Gender Equality to continue subsequent reviews of laws, orders and administrative rules.

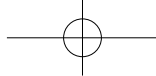
V. Amending the Act of Punishment of the Armed Forces and Reviewing the Confinement System

The MND has referred to the punishment system, e.g. confinement, of the US, England, Japan, Singapore and other countries based on human rights protection concepts of the “International Covenant on Civil and Political Rights” and “International Covenant on Economic Social and Cultural Rights.” Furthermore, the MND organized academic forums and invited elected representatives, scholars and experts on human rights, gender equality, and law, hearing the opinions of all sectors to establish well-rounded policies, so as to find a balance between force management and protection of servicemen’s human rights.

Before the Act of Punishment of the Armed Forces was amended, the MND took a number of measures to improve the confinement system, including revising procedures for sending servicemen, improving the quality of management, making courses more reasonable, improving hardware facilities, forming a dedicated management unit, and improving supervision mechanism. The purpose of these measures is to eradicate all inhumane actions.

VI. Returning Jurisdiction of the Military Justice System to the Judicial Yuan in Coordination with the Amendment to the Code of Court Martial Procedure

The Legislative Yuan passed an amendment to the Code of Court Martial Procedure on August 6th, 2013, which will take effect in two stages. Stage 1

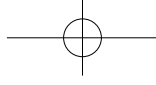


The number of female officers has gradually increased in recent years, and the ROC Armed Forces is actively implementing “gender mainstreaming” to satisfy demands on “gender equality.”

takes effect on the day the amendment is promulgated (August 15th, 2013), in which district prosecutors offices and courts take over cases concerning Articles 44~46 of the Criminal Code of the Armed Forces and Paragraph 1 of Article 76 of the Code of Court Martial Procedure. Furthermore, inmates of Tainan Military Prison will be transferred to prisons under the Agency of Corrections, Ministry of Justice. Stage 2 takes effect 5 months after the amendment is promulgated and all other military justice cases are transferred to judicial agencies; remaining inmates are also transferred to prisons under the Agency of Corrections. Thereafter, servicemen who violate the Code of Court Martial Procedure or its special law will be tried by the Judicial Yuan during peacetime and by military courts during wartime.

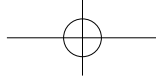
The MND has organized a task force to adjust the organization and duties of military courts and prisons, in which preliminary plans are as follows:

- (I) Establish regional legal service centers to expand legal services and consultation for litigation. Military judges act as attorneys for



military servicemen and personnel in civil cases, criminal cases, and administrative litigation, and provide tour legal services, actively explaining any questions servicemen may have regarding legal issues and litigations.

- (II) Establish legal affairs departments in related units to assist with legal procedures, legal education, and legal consultation. The departments will carry out administration according to law, establish contacts for coordination with judicial agencies, and provide assistance to judicial officers in handling violations by active servicemen.
- (III) A portion of military court personnel will become military law instructors in military academies, and legal education courses will be provided according to basic, advanced and further education, improving servicemen's knowledge of the law.
- (IV) The MND will coordinate with the Examination Yuan in continuing to hold military judge examinations, so that military justice personnel can continue to acquire military judge qualifications during peacetime, and be able to handle investigations and review cases during wartime. Furthermore, the MND has coordinated with the Ministry of Justice (MOJ) in holding examinations that will allow military prison personnel to become judicial correctional personnel. Contract-based personnel of military prisons will continue to fulfill their contracts after Tainan Military Prison is transferred to the MOJ.



Section 7 Morale and Ethics Education

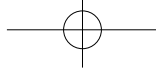
Morale and ethics education is carried out to consolidate the ROC Armed Forces' "soft power" and build intangible combat capabilities. It is integrated into force training and exercises and changes and influences unobtrusively and imperceptibly, so that servicemen will not be threatened by force or lured by gain, which will prevent corruption and misconduct, preserve their moral integrity, place honor first, strictly abide by military code, fulfill their duties, uphold military ethics, abide by the law, and jointly defend the dignity and image of the ROC Armed Forces. By achieving this, tangible and intangible combat capabilities will complement one another to gain multiplicative effects.

I. Promoting Patriotism Education

The ROC Armed Forces' patriotism education is based on the Constitution of the ROC, and upholds the core values of "country, duty and honor," strengthening servicemen's belief in democracy and their patriotism. Comprehensive and systematic education plans for military academies, forces, recruits, and reservists will instill the principles of democracy and patriotism, and inspire servicemen's sense of honor and obligation. The purpose is to build a loyal, united, consolidated, and well-trained force of steel that safeguards national security and citizen's well-being.

II. Reinforcing Military Ethics

Education in military academies is the starting point, after which there are three stages - basic, advanced and further education. The ratio of military ethics education will be increased to foster the right military values in cadets, and workshops for military officers will be organized to strengthen military ethics among cadres at all levels. Military ethics education for all level forces is implemented via multiple channels, including the "intangible combat capability week" project, monthly gatherings, and academic lectures, so that servicemen gain a correct understanding. This will turn the ROC Armed Forces into an



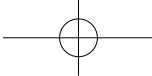
elite armed force that practices military ethics, which is highly disciplined, and is highly supported by citizens.

III. Embedding Legal Education

Servicemen are divided based on the level of their missions, legal education subjects are divided into 26 areas of responsibility and course contents are differentiated according to leadership rank, staff, and servicemen. Legal education is carried out by personnel of military law units periodically dispatched to military agencies, forces and schools within their area of responsibility. Furthermore, during major exercises and long holidays, military law units step up legal education for their area of responsibility. Furthermore, legal education forums are held for basic level unit commanders to strengthen their legal concepts and achieve administration according to law. On-site surveys are conducted annually to understand the actual situation, and rewards and penalties are given to help servicemen gain correct legal concepts for the purpose of crime prevention.

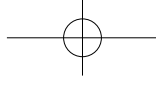
IV. Stepping Up Military Discipline Education

Maintaining military discipline is the responsibility of all servicemen. All level cadres should repeatedly promote and verify military discipline by providing examples to deeply root discipline in the hearts of servicemen, so they abide by the law and code of conduct and gain a correct understanding. The MND upholds military discipline from three aspects - law, education and execution,”rectifies the common practice so servicemen maintain their integrity, creates an excellent work environment, establishes good military discipline, and builds a modernized ROC Armed Forces with “strict discipline, strong capabilities, and all-out support.” Furthermore, the MND website is utilized to promote anti-corruption measures, and encourage servicemen and the public to report corruption and illegal actions, hoping to eliminate all corruption and misconduct and maintain the ROC Armed Forces’ military discipline.



V. Enhancing Secrecy Protection Education

With consideration to the current security environment, enemy threat and ways of infiltration, the MND has compiled topics and contents for secrecy protection education and included them in the lively and diverse Jyu Guang televised program to deepen the effects of education. Other measures to improve education quality and raise servicemen's secrecy protection awareness include secrecy protection manuals, essays and posters competitions, and commendation ceremonies. The MND set up a security education resource website in coordination with trends of information technology, utilizing online marketing concepts on the ROC Armed Forces' network platform. On the website are education promotion articles, trend analysis, and case promotion databases for military personnel to browse and download, strengthening servicemen's threat awareness and enhancing secrecy protection education.



Section 8 Crisis Management

Emergency response measures of the armed forces are designed to prevent external assaults and internal disturbances in a comprehensive response. In accordance with the “ROC Armed Forces Regulations on PeacetimeContingencies Response,” contingency forces and anti-terrorist forces are responsible for responding to crisis.

I. Military Crisis

(I) Establishing Military Conflict Avoidance Mechanisms

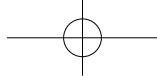
Response procedures and regulations are specified based on the principles of war prevention and careful management. Furthermore, activities in surrounding seas and air are closely monitored with the joint operations command mechanism at the center, controlling dynamic and static risk factors to achieve “crisis prevention, situational awareness, emergency response, rapid management, and escalation avoidance.”

(II) Specifying Measures to Prevent Escalation of Conflicts

Measures are specified to avoid military conflict caused by miscalculation or accidents during missions. During peacetime, the ROC Armed Forces abides by the principle of “not provoking incidents, not escalating conflicts, and reducing hostile actions.”

(III) Strengthening Forces’ Response Capabilities

Simulated exercises are conducted for forces to become familiar with response procedures, and to strengthen their overall contingency and crisis response capabilities, so as to rapidly control and resolve crises and reduce damages.



II. Counter-terrorism Operations

(I) Hierarchy of Authority of the Counter-terrorism Mechanism

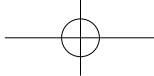
In accordance with the National Security Council's "Major Domestic Incident (Crisis) Response Mechanism" and the Executive Yuan's "Regulations on Operations of the Central Counter-terrorism Center," the ROC Armed Forces has assembled dedicated, specialized regional contingency response forces and backup forces for large scale counter-terrorism operations based on the capabilities of its troops and the nature of terrorist attacks; the backup forces provide backup and engage in mission preparations, supporting counter-terrorism operations when ordered.

(II) Counter-terrorism Operations Readiness and Guidance

The ROC Armed Forces' counter-terrorism mechanisms are based on the



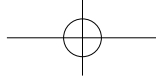
The ROC Armed Forces' counter-terrorist operations aim to "prevent internal jolts and external assaults," carrying out crisis management in the event of an emergency situation to rapidly control and reduce damages.



ROC Armed Forces Joint Operations Command System, which has the Joint Operations Command Center at the core. When terrorist activities occurs, Theaters of Operations(TO) or county/city administrative areas are the units for backing up local governments in counter-terrorism operations.

III. Disaster Relief

The ROC Armed Forces carries out disaster relief missions in accordance with the Executive Yuan's "Disaster Prevention and Relief Act" and the "Regulations on the ROC Armed Forces' Assistance in Disaster Relief" to protect the safety of citizens' lives and assets. Furthermore, with "disaster relief" listed as one of its main missions, the ROC Armed Forces is building disaster relief capabilities under the guidance of "disaster relief is akin to fighting a battle" and "emphasize disaster prevention over disaster relief, and prioritize disaster avoidance over disaster prevention." In the event of a major disaster, the ROC Armed Forces implements the active measure to "prepare for disasters in advance, pre-deploy troops for disaster relief, and ensure readiness for rescue operations" under the premise of not affecting combat readiness, and fully engages in disaster relief.



Section 9 Care for Servicemen

The MND is improving the military service environment and the existing mechanisms of benefits, living facilities, military families services, and housing services. These endeavors aim to better care for servicemen and increase incentives for recruitment and retention, hoping to attract outstanding youth to join the military and build a volunteer force.

I. Well-rounded Benefits

To institutionalize military personnel benefits, the MND will continue to promote legal procedures associated with the Regulations Governing Benefits for Military Personnel. The MND will provide service institutions, preferential nursery fees, service counters, and family visiting activities, improve servicemen's living quality, help resolve emergencies off base, and provide military families services to let servicemen feel at ease, gain public support, raise morale, strengthen unity, and improve esprit de corps.

II. Improving Living Facilities

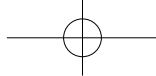
Military bases may invite convenience stores to operate with consideration to servicemen's needs. This measure aims to provide better consumer goods and services for servicemen in accordance with the Regulations on the Establishment and Management of Cooperative Stores in Military Bases.

III. Implementing Military Families Services

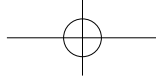
An innovative policy and approach was adopted to expand services for active volunteers. Military families benefits and service measures and resources of each military branch are integrated to provide military families services and benefits so as to maintain the armed forces' morale.

IV. Improving Housing Services

Housing units are offered for sale to active servicemen in accordance with



amended articles of the Act for Rebuilding Old Military Quarters and the Regulations for Handling Unoccupied Units in Reconstructed Military Quarters. Diverse housing options are provided to servicemen. Reviews have been conducted to construct (renovate) job-specific quarters, release state operated public housing of local governments, and allow servicemen to purchase remaining units in reconstructed military quarters. Emergency accommodations, temporary housing and short-term rental are provided to satisfy accommodation of military families and special needs of servicemen, such as medical care when they are injured on duty.

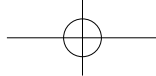


Section 10 Gender Equality

“Gender equality” is an important indicator of a modern society. The ROC promulgated the Gender Equality Policy Outline and established the Executive Yuan Department of Gender Equality in 2012, charging it with the overall planning of gender equality policies and implementation. In recent years, the ROC Armed Forces has been carrying out gender equality related work, and besides forming a Gender Equality Task Force, gender equality work groups were assembled in the headquarters of each military branch to extend the scope of gender equality mechanisms. A work environment with gender equality is created from efforts in several aspects, including policy, law, and enforcement. Military units are required to include a gender perspective during law enactment, project proposal, problem analysis, internal management, leadership, and resource allocation, practically implementing “gender mainstreaming” and driving “gender equality.”

I. Summary of Implementing “Gender Mainstreaming”

“Gender mainstreaming” refers to assessing the different implications for women and men of any planned policy action, so that the perspective of different genders is gradually included into existing concepts, attitudes and activities. It demands that past policies, laws and resources must be reallocated or changed to truly achieve gender equality. With feedbacks from experts, the ROC Armed Forces promotes gender equality during routine military law education, so that servicemen understand the three gender laws (Act of Gender Equality in Employment, Sexual Assault Crime Prevention Act, and Sexual Harassment Prevention Act) for crime prevention. Furthermore, the Youth Daily News and televised Jyu Guang program are also utilized to promote gender equality. In addition, experts are periodically invited to hold forums on gender topics, in-depth interviews with basic-echelon troops are conducted, and pre-marital education and domestic (international) academic conferences are organized to raise awareness on gender equality and sexual harassment



prevention and allow servicemen to develop correct concepts.

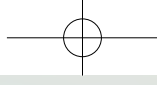
II. Human Rights Protection in Coordination with the Enforcement Rules of the “Convention on the Elimination of All Forms of Discrimination against Women”

The ROC Armed Forces amended and promulgated the “Enforcement Rules for Sexual Harassment Cases in the Military” and “Regulations on Handling Sexual Assault, Sexual Harassment, or Sexual Bullying in Military Preparatory Schools and Military Academies” in 2012, and revised internal management regulations and operating mechanisms. Furthermore, a lecture tour was organized for all forces between July and September 2012 to enhance servicemen’s gender sensitivity and help them understand the rules. Assistance is provided to all units in building capabilities for law enforcement and examining administrative measures, thereby implementing the “Convention on the Elimination of All Forms of Discrimination against Women” and protecting gender rights.



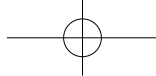
Part 3 National Defense Capabilities

Joint operations are the key to victory in modern warfare. All services must be coordinated and utilize joint capabilities for the best results in defensive operations. When facing an enemy with superior numbers, the ROC Armed Forces develop combat capabilities that target the enemy's weaknesses based on the concept of "innovation/asymmetry." Defense resources will thus be effectively utilized for force buildup and readiness, and achieve the objectives of defending homeland security, sovereignty over offshore islands, and maritime rights.



Chapter 5 National Defense Force

The ROC Armed Forces' strong capabilities maintain peace across the Taiwan Strait and safeguard national security. Hence, the ROC Armed Forces must continue to strengthen its intangible combat capabilities, joint operations performance, information and electronic warfare capabilities, and logistic support in a defensive posture based on the strategic concept of "resolute defense and credible deterrence" so as to achieve "strategic sustainability and tactical decisiveness," failing enemy's attempt to fight a quick battle and force a quick conclusion. Endeavors in each area will achieve integrated effects that will create a relative advantage, and thus reach objectives of defensive operations.



Section 1 National Defense Organization

In consideration of future warfare, military strategy, and the nation's overall resource distribution, the structure of the ROC Armed Forces was adjusted to build a modernized, specialized national defense organization that coheres with the spirit of the "Two Defense Acts," which establishes "civilian control over military" and "unity of defense effort". In which the framework of "civilian control over military" ensures nationalization of military. Limited defense resource are concentrated in combat forces to maximize their effects, building a suitable sized elite defense force with powerful capabilities that can protect national security.

I. National Defense System and Hierarchy of Authority

The structure and authority of the national defense system of the Republic of China (Taiwan) are as follows (as shown in *Figure 5-1*):

(I) President

The President shall assume the supreme command of army, navy, and air force of the ROC, and is the supreme commander-in-chief of the ROC Armed Forces. He exerts executive authority over the Minister of National Defense, and the Chief of the General Staff (CGS) follows the command of the Minister to lead the ROC Armed Forces (Article 8 of the National Defense Act).

(II) National Security Council

In order to decide major defense policies and guidelines relating to national security or in response to urgent defense situations, the President may convene the National Security Council (Article 9 of the National Defense Act).

(III) Executive Yuan

The Executive Yuan is responsible for formulation of defense policies, consolidation of overall national power and supervision of its subordinate

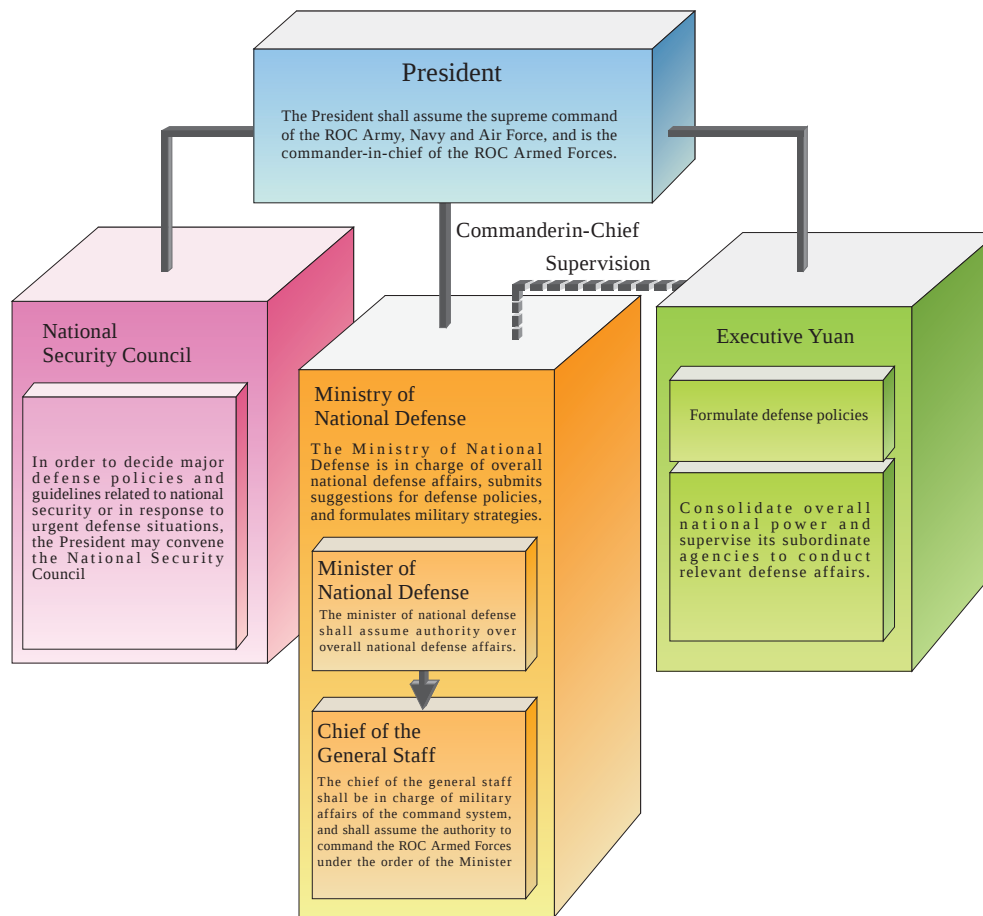
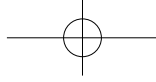
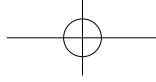


Figure 5-1 National Defense System and Hierarchy of Authority

agencies to conduct relevant defense affairs (Article 10 of the National Defense Act).

(IV) Ministry of National Defense

- 1.The MND is in charge of overall national defense affairs, shall well perform its policy, command, and armament functions. Besides, it shall submit suggestions in defense policies and formulates military strategies accordingly (Article 11 of the National Defense Act).
- 2.The Minister of National Defense is a civilian position and shall assume the authority over the overall national defense affairs (Article 12 of the



National Defense Act).

3.The MND has under it the General Staff Headquarters (GSH), serving as the staff organization of command system, and command mechanism of joint operations to the Minister. The GSH is headed by the CGS, who is in charge of military affairs of command system, and assumes the authority to command the ROC Armed Forces under the order of the Minister (Article 13 of the National Defense Act).

II. Structure of the National Defense Organization

(I) Organizational Structure of the Ministry of National Defense (Articles 4 and 5 of the Organization Act of the Ministry of National Defense)

As stipulated in the “National Defense Act” and “Organization Act of the Ministry of National Defense,” the Minister of National Defense is one of civilian official nature and is in charge of overall national defense affairs. There are two deputy ministers, whose position shall be Special Appointment Rank, or general; and two administrative vice ministers, whose position is 14th grade of Selected Appointment Rank, or lieutenant general. They assist the Minister to direct MND Policy Staff and its subordinate agencies (institutions). The MND has also under it the General Staff Headquarters and its subordinate military agencies, thus establishing a national defense organization with “consistent authority and responsibility” and “hierarchy of expertise”; this allows the Armed Forces to focus on their operational duties and capability preparations, and become modernized Armed Forces (as shown in *Figure 5-2*).

(II) MND Policy Staff Units and Subordinate Agencies (Institutions)

Policy Staff Units include departments and offices with specific areas of responsibility, and sections are established under them for related affairs. Subordinate agencies are directed by vice ministers and administrative deputy ministers. The organization system is as follows:

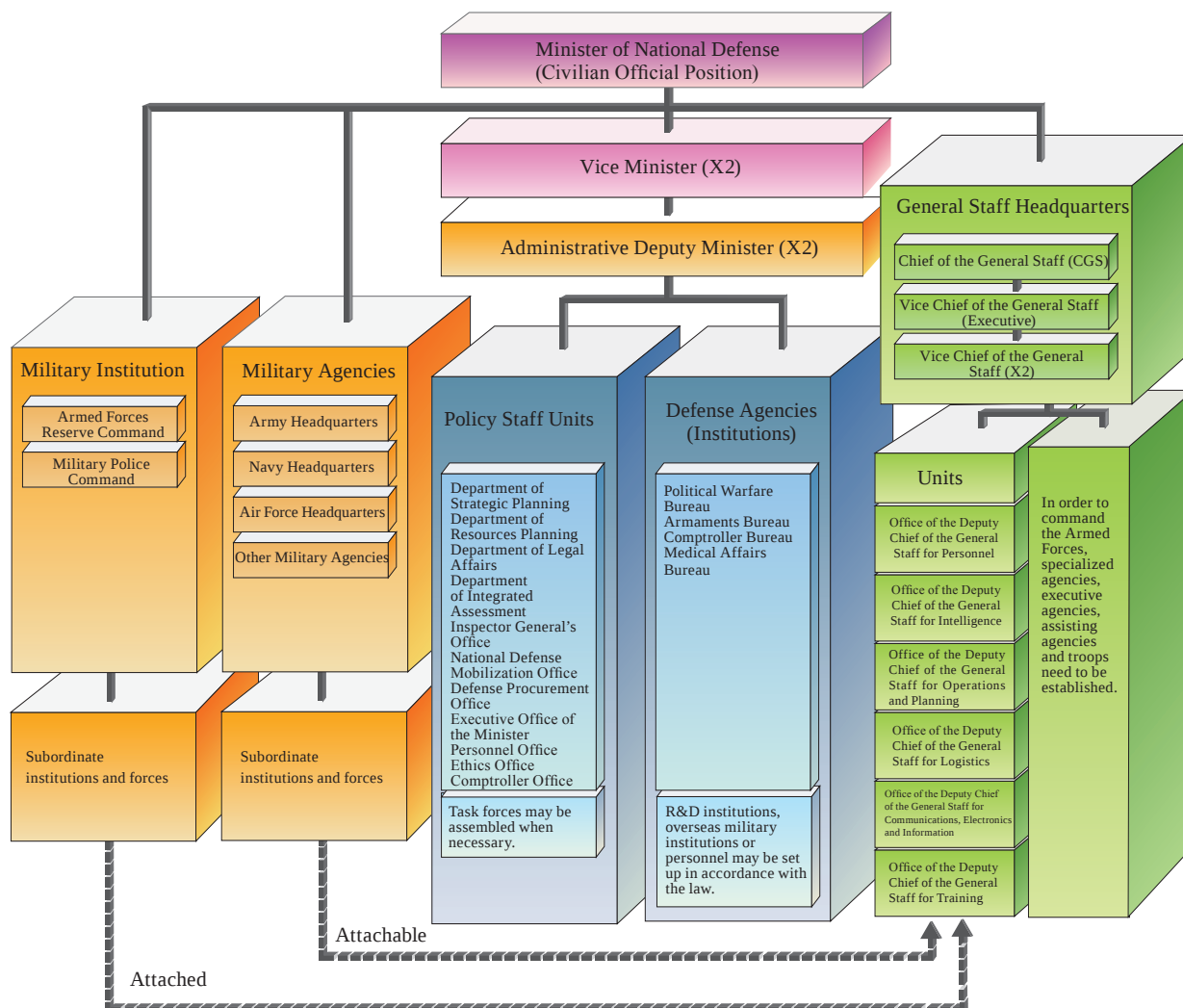
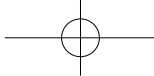


Figure 5-2 Organizational Structure of the Ministry of National Defense

1.The MND Policy Staff Units (Article 3 of the Organization Act of the Ministry National Defense and Article 4 of the Regulations for Departmental Affairs of the Ministry of National Defense)Department of Strategic Planning, Department of Resources Planning, Department of Legal Affairs, Department of Integrated Assessment, National Defense Mobilization Office, Executive Office of the Minister, Personnel Office, Ethics Office, and Comptroller Office.



2.Subordinate Agencies (Institutions) (Articles 6 and 10 of the Organization Act of the Ministry of National Defense)

Political Warfare Bureau, Armaments Bureau, Comptroller Bureau, Medical Affairs Bureau and overseas military institutions or personnel.

(III) MND Joint Staff (Article 4 of the Organization Act of the General Staff Headquarters, MND)

The MND General Staff Headquarters has a Chief of the General Staff, a Vice Chief of the General Staff/Executive Officer and two Vice Chiefs of the General Staff. This organization consists of specialized agencies, execution agencies, supporting agencies, troops, as well as task-oriented agencies and combat troops. The detailed structure is as follows:

1.Staff Units (Article 3 of the Organization Act of the General Staff Headquarters and Article 3 of the Regulations on Departmental Affairs of the General Staff Headquarters)

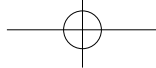
Office of the Deputy Chief of the General Staff for Personnel, Office of the DCGS for Intelligence, Office of the DCGS for Operations and Planning, Office of the DCGS for Logistics, and Office of the DCGS for Communications, Electronics and Information.

2.Agencies and Troops (Article 6 of the Organization Act of the General Staff Headquarters)

Military Intelligence Bureau, Communications Development Office, Information and Electronic Warfare Command, Air-Defense Missile Command, General Service Command, and Special Affairs Institutions.

(IV) Military Agencies (Institutions)

1.The MND has under it the Army Headquarters, Navy Headquarters, Air Force Headquarters, and other military agencies (Article 7 of the



Organization Act of the Ministry of National Defense).

2.The MND has under it the Reserve Command and Military Police Command. For the command of combat forces, the abovementioned military institutions and their subordinates are placed under the GSH (Article 8 of the Organization Act of the Ministry of National Defense).

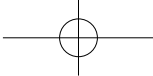
III. Force Restructuring

Besides streamlining high level staff organizations, eliminating old equipment, and outsourcing administrative and logistics manpower for the “Jingsui Program,” the ROC Armed Forces has downsized its total personnel from 275 thousand to 215 thousand under the policy to strengthen disaster relief and maintain the completeness of combat forces. Furthermore, the number of levels in the chain of command was reduced to accelerate the speed of command and make logistics support more efficient. The 6 headquarters - Army, Navy, Air Force, Combined Logistics, Reserve and Military Police - were merged into 3 headquarters - Army, Navy and Air Force, developing the defense organization towards “smart, strong, and mobile,” and enhancing joint operations performance.

(I) Army

1. Mission

During peacetime, the Army safeguards Taiwan as well as its offshore islands, and establishes fundamental combat capabilities and readiness for contingency operations, executing contingency response missions, protecting critical targets, supporting anti-terrorist operations, and assisting with major disaster relief efforts. In wartime, the theaters of operations (defense command) and subordinate units are commanded by the Joint Operations Command Center, which will integrate the three services in joint operations to destroy invading enemy and safeguard the homeland.



2. Restructured Organization (The Army's restructured organization in 2014 is shown in *Figure 5-3*.)

The Army Headquarters consists of various departments, offices, and divisions and its subordinate units include the numbered Army command posts, defense commands, Aviation and Special Forces Command, Education, Training and Doctrine Command, Logistics Command and other subordinate units.

3. Combat Capabilities

The Army has continued to enhance joint operations capabilities of

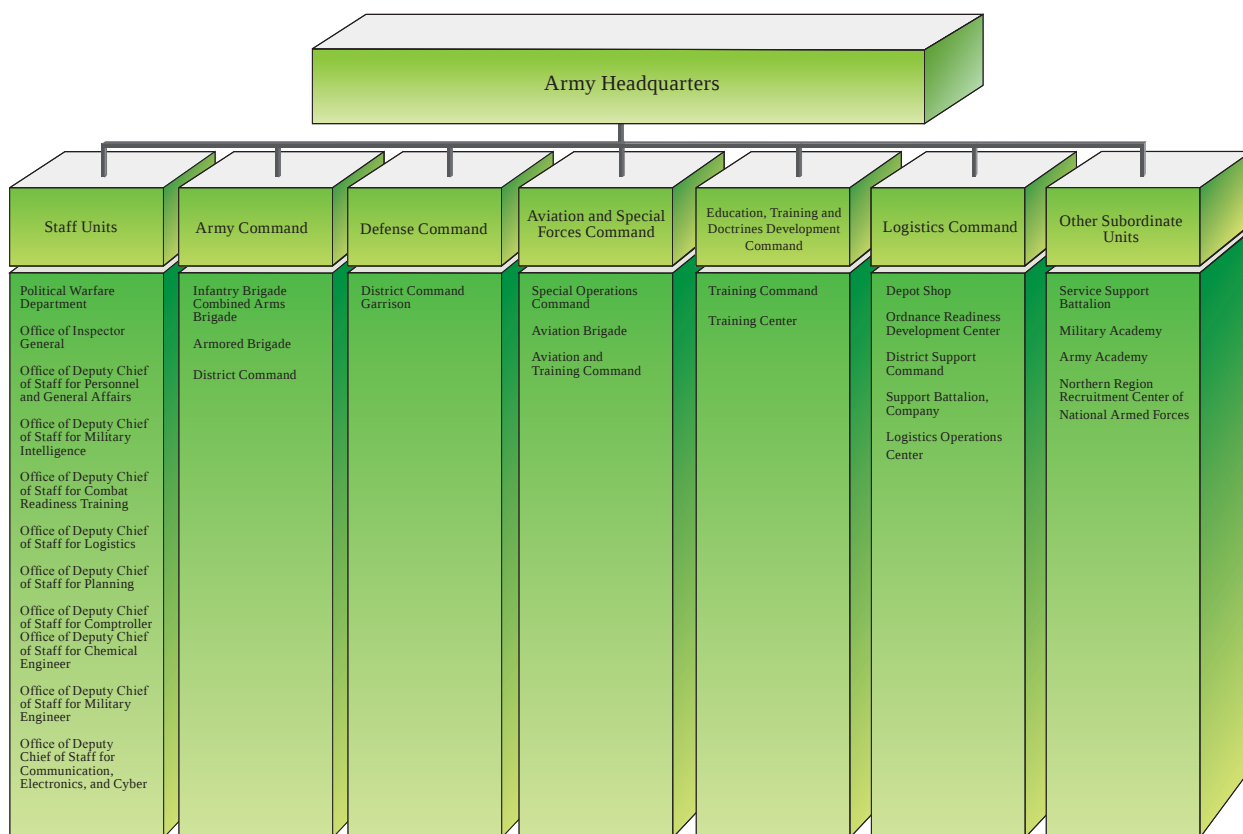
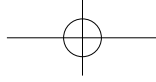


Figure 5-3 Organization of the Army Headquarters



ground forces, as well as combat capabilities of Special Forces under the guidance of being “digital, three dimensional, and mechanized.” The Army aims to build forces that can carry out joint ground defense, support anti-terrorist operations, and support disaster relief, achieving disaster relief during peacetime and combat during wartime.

(II) Navy

1. Mission

In peacetime, the Navy is responsible for patrolling the Taiwan Strait, maintaining marine safety, and supporting disaster relief in all areas. In wartime, it will conduct maritime operations with friendly forces to counter the enemy’s maritime blockade or military invasion, thereby securing the sea lines of communication (SLOC) and ensuring national

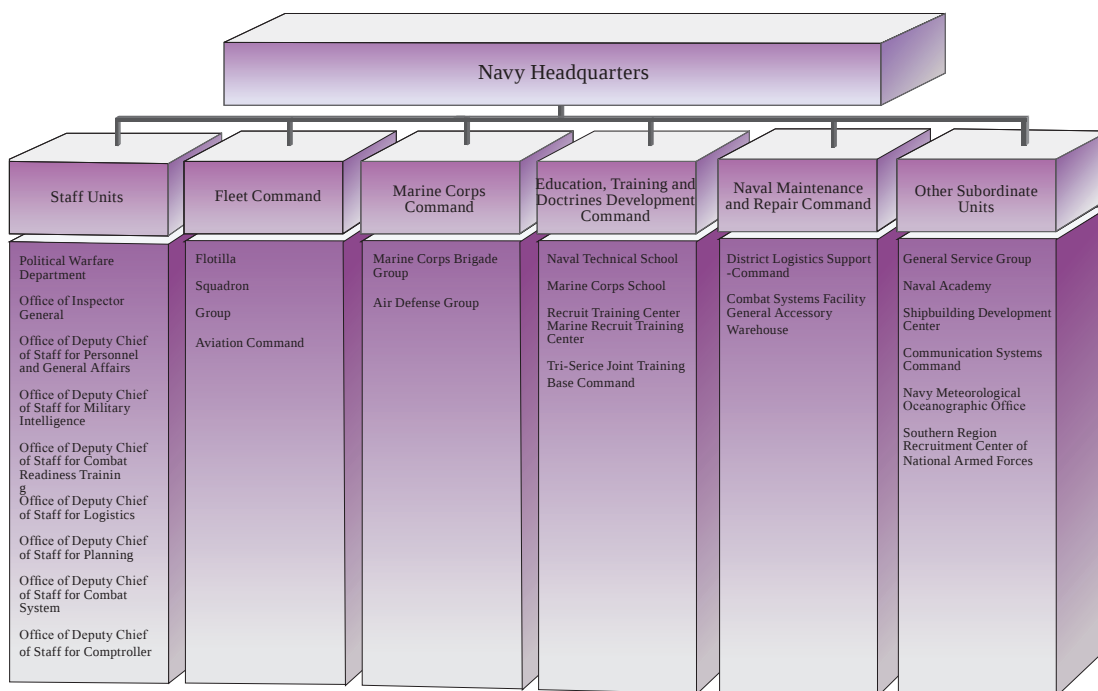
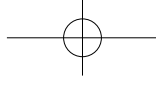


Figure 5-4 Organization of the Navy Headquarters



security.

2. Restructured Organization (The Navy's restructured organization in 2014 is shown in *Figure 5-4*.)

The Navy Headquarters consists of various departments, offices, and divisions and its subordinate units include the Fleet Command, Marine Corps Command, Education, Training and Doctrine Development Command, Maintenance Command and other subordinate units.

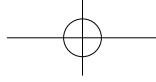
3. Combat Capabilities

Under the operations guidance of joint sea control, the Navy focuses on the integration and interoperability of capabilities from an asymmetric/innovative perspective, balancing ground, air, sea, and electronic warfare capability development. The modernization objective of the Navy is to achieve “automated command and control, three dimensional operation capabilities, and missile weapon systems,” and build “highly effective, rapid and mobile deployment, and long-range precision strike” sea control capabilities.

(III) Air Force

1. Mission

In peacetime, the Air Force undertakes the responsibility for aerial reconnaissance and patrol over the Taiwan Strait, secures national airspace, strengthens readiness preparations, fulfills the forces' training missions, and proactively supports various major disaster relief efforts. In wartime, the Air Force will endeavor to gain air dominance and coordinate with the Army and Navy to conduct joint operations. This will effectively exploit the Air Force's operational performance, defeat invading enemies, and ensure homeland security.



2. Restructured Organization (The Air Force's restructured organization in 2014 is shown in *Figure 5-5*)

The Air Force Headquarters consists of various departments, offices, and divisions and its subordinate units include Air Operations Command, Air Defense Artillery Command, Education, Training and Doctrine Development Command, Maintenance Command and other subordinate units.

3. Combat Capabilities

The Air Force's buildup is joint operations-oriented and gives consideration to future enemy threats, aiming to gain more lead time by “establishing force buildup directions based on future driving factors” and to build credible air-defense capabilities. Under the force buildup

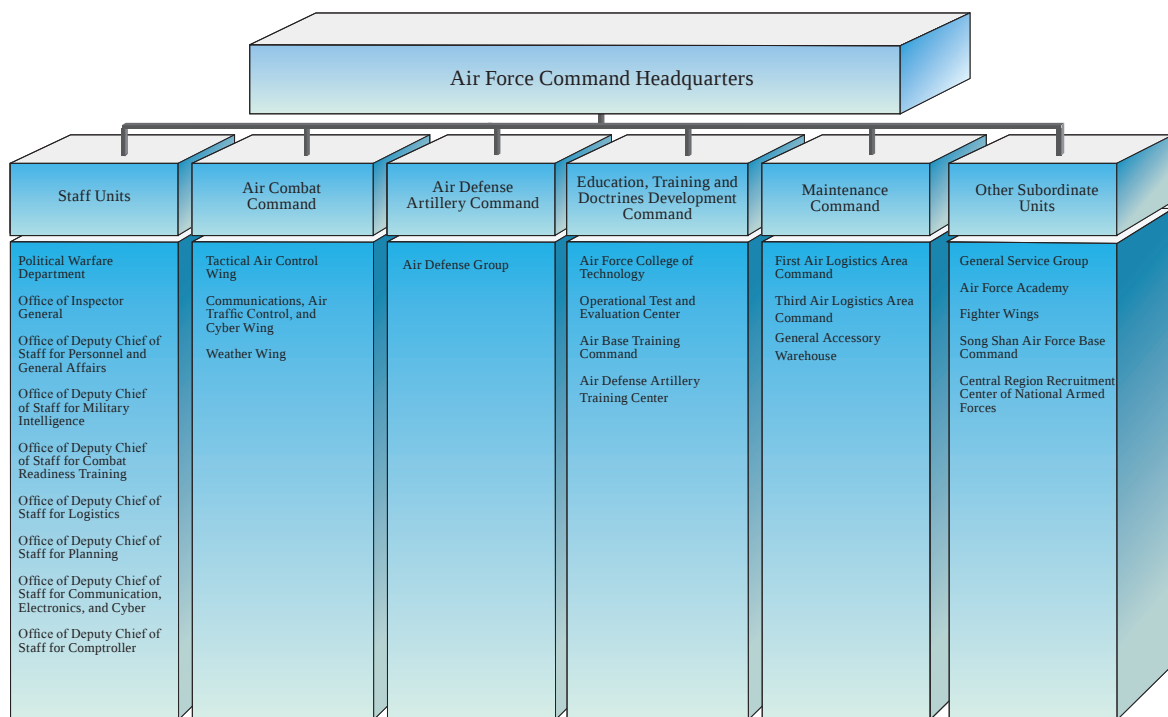
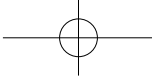
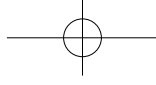


Figure 5-5 Organization of the Air Force Headquarters



plans to maximize results of joint operations, the Air Force renounced the conventional concept of winning a total war, and concentrates resources in building “low loss, low cost, and easily maneuverable firepower that is highly effective and precise, so as to win at decisive points.” The Air Force is currently focused on “establishing long-range surveillance and reconnaissance capabilities to gain greater depth of early warning,” “integrating C4ISR systems to improve battlefield management,” “developing and procuring long-range precision suppression weapons to enhance suppression performance,” “integrating the logistics framework of bases to implement rapid regional logistics,” “strengthening base defense facilities and runway emergency repair capabilities,” “planning the next generation of fighters to strengthen overall capabilities and gaining air superiority,” and “establishing innovative/asymmetric capabilities.”



Section 2 Joint Operations Effectiveness

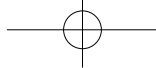
The ROC Armed Forces continue to development joint warfighting capabilities. In addition to improving joint efficiency, other efforts including revolution in military affairs, organizational restructuring, and armaments upgrade are also implemented to build a joint force with command efficiency and agile logistic support.

I. Joint Operations Concepts

- (I) To ensure peace in the Taiwan Strait, the territorial integrity, and regional stability, the ROC Armed Forces follows the military strategic concept of “resolute defense and credible deterrence,” and utilizes robust joint operations mechanisms and modernized battlefield management in coordination with diverse measures to achieve credible deterrence, counter the enemy’s force projection and launch in-depth strikes at the enemy, destroying, limiting and depleting the enemy’s abilities to invade Taiwan.
- (II) To build a “Hard ROC” defense force, the joint operations concepts are focused on enhancing “long range precision engagement” and “synchronous joint operation” capabilities. Upon detecting enemy’s intent, or moves, to invade, troops and firepower of the Armed Forces will be deployed according to their effective range. Precision strikes, multilayered interceptions, anchorage and beachhead attacks, and asymmetrical operations will be simultaneously carried out to disable the enemy’s operational center of gravity, conduct joint interception and anchorage and beachhead attack, crumbling any enemy’s attempt to fight a quick battle and force a quick conclusion, and ensuring that defensive operations in Taiwan and Penghu are successfully achieved.

II. Joint Operations Command Mechanism

- (I) The joint operations command mechanism of the ROC Armed Forces

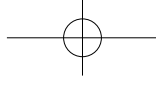


is the core of operational decision-making and command. In order to establish mechanisms that are “consistent and accountable in peacetime and wartime” and are able to bring out the full effects of joint operations, the Joint Operation Command Center directly commands all levels of strategic execution, creating a closely knit joint command network that achieves simplified force deployment, flattened command hierarchy and rapid command.

- (II) In order to gain control over the battlefield situation, coordinate firepower, gain target intelligence, assess combat results, exercise command and control, and strengthen battlefield management functions, besides further enhancing command and control functions, the Armed Forces has effectively integrated C4ISR systems with weapon platforms, establishing common operation pictures that is provided to each level of command for synchronous control over the battlefield. This strengthens battlefield monitoring capabilities and effectively implements battlefield management, enhancing combat command and control functions and benefitting the successfully execution of joint operations.

III. Joint Operations Capability Buildup

With consideration to trends in the security environment, technological developments, and strategic requirements, the ROC Armed Forces is implementing force restructuring, promoting all-out defense, and strengthening joint operations performance. Furthermore, the ROC Armed Forces has adopted “technological leading, information and electronic superiority, joint interdiction, and homeland defense” as the guiding principles of force buildup, and has engaged in force restructuring plans to building credible deterrence capabilities. Related capability development includes joint C4ISR, joint information and electronic warfare, joint counter air, joint sea control, joint ground defense, asymmetrical warfare, reserve mobilization, joint logistics, and overall intangible combat capabilities.



IV. Annual Exercises and Training Results

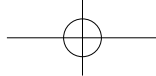
Based on the spirit that “all operations are joint operations and all training is joint training,” the ROC Armed Forces sequentially implements training in the stages - “joint operations basic training,” “armed service operations exercise” and “joint operations exercise,” so as to build joint planning and control capabilities. The ROC Armed Forces effectively integrates tri-service joint operation exercises with the annual “Han Kuang Exercise” at the core, and specifies training courses and foci in the Joint Mission Essential Task List (JMETL). Forces are put under the pressure of being in scenarios with an opposing force to strengthen the coordination between armed services, which build solid capabilities with highly concentrated forces that have combined their strengths. This allows unified joint operations to be carried out. The status of each exercise is described below:

(I) Han Kuang Exercise

The annual “Han Kuang Exercise” validates comprehensive readiness for the defense of Taiwan and Penghu, and is implemented in two stages - field training exercises (FTX) and computer-aided command post exercises, during which major readiness issues, including contingency response and full operations stages, are analyzed. Under the exercise objectives, the exercise process examines readiness issues for force preservation, high sea maneuvering, air defense, cross-theater reinforcement, airborne and anti-airborne operations, landing and anti-landing operations, information and electronic warfare operations, reserve mobilization, disaster relief, psychological warfare, press relations, and all-out defense.

(II) Lien Yung Exercise

Strike brigades are deployed to the Joint Training Base every 1.5 years to carry out computer-aid command post war game and joint live fire exercises. Conditions are simulated based on enemy threats in standardized modules to strengthen measures and response capabilities in complex electromagnetic



The ROC Air Force conducts takeoff exercises on national highways during the “Han Kuang Exercises,” verifying its ability to convert airports during wartime, and strengthening the ROC Armed Forces’ overall effectiveness in contingency response operations.

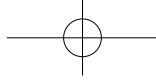
environments to enhance joint operations capabilities. The Lien Yung Exercise was conducted 15 times from 2011 to Aug, 2013.

(III) Lien Hsing Exercise

The Navy conducts the Lien Hsing Exercise twice a year, and organizes an “amphibious joint operational task force” from the marine brigade and sea and air forces that have completed training in the amphibious training base. The amphibious joint operations exercise is conducted in southern Taiwan and validates the Navy’s amphibious landing capabilities, as well as the homeland defense joint operations capabilities of each Theater of Operations. The Lien Hsing Exercise was conducted 6 times in 2011 and Aug, 2013.

(IV) Lien Yun Exercise

The Air Force conducts the Lien Yun Exercise annually in coordination with the Han Kuang Exercise. The Air Force Headquarters organizes air transport



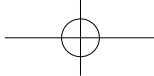
troops and the Army's airborne troops into an airborne joint operational task force to validate airborne joint operational capabilities, as well as anti-airborne operations readiness of each theaters of operations. The Lien Yun Exercise was conducted 3 times in Taichung and Hsinchu in 2011 and Aug, 2013.

(V) Lien Hsin Exercise

The offshore island commands - Penghu, Kinmen, Matsu, Dongyin and Wuchiu - carry out 1 Lien Hsin Exercise each year, during which joint land and sea operations and joint land and air operations are conducted to validate joint operations capabilities for independently defending offshore islands. The Lien Hsin Exercise was conducted 12 times in 2011 and Aug, 2013.

(VI) Lien Hsiang Exercise

The exercise simulates air assaults from non-fixed routes and different altitudes on defended targets of the armed forces to validate joint command mechanisms, data-link system applications, air-defense force deployment, ROEs, and combat capability reconstitution. The Lien Hsiang Exercise was conducted 8 times in 2011 and Aug, 2013.



Section 3 Information and Electronic Warfare Capabilities

A networked C4ISR system is constructed based on the joint operations mechanism to provide synchronized command and control, gain intelligence on the enemy threat, and provide real-time battlefield information. Furthermore, defensive information and electronic capabilities are developed against enemy threat to ensure the integrity of C3I resources and to gain an advantage in the battlefield in support of military operations.

I. Strengthening Communications and Information Infrastructure

The Armed Forces' communications and information network combines private-sector technologies and capabilities based on mission requirements to establish a mobile C3I platform with multiple paths, multiple backups, and high

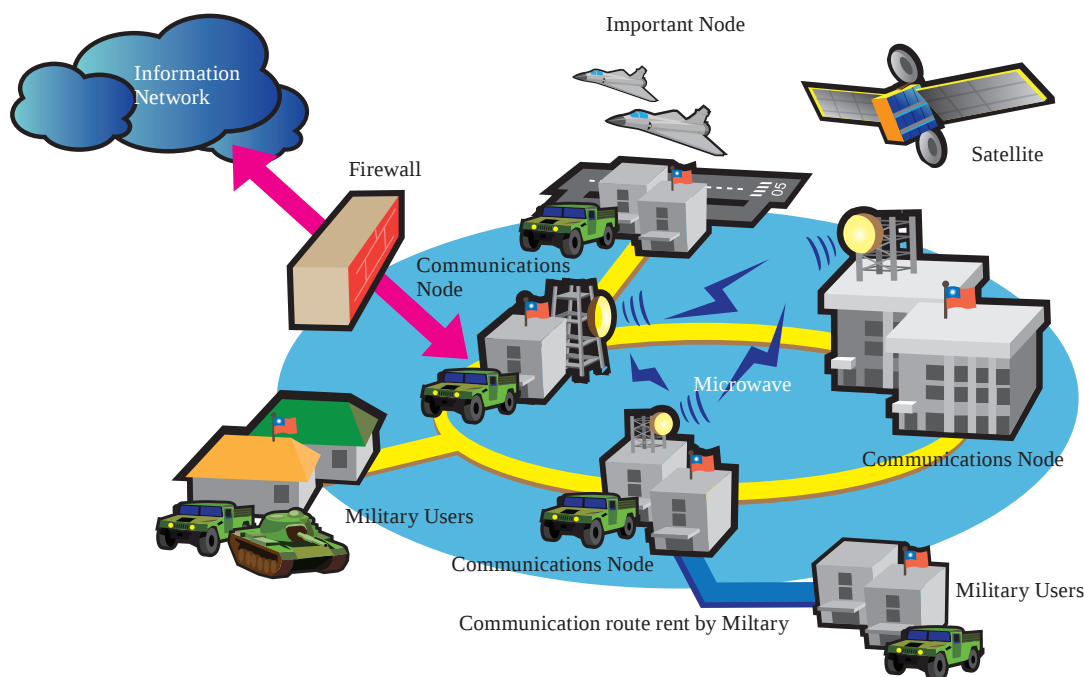
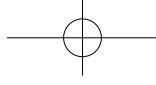


Figure 5-6 Integrated Communications Infrastructure



survivability in the battlefield. The Armed Forces will integrate and utilize public and private resources and technologies, and may commandeer (purchase) public or private communications systems during the contingency operations phase to support the military in defensive operations and disaster relief (as shown in the *Figure5-6*) .

II. Utilizing Joint Electronic Warfare Capabilities

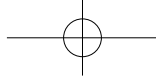
In response to the complex electromagnetic environment in the Taiwan Strait, the ROC Armed Forces will continue to enhance maritime and air warning, surveillance and reconnaissance capabilities, procure electronic countermeasure and protection systems, and establish standard actions and measures. These endeavors will be validated in various exercises, so as to secure information and electronic resources. Furthermore, the integration of spectrum management and databases of electronic parameters will lower the impact of enemy electronic warfare, and thus maintain smooth command and control, as well as operational safety and freedom.

III. Enhancing Capabilities of the Joint Operations Command and Control System

To further enhance joint C2 capabilities, major sensors across the services, strategic commands and combat aircraft and vessels will be linked to establish networked operations capabilities. Through participation in international organizations, project meetings, and personnel exchanges and visits, the ROC Armed Forces follows technological development and absorbs R&D, maintenance, management and application experiences. Furthermore, technology transfer was sought through industrial cooperation programs to build self-sufficient maintenance and operation capabilities.

IV. Enhancing Information Assurance Capabilities

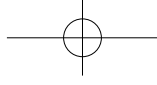
“Early warning and rapid response” are implemented to prevent cyber-attacks,



strengthen information security mechanisms, monitor cyber activities, prevent C4ISR systems from being sabotaged or exploited, and ensure information and electronic security and superiority, thereby achieving information assurance.”

V. Innovative Information Services

The MND introduced the latest cloud computing technologies to facilitate information operations, and planned information services based on mission requirements of the armed forces. Mobile devices are utilized on a case by case basis for disaster relief, recruiting, medical services, and the Executive Yuan’s paperless meetings under the premise of maintaining information security. Furthermore, the MND plans to introduce device management systems and dedicated information application platforms to comprehensively update information services.



Section 4 Logistics Support

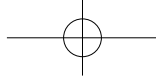
With regards to logistics readiness, the ROC Armed Forces aim to achieve “precise logistics management and rapid logistics support.” The measures include integrating logistics capabilities, combining defense industry and private-sector resources to gradually complete the logistics system, review and revise operating procedures, improve information systems for greater efficiency, and ultimately ensure successful logistics support for defensive operations.

I. Adjusting Logistics Mechanisms for Better Performance

The policy guidance of the Jingsui Program and the six defense organization acts is “service-specific logistics are managed by respective services, general logistics by the Army.” The Army’s Logistics Command was thus established on January 1st, 2013. The professional division of labor and function integration of the Logistics Command will enable resource concentration, streamlined manpower, and better service quality. The Armed Forces will continue to refine operating procedures, gradually upgrade information system, and stride towards institutionalized, standardized and specialized logistics.

II. Formulating Logistics Policies and Establishing Operation Standards

Given the adjustments of the logistics organization and the current logistics practices, a comprehensive review was conducted on current operation standards and related operating procedures were integrated and linked together. Furthermore, outdated practices were revised to simplify procedures, and a total of 26 logistics policy guidelines under 13 categories, including supply, maintenance and repair, transportation, ammunition, logistics information, facility maintenance, talent cultivation, and disaster relief, were compiled for carrying out logistics affairs.



III. Refining Commercial Maintenance Operations to Secure Core Capabilities

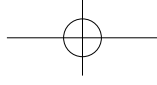
Outsourcing maintenance of military equipment is implemented to consolidate defense industry base and drive industrial upgrade. The non-sensitive, low readiness-efficiency or non-essential maintenance capabilities were outsourced to the private sector to build domestic maintenance capacity, under the premise of retaining core capabilities and abiding by contracting and execution regulations. Invitations to tender were sent on 12 occasions for military aircraft, 1 occasion for a military ship, and on 60 occasions for land and utility equipment since 2003. Future commercial maintenance of military equipment will continue to be carried out with consideration to mission and training (exercise) requirements, equipment characteristics, maintenance manpower, and budget. Remaining maintenance capabilities of the Armed Forces will also be further strengthened for better performance.

IV. Implementing Lifecycle Management to Ensure Equipment Availability

In order to ensure equipment availability and training safety, the full life cycle perspective is adopted for specifying the cycle and depth of equipment maintenance. The “integrated logistics management team” mechanism gathers data on the demand, acquisition and consumption of supplies, calculates planned and non-planned demands, and carries out procurement operations. Furthermore, the availability of equipment is ensured via the establishment of evaluation standards, strict storage quality examinations, application of information system control, and careful risk management.

V. Integrating Item Repair Capabilities to Enhance Maintenance and Repair Effectiveness

The ROC Armed Forces implemented horizontal integration of equipment, technologies, facilities and manpower, and vertical integration of maintenance

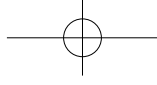


To maintain the availability of equipment, ground duty personnel of the ROC Air Force inspect ammunitions periodically or before missions to ensure missions are successfully executed.

capabilities of depot shops, combined maintenance facilities, maintenance companies, and intermediate maintenance shops, so as to achieve resource sharing. At the same time, material maintenance capabilities are effectively integrated through information system linking and function upgrading to support annual training requirements. Furthermore, for equipment that armed services are also capable of repairing, the tri-service repair system is given priority to carry out repairs, thus achieving resource sharing, streamlining manpower, and cutting down costs.

VI. Strengthening Energy Control and Implementing Energy Conservation

The MND announced the “Implementation Method for Merging Exercise and Training Missions for Energy Conservation” and “Regulations on Energy Conservation Control in the ROC Armed Forces” under the government’s energy conservation and carbon reduction policy. Simulators are utilized for training under the premise of not affecting training effectiveness, and



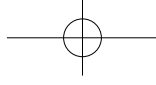
administrative vehicles are jointly dispatched to reduce oil consumption. Furthermore, an energy conservation implementation team was assembled to conduct monthly reviews and spot checks of oil, water and power conservation measures. Statistics for 2012 show that oil consumption decreased by 3.73%, water consumption decreased by 5.02%, and power consumption decreased by 2.31% compared with 2011, indicating that energy conservation measures have been successful.

VII. Thorough Effectiveness Evaluations and Sequential Implementation of Outsourcing

In coordination with the implementation of “voluntarism” and force restructuring of the “Jingsui Program,” defense resources are concentrated in combat forces, while remaining forces are being horizontally integrated to supply personnel for combat forces. Furthermore, mess, administrative duties,



In coordination with the government's energy conservation and carbon reduction policy, the CSIST is actively developing smart power storage systems for energy conservation, and has enabled the ROC Armed Forces to effectively control its energy consumption.



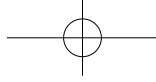
supply, transport, and equipment maintenance are outsourced in accordance with Article 22 of the National Defense Act, so as to lower manpower requirements of service troops. In the light of budget constraints, outsourcing will be gradually expanded based on continuous evaluations to consolidate logistics capabilities and also respond to the government's policy to expand domestic demand, achieving unity of national defense and people's livelihood.

VIII. Enhancing Transport Readiness for More Efficient Supply

Old vehicles have been decommissioned to reduce the maintenance load, and the Army Headquarters is handling the procurement of civilian vehicles



The ROC Armed Forces is actively outsourcing equipment maintenance to the private sector (e.g. aircraft maintenance) to lower its manpower requirements while maintaining logistic capabilities, achieving unity of national defense and people's livelihood.



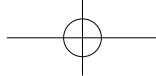
to replace some 2,500 old vehicles. Driving safety education will be further reinforced so that servicemen will develop the habit of defensive driving and thus reduce accidents involving military vehicles. The construction of port facilities and drop zones in Taiwan and offshore islands will be continued to support readiness exercises, and transport management systems and route planning functions will be improved to provide better service quality. Additionally, the ROC Armed Forces has executed offshore island transport missions in coordination with the Ministry of Transportation and Communications, an effort to show that military and civilian are one family.

IX. Integrating Information Platforms for Precise Logistics Management

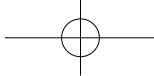
For logistics systems integration, the ROC Armed Forces applies cloud technologies and has completed the integration and adjustment of 8 information systems, including that of aircraft. Other measures include system functions upgrade, paper forms digitilization, and outsourced maintenance cost management. Logistics management system will continue to be refined based on the lessons learned from exercise and training. Forward support operations auditing and logistics capability control interfaces are also developed to provide timely awareness of logistics support capabilities and current support progress to commanding officers at each level, achieving precise logistics management and rapid logistics support.

X. Stepping Up Facility Improvement to Provide Better Living Quality

To maintain the living quality of active servicemen, families, and veterans and support the execution of readiness missions, a complete survey of facility maintenance and repair requirements was conducted, and improvements will be made sequentially each year using “military base” as the unit, in which funds will be concentrated in the repair of key facilities. The total budget for facility



maintenance was NT\$1,568,510 thousand in 2012 and used to renovate and improve various living facilities. Under the “veteran’s dormitories” category, 10 veteran’s dormitories, including Taichung’s “Fengchia Veterans Dormitory,” were renovated in 2012 to improve the living quality of veterans. Under the “job-specific dormitories,” 10 dormitories, including the Air Force’s “Tzu-En Village No.3,” were renovated in 2012 to provide better care for military dependents. Eight projects, including the “roof leak-proof renovation in the Army’s Tzu-Guang Village No.11,” will be implemented in 2013 with a total budget of NT\$22,492 thousand.



Section 5 Reserve Capability Buildup

The fundamental policy of mobilization preparations is to streamline the regular force and extensively build the reserve force. During peacetime, the Armed Forces accumulate combat capabilities and strengthen military mobilization preparations, and during mobilization, reserve forces are rapidly assembled to achieve “timely mobilization and engagement” and effectively support defensive operations.

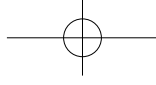
I. Military Mobilization Readiness

(I) Manpower Mobilization

Based on the principle that “regular forces conduct strikes and reserve forces defend the homeland,” Theaters of Operations are the core and ground reserve forces are the backbone. Draft age men who complete military training under the volunteer system are added to the reserve mobilization system, in which over 2.6 reservists are currently listed. In accordance with the principles “younger combatants and senior specialists” and “last retired from service first used,” persons separated from service within eight years are assembled into reserve units that radiate outward from their tactical positions. The reservist list is continuously updated and reservists are priority members of mobilization forces, ensuring that combat forces are young and strong, so that “swift force generation and rapid capability reconstitution” can be achieved during wartime.

(II) Materials Mobilization

The ROC Armed Forces manages and inspects goods and materials under the guidance of the Outline for All-out Defense Mobilization Preparations and Military Mobilization Preparation Plan. Theaters of Operations file applications for materials based on operational requirements and complete supply-demand verification operations. Important military supplies in the annual requisition plan include 180 items under 8 categories, including minerals, basic metals,



machinery, fiber/leather/rubber/wool, chemicals, medical supplies, construction materials, transportation (telecommunications), and other. Furthermore, requisition plans included over 10 thousand fixed facilities, over 30 thousand vehicles, over 2 thousand heavy machinery, over 50 vessels, over 300 fishing boats, and over 60 aircraft that can be immediately mobilized during wartime to effectively support military operations.

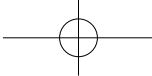
II. Mobilization Readiness of the Military Supplies Industry

Conversion requirements of the military supplies industry are reviewed each year based on operational requirements of each armed service, and are included into the mobilization implementation plan of military supplies industries. Furthermore, based on the review of combat forces' requirements during wartime, the annual mobilization plan has included 54 production systems of the military supplies industry that produces over a thousand items and involves over a hundred production plants, as well as 2 maintenance systems with 2 maintenance items and over 300 maintenance plants; the number of plants mobilized totals at over 400, and can immediately be converted for production (maintenance) during wartime to effectively support military operations.

III. Muster-Call Training Readiness

Reservists and selected military service troops are mustered every two years for training at a military base near their residence, so as to restore or maintain their basic combat (including disaster relief) skills. The training includes specialty retraining, firing training, combat training, combined training, and disaster prevention and relief, which are necessary for combat operations and disaster relief. Over 140 thousand persons received training in 622 batches, effectively building mobilization capabilities.

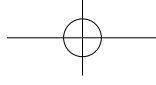
In response to disaster relief requirements during the flood season, mustered reserve forces must take an additional 4 hours of disaster relief courses (1 hour for military service troops). Furthermore, 3 to 6 battalions of disaster relief



forces are maintained at all times, so that when a disaster occurs, they can jointly carry out disaster relief missions with regular forces to protect homes, protect hometowns, and protect assets.

IV. Mobilization Exercise and Training Readiness

To validate muster-call training results of reserve forces, the Tung Hsin Exercise and Tzu Chiang Exercise are simultaneously conducted along with the Han Kuang Exercise. Under the command and control mechanisms of each Theater of Operations, manpower and materials mobilization is carried out “around the island, in separate districts, at the same time” when the mobilization order is issued. Reserve forces are assembled to validate their mission succession, pre-combat training, deep battle (beach, town, mountain strategic pass, and anti-airborne operations), and wartime disaster relief, strengthening the overall combat capabilities of reserve forces.

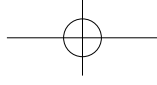


Section 6 Intangible Combat Capability

The ROC Armed Forces belongs to the people and is neutral from individual, regional and party affiliations in accordance with Articles 138 and 139 of the Constitution of the ROC and Articles 5 and 6 of the National Defense Act. The ROC Armed Forces is “politically neutral” in accordance with the law and strictly abides by “nationalization of military,” and focuses on force buildup and readiness to defend the ROC’s constitutional democracy. The MND has continued to use the Jyu Guang televised program, the newspaper and three periodicals of Youth Daily News, and online promotion channels for producing educational programs and publishing special topics and news reports. Furthermore, the MND organized various promotional activities, convened the “anti-corruption work meeting,” and reinforced counterintelligence measures, so as to raise threat awareness, build national identification, and strengthen intangible combat capabilities.

I. Patriotism

Specific measures have been adopted to build servicemen’s patriotism. To strengthen servicemen’s determination to fight for the survival and development of the ROC and fight for the safety and welfare of the people, the MND announced the promotional data “the ROC Armed Forces implements nationalization of military to set an example of democracy” and “Defending sovereignty and dignity, and peacefully resolving disputes,” and produced 18 episodes on the Jyu Guang televised program, including “Strengthening fundamental beliefs of the ROC Armed Forces to fulfill its duty to protect the nation and its people.” Furthermore, 52 editorials on “upholding morals and principles and combat training to preserve the nation’s peace and stability,” 41 special columns, 156 news reports, and 32 expert opinions were published in the Youth Daily Newspaper. The illustrated book “Military Service, Great Love” was also published by the MND. Other measures include requiring graduates of military academies to complete “patriotic education” courses, organizing the

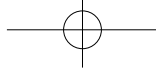


The MND organizes large promotional activities to build national identification and strengthen the ROC Armed Forces' intangible combat capabilities. The "55th Anniversary of the 823 Battle" concert was held in 2013 to effectively arouse citizens' patriotism.

"Commendation Activity on Armed Forces Day and All-out Defense Education Day," and holding the "Academic Conference on Servicemen's Military Ethics and Moral Education," during which over 300 experts and scholars were invited to provide improvement measures and their professional opinions.

II. Military Legacy

The servicemen follow to the traditional Whampoa army spirit and pass on the legacy through force operations, exercise and training, as well as major celebrations and battle commemorations. Activities organized in 2012 include the "Vivid Flying 101 - The Liuying Carousing Carnival," "75th Anniversary of the War of Resistance on July 7th," "Feast of Sounds" concert, and the "46th Armed forces Golden Statues Awards for Literature and Arts." Multiple aspect and diverse methods are used to let servicemen gain a correct historic perspective, build national identification and esprit de corps, understand their



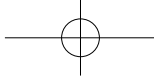
calling, and inherit the honorable traditions of the ROC Armed Forces.

III. Anti-Corruption

- (I) Under the government's policy of "promoting integrity and anti-corruption," the Minister of National Defense convenes the monthly Anti-Corruption Work Meeting, which is then convened at each level under the service headquarters. Evaluation of agency risks is conducted through the meetings, and preliminary measures are implemented to eliminate corruption and prevent misconduct. Transparency International conducted an evaluation of clean practices of defense communities of 82 countries in 2012, in which the ROC was listed as a low-risk grade B country along with England, and the United States, trailing only behind Germany and New Zealand.
- (II) The Ethics Office was established in 2013 in coordination with the government's determination to prevent corruption and misconduct, as well as the Amendment to the Organization Act of the Ministry of National Defense. The Ethics Office will collaborate with the Inspector General's Office in joint anti-corruption efforts based on the principles of "parallel, double supervision" and "coordination, mutual help, and function integration," in hopes of maintaining military discipline and strengthening the ROC Armed Forces' image of integrity.

IV. Security Protection

The ROC Armed Forces has worked with investigation and intelligence units in uncovering numerous communist spies in recent years, indicating that the PRC will continue to practice intimidation and bribery on servicemen to gather intelligence by all means possible. A few of the servicemen were not able to maintain their military virtues. Facing the threat of intelligence gathering and infiltration by the PRC, and to protect national secrets and eradicate potential risks, the MND is implementing diverse counterintelligence



education to raise the awareness of servicemen and their families of the enemy threat. Furthermore, the MND has adopted a number of measures for counterintelligence and purging enemy spies, including law amendment, security deployment, security auditing, and security protection for defense information. Related measures are further described below:

(I) Promoting the Justice Project

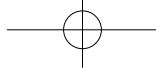
In the light of the growing cross-Strait exchanges, military personnel will have increasing opportunities to come in contact with residents of mainland China, Hong Kong, and Macau. To prevent military personnel from being used by the PRC, the MND enacted the “ROC Armed Forces Regulations on Implementation of the Justice Project,” so as to raise servicemen’s awareness of the enemy threat via law promotion and enforcing penalties. Servicemen are required to actively report any correspondence, communication and contact with people from mainland China. The MND further established a reporting channel to prevent any misconduct.

(II) Reinforcing Military Base Security

To prevent criminals from infiltrating or damaging military bases, the MND implements numerous security measures in coordination with military base open days, major exercises, and celebrations, including requiring ID for entry and exit, response force deployment, potential risk analysis, scenario simulation, integrating intelligence capabilities, and limiting routes that can be accessed.

(III) Expanding Security Education

The MND compiled examples of infiltration and intelligence by the PRC in recent years into the second volume of the security book series “Red Alert” to raise servicemen’s threat awareness. Other measures that were implemented include “security point man” commendation, security article invitation, poster design, and security action figures. The MND also produced special topic lectures and dramas on security education on the Jyu Guang televised program,



expanding education results from extensive security education measures.

(IV) Enhancing Secrecy Protection Skills

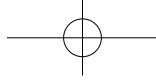
Security lectures are held for servicemen with confidential duties, their commanding officers (supervisor), military officials stationed overseas, and new recruits, and security courses are irregularly offered for classes according to the curriculum of the military academy. Furthermore, the MND has jointly studied operations for precise confidentiality labels together with the Ministry of Justice to prevent leakage of defense secrecy. This measure provides legal protection for core confidential processes and prevents the outflow of confidential defense information.

(V) Thoroughly Investigating All Leads

With consideration to the diversity of intelligence measures of the PRC and to prevent military personnel from being used by the enemy, the MND has considered recent cases of communist spies and adopted an approach to thoroughly investigate military personnel that leave the country. Guidance is provided to all level security departments to screen any leads on the involvement of military personnel with mainland China, their financial situation, or any suspicious behavior, taking the initiative to prevent leakage of defense information and ensure the security of the ROC Armed Forces.

(VI) Polygraph Testss

The MND established regulations on polygraph tests to support security investigations to step up evaluations of coordinators, military officials, procurement personnel, assembly personnel (aircraft, ships) stationed overseas, and military personnel who pursue further education or participate in think tanks overseas for 6 months or above, as well as personnel required to carry out confidential missions, thereby ensuring the purity of military personnel.



(VII) Investigating Potential Risks

To ensure the safety of sensitive and classified units, the MND instructed subordinates at each level to compile annual project and individual investigation reports on leads on enemy spies, preventing treason, and protecting classified information under the themes counterintelligence, counter-infiltration, and counter-sabotage. A total of 36 reports were completed, including “potential risks of veterans organizations’ activities in mainland China,” and were added to the risk database to strengthen counterintelligence capabilities.

V. Public Relations

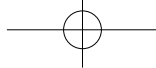
Defense affairs being supervised by the people is the norm in democratic countries. Under the principles of secrecy protection, defense administration transparency and the people’s right to know, the MND has explained and communicated with the public through military news channels, so that the public may fully understand defense administration, build an “all-out defense” consensus, and gain public support and approval.

(I) News Policy of the ROC Armed Forces

Public relations work is planned and carried out under four guidelines - “the premise of maintaining national security and defense interests,” “the demand on building all-out defense consensus and establishing good military-civilian relations,” “the principle of coordinating with government policy and defense administration” and “the objective of fulfilling the ROC Armed Forces’ duties and current stage military missions.” The MND builds a bridge with the public via good interactions and communication with media, so as to promote defense policies, let citizens gain a correct understanding of national defense, and further support force buildup and readiness work.

(II) Flexible News Strategy

The ROC Armed Forces’ public relations measures should keep pace with



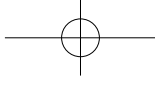
the times considering the current social environment and the public's high expectations, and flexible and diverse approaches, such as “project proposals,” have been adopted to promote its image. The MND began working with the National Geographic Channel in 2011 on the documentary “National Highway Landing Secret Symplectic,” and successfully showed the world the ROC Armed Forces' training results. In 2012, the MND and the National Geographic Channel again cooperated in the documentary “ROC Amphibious Surveillance & Reconnaissance Units.” Furthermore, the MND cooperated with the Discovery Channel in filming the series on “Elite Forces,” and cooperated with TVBS in filming the series “On the Front Line of Training,” successfully improving the ROC Armed Forces' image through collaborations with domestic and international media.

(III) Positive Image Building

The MND will flexibly use positive marketing strategies to attract media attention. Activities that include the Army's heavy artillery maintenance and firing, the Navy's “ageless warrior” military ship experience camp, the Air Force's B-26 aircraft handover ceremony and “Liangdao man relic unearthed in Matsu” are all successful experiences of image campaign. Public relations of the ROC Armed Forces has shifted from the traditional concept that actions are louder than words to actively promoting its policies, and besides passing on correct information through diverse communication channels, such as social networks, the MND's official website, press releases, press conferences, and large activities, the results of major administrative efforts are now being actively promoted, so as to inform the public of defense policies.

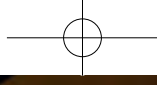
(IV) Fully Utilizing the Internet for Promotion

The MND created the Facebook account “Spokesperson of the MND” on May 24th, 2011, and the number of fans has surpassed 15,000, reaching over 200 thousand person-times a week, which makes it an important channel for communication. For example, the activities “New Dawn Education and Nursing



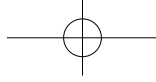
(Upper left) The MND cooperated with Discovery in filming the series on “Elite Forces” and successfully promoted the ROC Armed Forces’ image of excellence. (Upper right and lower) Positive news topics, such as the Air Force’s “B-26 display” and “Minister Kao meets with British veteran of the Battle of Yenangyaung,” effectively propagate defense policies.

Institute Dream Come True,” “Disaster Relief Missions” and “Brave Acts of the late Air Force Colonel Wang Tung-I” all received widespread responses and promoted defense administration and force buildup and readiness effectiveness.



Chapter 6 National Defense Resources

The ROC Armed Forces maximizes the effectiveness of “human,” “financial” and “material” resources via scientific and innovative management methods, supporting it in performing its duties. In terms of human resources, it is actively cultivating talents with expertise. In terms of financial resources, it has implemented cost effectiveness and risk management functions to reasonably allocate financial resources. In terms of material resources and autonomous national defense, it is developing advanced weapon systems and has accumulated a large amount of key technologies, laying a solid technological development foundation that can be combined with economic and livelihood infrastructure for “all-out defense.”



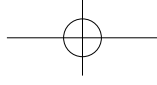
Section 1 National Defense Human Resources

The quality of human resources is the key to the ROC Armed Forces' capabilities. Talent recruitment, military education, and further education of cadre members are continuously carried out to maintain superior defense talent. The MND hopes to recruit talented individuals to join the military and provides a number of further education and training channels to equip officers, NCOs and soldiers with necessary knowledge and skills, which they will also be able to apply in society.

I. Extensive Recruitment of Talent

The current recruitment approach is to use different appeals for different segments, and organize promotional activities that are supported by various media, as well as expanded interagency collaboration functions and excellent customer services. Moreover, market surveys and analyses were conducted to learn the public's sources of recruitment information and motivation for joining the military. This provides a basis for strategy adjustment, so as to closely communicate with target groups and increase their willingness to join the military. Furthermore, recruitment promotions have been expanded and combined with school activities.

- (I) Expanding recruitment channels: The visibility of recruitment information is increased through the effective integration of the ROC Armed Forces' current resources, as well as expanding promotion channels of public and private collaborative units.
- (II) Flexible recruitment measures: Diverse recruitment measures are adopted for more energetic promotions based on characteristics of each recruitment team, including commercials, publications, promotions in schools, promotions in TV programs, and selecting a recruitment spokesperson.
- (III) Excellent customer services: A fully functional recruitment service website was constructed to provide online services and a recruitment

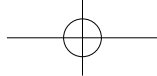


Recruitment promotions targeting different segments have been expanded.

management system. The website provides recruitment information of different units, as well as military service, remuneration, and career planning information.

(IV) Relaxing qualifications for volunteer soldiers and adjusting admission screening dates:

1. The number of batches for admission screening was increased to 11 each year, so that “applications are accepted every day and tests are taken every month for joining the military.”
2. The age limit was expanded from 18-26 years old.
3. The height limit was expanded from 158-195 to 152-200 cm for men and from 155-195 to 150-200 cm for women.
4. Physical and psychological exams were cancelled. For those who qualified in the “IQ test” and “physical ability test,” the test items were exempted. Furthermore, “physical fitness” grades of the Ministry of Education are now recognized.



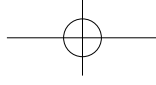
5. Physical fitness requirements were relaxed for men from finishing 1,600m in 10 minutes to 10 minutes and 30 seconds, and for women from finishing 1,200m in 8 minutes to finishing 800m in 5 minutes and 30 seconds.
6. List of specialty aspirations extended from 5 to 10.
7. Restrictions are lifted for inactive personnel to register for other armed services.

II. Enhancing Military Education

The purpose of military education is to edify and cultivate cadres at each level of the armed forces. Military education cultivates cadres with independent thinking, judgment and problem solving abilities by systematically passing on basic knowledge and skills. On the other hand, it fosters modern servicemen



Education in military academies of the ROC Armed Forces maintains superior manpower that strengthens the ROC Armed Forces' capabilities.



with military ethics and strong physique, who are loyal to the country, willing to take responsibility and value honor.

(I) Enriching Basic Education

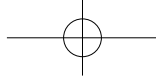
Contents of basic education for military officers comply with credit courses of the “University Act,” as well as service education, special-to-arm training, and formative education required for basic military officers. The MND hopes to cultivate modern officers that accomplish both civil and military affairs and possess both specialty and morality. Moreover, complete university courses integrated with holistic education will help them develop an interest in learning and equip them with the ability for further education.

Basic education for non-commissioned officers (NCOs) mainly consists of service education, special-to-arm training, and formative education. NCOs that graduate from service school receive guidance for acquiring basic technician certificates, so as to help them develop healthy personalities and possess both civil and military specialties.

(II) Expanding the Scope of Advanced Education

Advanced education for military officers mainly consists of strategy and staff education, as well as masters and doctoral programs of each college in the National Defense University, and is supported by masters and doctoral program at civilian universities. Staff education mainly includes staff competence and force management practices, and cultivates cadre members that are logical and have an overall perspective. Strategy education mainly includes national military strategy, joint operations between different armed services, and defense resource management, so as to cultivate cadre members who take initiative and have foresight.

Advanced education for NGOs is mainly “master sergeant courses” organized by each armed service, and aims to cultivate leading and staff sergeants at the battalion and brigade level. This is supported by acquiring advanced technician certificates and pursuing further degrees. The “master sergeant courses”



organized by each armed service aims to cultivate leading and staff sergeants at the battalion and brigade level, strengthening basic-level cadres, and cultivating leadership skills of NCOs so that they possess management practice, staff operation, and specialty capabilities.

In response to major disasters, disaster relief (prevention) courses are included in advanced education programs to strengthen cadre members' understanding of staff operations and related laws on joint disaster relief, such courses include disaster relief force deployment, equipment readiness, command, coordination, emergency response, and disaster victim accommodation. Results are validated through war game at the end of the program, enhancing disaster relief (prevention) competencies of cadre members.

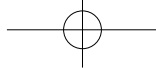
(III) Planning Further Education Channels for Cadre Members

Specialized manpower, including teachers of military academies, defense technology development, and high level staff, are suitably recruited to enhance the ROC Armed Forces' expertise in various fields. Personnel are allowed to pursue further education in domestic and foreign masters and doctoral programs full-time or when off duty, in hopes of cultivating specialized talents that possess international military and high-tech military expertise.

In coordination with the actual demand after implementation of "voluntarism" and the talent cultivation strategy, the quota for pursuing further education full-time will be sequentially decreased each year, and units will be encouraged to increase the quota for pursuing further education off duty, so as to effectively utilize defense resources. Furthermore, in response to requirements of future high-tech warfare, the MND encourages branch officers to enroll in graduate programs of military academies to improve the quality of human resources.

(IV) Expanding the Scope of Further Education off Duty

The MND encourages lifelong learning and pursuing an advanced degree, certification or specialty off duty to improve the quality of servicemen. Military officers mainly pursue a master's degree, while NCOs and soldiers mainly



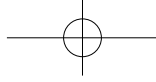
acquire certifications. The MND has completed revisions of the “Regulations on Military Personnel Pursuing Further Education off Duty,” and has provided subsidies, relaxed the definition of off duty hours, considered further education in personnel appointment, and implemented e-learning in coordination.

The headquarters of each armed service reviews specialty training requirements of servicemen on offshore islands and remote areas, and offers related specialty training courses to provide them with learning opportunities that will enhance their competencies and gain basic language abilities, aiding the establishment of an environment for pursuing further education off duty.

In response to the force organization and specialty training situation after force restructuring, servicemen are encouraged to take part in further education activities, so that they possess a degree or civil specialty before leaving the military, which will enhance their individual competitiveness.

III. Establishing an Evaluation System

- (I)To maintain education results and levels in military academies, the MND continues to supervise military academies in receiving evaluations from the Ministry of Education, as well as passing certifications of civilian certification institutions, including the Institute of Engineering Education Taiwan, Taiwan Medical Accreditation Council and Taiwan Nursing Accreditation Council. The certifications validate the teaching, research, service and administrative support levels of military academies, and enhance the competencies of cadre members.
- (II)To improve the quality of military education, measures that have been adopted include strengthening curriculum design, cultivating excellent instructors, and using the ISO certification as a standard for education and administration quality of military academies, enhancing their administrative efficiency. Furthermore, military academies will enter into strategic alliances with civilian universities and research institutions



based on the concept of teaching resource sharing, thereby building an interactive platform to create a robust military education environment.

IV. Improving the NCO System

The five core objectives for improving the NCO system are to empower the NCOs, increase their responsibility, build their confidence, cultivate their expertise, and manage their career development. The current implementation status in coordination with a volunteer force is as follows:

(I) Revising the ratio of NCOs

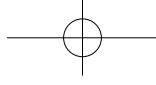
In coordination with the volunteer force policy and force restructuring of the “Jingsui Program,” the ratio of commissioned officers, NCOs, and soldiers was adjusted from 1:1.88:1.95 in 2006 to 1:1.92:1.80. In the future, NCOs will become the core of the ROC Armed Forces.

(II) Implementing international NCOs exchanges

Command master chiefs are selected and sent abroad to exchange experiences and take part in seminars. Furthermore, in response to the increased demand on trainer instructors after adjusting the manpower structure of the NCO education system, the ratio of NCO's sent abroad to all NCO's that received training increased from 32% in 2011 and to 43% in 2012.

(III) Adjusting the manpower structure of the NCO education system

All NCO courses were developed to increase NCOs' accountability and achieve a parallel development system for commissioned officers and NCOs. Instructors, cadres, and umpire positions in schools of the NCO education system are gradually being taken over by NCOs, and education assessment personnel are being vitalized through a rotation mechanism, combining training with practices.



(IV) Improving the performance of career planning NCOs

Personnel allocation for “career planning sergeants” has been completed in coordination with requirements for implementing “voluntarism.” Outstanding NCOs are selected to receive training overseas, and return as seed instructors for “career planner courses,” improving the expertise of “career planning NCOs” to retain excellent talents.

(V) Providing complete career development for NCOs

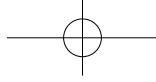
A career development system suitable for all NCOs was established based on the specialties, positions and mission characteristics of NCOs. Furthermore, regulations on command master chief and sergeant instructor candidates, transfer, and offshore island duty rotation were established in coordination with characteristics of each position, hoping that NCOs following the career development path will enhance their competencies, develop expertise, experience different positions, and strengthen force capabilities.

(VI) Strengthening professional competencies of NCOs

Certification courses offered each year allow NCOs to acquire professional certificates, and quota was provided for military sponsored students of NCO two year programs, full-time study in master’s programs, and for NCO’s pursuing further education when off duty. These measures aim to improve the overall quality of NCOs and strengthen their expertise, combining civilian certifications and military specialties. As of 2012, 41.29% of all NCOs had obtained a junior college degree or above.

V. Reasonable Deployment and Employment of Civilian Defense Officials

The ROC has established a national defense system with civilian control over military and centralized leadership. In order to help civilian defense officials gain visionary, thorough decision-making ability with regards



to national defense policies and resources, and to integrate military and civilian perspectives through communication and negotiation to enhance the effectiveness of military-civilian cooperation, the MND's organization, cultivation, training, and system for civilian defense officials are as follows:

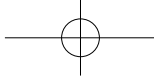
(I) Organization of Civilian Defense Officials

The MND has a total of 819 positions for military and civilian defense officials, in which 1/3 are civilian positions in accordance with the "Organization Act of the Ministry of National Defense." The number of positions for civilian defense officials was 203 in 2013, in which 161 positions (79.31%) were filled as of August 31st, 2013. In terms of rank, there are 2 specially commissioned officials, 63 senior officials, 125 junior officials, and 13 elementary officials (see *Appendix 2-5*). Among the 4 departments and 7 offices of the MND, the Department of Strategic Planning, Department of Resources Planning, Department of Integrated Assessment, Defense Procurements Office, National Defense Mobilization Office, Personnel Office, Ethics Office, and Comptroller Office are currently headed by civilian officials, in which the Personnel Office, Ethics Office, and Comptroller Office consist entirely of civilian officials.

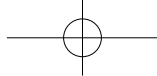
(II) Civilian Defense Official Cultivation and Training

The MND formulated the "Guidelines for the Training, Advanced Education, and Lifelong Learning of Civilian Personnel in the Ministry of National Defense" to strengthen the expertise of civilian officials in defense affairs. Training for civilian officials was incorporated into core training courses, so that civilian officials who enter the MND will become more familiar with defense affairs, effectively enhancing their defense expertise.

In accordance with the five core values of civil servants "integrity, loyalty, professionalism, performance, and compassion" ratified by the Executive Yuan, the same training will be implemented for both military and civilian personnel in the workplace, and thus increase their interaction and establish positive military-civilian relationships.



Besides planning and implementing a civilian official training system that consists of several stages, which adapts to competency improvement requirements of civilian officials at each stage, the incorporation of strategic human resource management is being considered, and civilian official evaluation and promotion mechanisms will be integrated with the MND's training system. The role of civilian officials will be enhanced in the field of defense policies through planned formative education and position transfers.



Section 2 National Defense Financial Resources

The defense budget is allocated based on enemy threat, force buildup concepts, progress of the force buildup program, and the government's financial resources. A number of financial management measures, including "allocating defense financial resources," "establishing a cost system," "implementing internal control," "strengthening fund management" and "applying statistical analysis," are implemented to refine budget allocation and execution, and further achieve administrative goals by supporting force buildup and readiness.

I. Defense Budget Acquisition

(I) Analysis of Defense Financial Resources in the Past Decade

The Executive Yuan allocates an appropriate defense budget with consideration to the nation's overall requirements, economic development, financial situation,

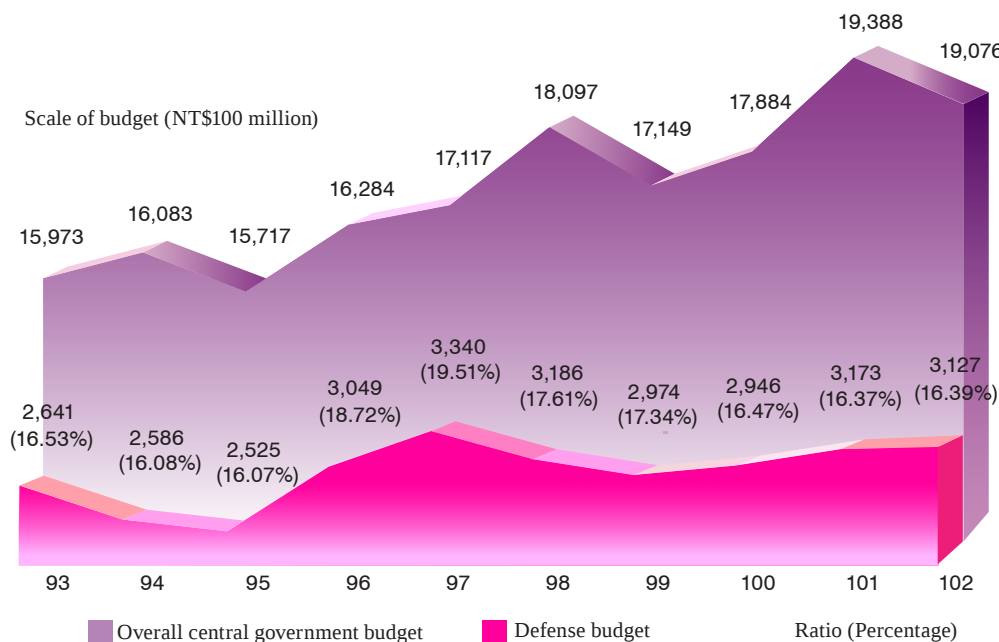
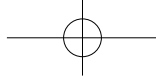


Figure 6-1 Relationship between the Defense Budget and Overall Central Government Budget in 2004-2013



and the force buildup timetable. The defense budget over the past decade (2004-2013) was between NT\$ 252.5 to 334 billion, accounting for 16.07% to 19.51% of the central government's total budget. This shows that the EY is still given proper priority to the force buildup timetable, despite financial constraints, and exerts every effort to satisfy the MND's requirements. When new armaments are available for purchase, the EY is committed to make the funds available through using reserve funds or adopting other measures (e.g. defense budget increase or special budget) so that weapons procurement can be successfully carried out, see *Figure 6-1*.

(II) Defense Budget Allocation Principles

The MND must consider the stable implementation of defense programs within the budget it receives, and must first satisfy “legally obligated expenditures (e.g. implementation of voluntarism)” followed by “maintaining the availability of combat equipment and funding for long-term projects (e.g. acquiring and

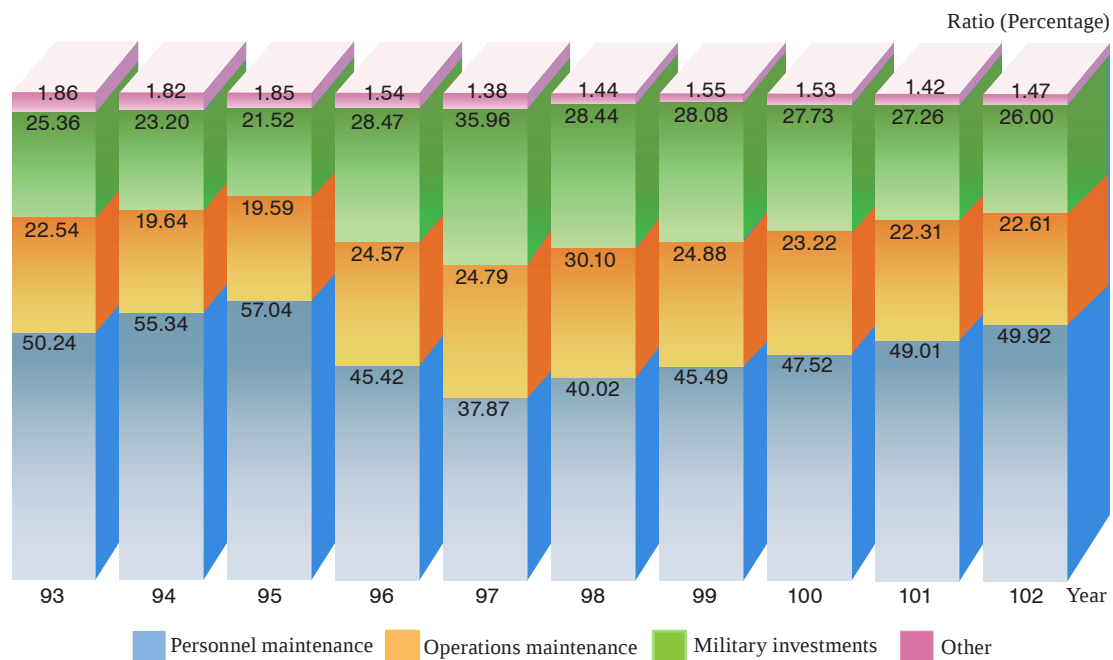
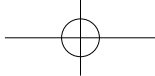


Figure 6-2 Defense Budget Allocations in 2004-2013



maintaining parts and components, and retrofitting F16A/B).” Finally, the MND allocates funds for “secondary or new projects (competitive requirement control is adopted based on approval status)” depending on the flexibility of the remaining budget. Proper planning of defense financial resources and mid-term to long-term financial resource forecast models are utilized to build effective financial resource forecast, gradually providing support for the procurement of new weapons and development of “innovative/asymmetric capabilities.” The defense budget allocation in the past decade is shown in *Figure 6-2*.

(III) Separation of Confidential and Non-confidential Budget

The MND draws a clear line between “non-confidential” and “confidential” budgets based on defense policies, missions, project properties and contents, so as to satisfy defense and security requirements and the public’s right to know. The confidential budget was only 5.67% of the overall defense budget in

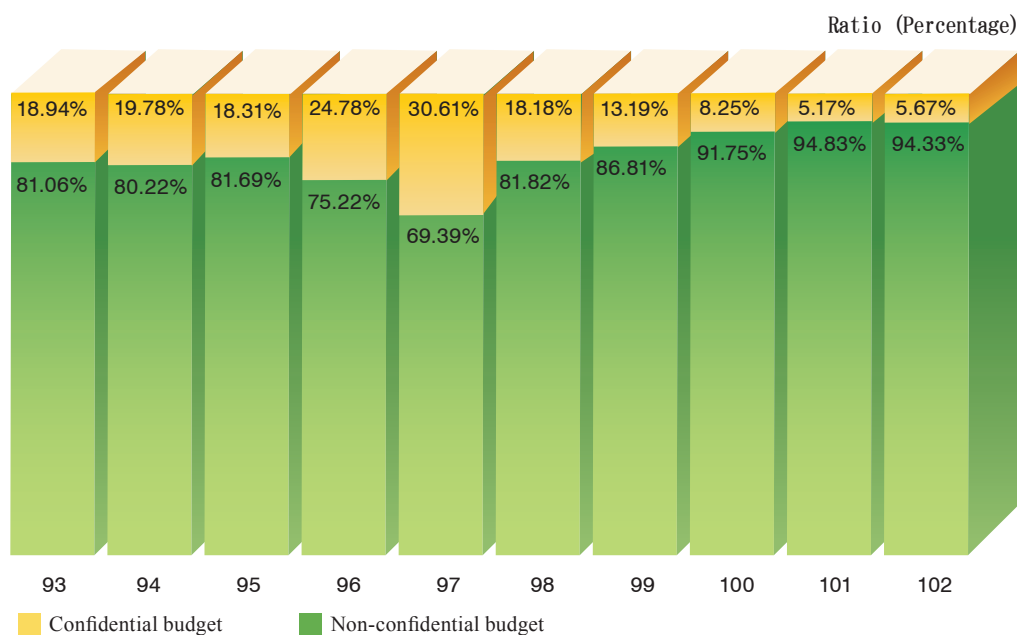
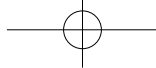


Figure 6-3 Ratio of Confidential and Non-confidential Budgets in 2004-2013



2013 based on the principle of “minimizing the scope of classified information and maximizing information transparency,” significantly decreasing by 13.27% from the 18.94% in 2004 (as shown in *Figure 6-3*). This substantial improvement of defense budget transparency was recognized by the Legislative Yuan and auditing and control units on several occasions. The MND will continue to review the ratio of the confidential budget to further increase defense transparency.

(IV) Budgeting and Key Defense Programs in 2013

The defense budget was NT\$312.7 billion in 2013 and was allocated as follows:

1. Personnel Maintenance

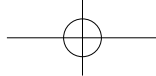
NT\$156.1 billion was allocated for personnel maintenance and mainly used to expand recruitment of volunteers and implement the 4 month military training for draft age men, so that “voluntarism” can be implemented as scheduled.

2. Operations Maintenance

NT\$70.7 billion was allocated for operations maintenance and is mainly used for military administrative operations, daily operations, procuring parts and maintenance capabilities of combatants (fighters, armored vehicles, warships), and replenishing precision ammunitions.

3. Military Investment

NT\$81.3 billion was allocated to enhance joint capabilities, implementing 23 new projects including the procurement of mine hunters (stage two), and continuing 59 existing projects including procuring new attack helicopters, showing the determination to build self-defense capabilities. Regarding the procurement of F-16C/D fighters and diesel submarines,



practical and cost effective budgeting will be practiced to support minimum requirements for initial project operations while evaluating the progress of US decisions. If the U.S. agrees to the sales, proper budgeting procedures will be followed to acquire sufficient funding from the Executive Yuan.

4. Other

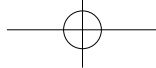
NT\$4.6 billion was allocated and mainly used for “compensations for casualties and damages caused by military activities” and the National Security Bureau.

II. National Defense Financial Management

Defense affairs are complex and open-ended. To closely link limited resources to critical missions and implement defense programs as scheduled and expected, the MND has designed a defense financial resource management system and supporting financial schemes to provide immediate feedback of statistical analysis for decision-making at each level. At the current stage, the MND has further developed budget and cost accounting systems in hopes of fully utilizing its financial resources.

(I) Allocating Financial Resources

Due to its limited resources, the MND uses a simple Keynes model as the basis for system design, and constructed a dynamic model for the defense financial system after considering the Executive Yuan’s mid-term budgetary estimates, the overall economy, and the government’s financial situation, debt, and administrative priorities. This system is used to estimate the amount of financial resources for national defense in mid- to long-terms, which is the basis of financial resource constraints when developing force buildup concepts, force restructuring, and five-year administration plans. Furthermore, funding requirements are estimated based on the spirit of zero base budget, and



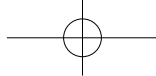
allocation of resources for military investments will be planned towards key developments. Operation maintenance funding will first be used to sustain combat capabilities, including maintaining combat equipment availability, exercises and training, and logistics readiness, so that maximized effectiveness is obtained with limited financial resources.

(II) Establishing a Cost System

The MND has continued to build the defense cost system based on the spirit of the “ROC Armed Forces planned budget system,” and has completed data on “military academy education and training cost” and “military training base maintenance unit maintenance costs.” Cost summaries and resource analysis of annual budget execution is completed through on-site visits and validation mechanisms, and accounting records and forms are compiled to provide cost records required for internal management functions, providing cost data required for projects at each stage. At present, surveys have been completed to verify the rationality and accuracy of operating procedures and costs of maintenance units in all training bases. Human resources, repair capabilities, cost control, and resource integration were further analyzed to provide important decision-making information for future military investment projects.

(III) Implementing Internal Control

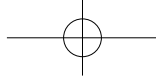
The “Design Principles of the Ministry of National Defense Internal Control System,” “Key Tasks of the Ministry of National Defense’s Robust Internal Control Implementation Plan” and “Ministry of National Defense Internal Control System” were enacted in accordance with internal control mechanisms implemented by the Executive Yuan. The MND requires all level units to carry out internal control training and policy promotion to its subordinates. It implements strict control and supervision over general and individual items to prevent fraudulent practices and reduce risk, thereby enhancing administrative performance, abiding by the law, ensuring asset safety and providing



reliable information. Furthermore, comprehensive examination, project-based examination and year-end tour examination are carried out to validate the internal control of each unit, discover potential risks and difficulties, suitably resolve issues, and establish efficient, effective and economic internal examination work.

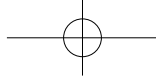
(IV) Strengthening Fund Management

Special funds under the MND are mainly used for renovating old military dependents' villages and old military bases, strengthening materials production services, and elevating military and civilian technology development (industrial) levels, so as to support force buildup and readiness requirements. With consideration to the limited supply of defense resources, an important challenge to the MND's management of special funds is to fully utilize resources to support administration. At the current stage, revision of the "Regulations on the Balance, Safekeeping and Use of the ROC Armed Forces Old Military Base Renovation Fund" was completed, and the "ROC Armed Forces Old Military Base Renovation Fund" was renamed the "ROC Armed Forces Military Base and Facility Renovation Fund," expanding the scope of the fund's income and expenditure and increasing income from land vitalization. Furthermore, the MND has continued to implement the "Defense Resource Integration Project" and "Improving Performance Evaluations of Fund Related Units," placing emphasis on the linkage between output capacity of development units and force buildup requirements of armed services. The budget control system serves as a platform for combining managerial accounting tools with the ROC Armed Forces' budget system. Furthermore, financial resources of regular funds and special funds are integrated for overall dispatching of special funds, and the five-year administration plan is dynamically adjusted to satisfy the MND's administrative requirements, as well as prepare financial resources for subsequent fund operation directions.



(V) Applying Statistical Analysis

The “National Defense Statistical Information Service Network” was constructed with consideration to the necessity, theme, direction, and innovation of defense administration, and carries out the gathering, management, compilation and application of statistical data, as well as special topic statistical analysis, official business statistics, annual reports of statistics, and statistical indexes. The MND hopes to provide accurate, targeted, logical, and the most recent quantified statistical information that is valuable to effectiveness evaluations and defense decision making. At the current stage, the MND has compiled 172 statistics under 14 categories, including personnel, intelligence, operations, logistics, projects, and political warfare, and strives to effectively support management decision-making by achieving “integration of statistical databases for application in decision-making,” “stepping up auditing of annual reports on statistics of defense affairs to increase its accuracy and value,” “expanding the scope of statistics gathered on official business to issue and apply statistics under different themes” and “utilizing the decision-making support function of special topic statistics in coordination with joint staff requirements.”



Section 3 Armaments Readiness

The armaments management mechanism is combined with force buildup requirements, and satisfies operations requirements with the highest investment return. A number of measures have been implemented under the armaments “acquisition strategy, technology strategy and logistics strategy” to effectively carry out armaments affairs and support military operations. Such measures include military investment projects, R&D and production, project evaluation, construction management, and talent cultivation.

I. Acquisition Strategy Planning

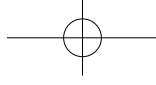
(I) Military Investment Projects

Based on the concept of “innovation/asymmetry” and operations requirements for short-, mid- and long-term joint capabilities, limited defense resources are utilized for military investment projects to maximize credible combat capabilities. A total of 33 military investment proposals for 2014 were completed in 2012. The proposals were reviewed in February 2013 based on the priority of capability requirements and financial resource forecast in 2014.

(II) Research and Development

The MND established the “technology availability evaluation” mechanism under the force buildup guidance of “technological leadership, information and electronic superiority, joint interdiction, and homeland defense” based on the maturity of defense technologies in each category. Technological development is divided into seven different levels, namely; “basic research,” “applied research,” “key technology development,” “display verification,” “engineering development,” “research and development testing management and support” and “combat system development,” so as to reduce R&D risk and gradually increase autonomous defense technological capabilities.

Funds are allocated each year for the development of defense technologies that are high-tech, classified, key, or cannot be obtained from other countries.



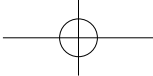
Resources of the industrial, government, academic and research sectors are effectively integrated to ensure that weapons systems and equipment are successfully developed and cost effective. The MND has planned 43 weapons performance R&D projects to be implemented in 2014-2018, which focus on developing low cost, highly effective, easy to build, non-disputed “innovative/asymmetric” capabilities, and is actively importing high-tech key technologies and building technological capabilities for logistics maintenance via armaments procurements, as well as industrial technology transfer in major weapons performance enhancement projects, so that key defense technology capabilities could be enhanced.

(III) Production and Manufacturing

Production and manufacturing are based on the guiding principles “core establishment, capacity integration, strategic alliances, and division of labor.” “Cooperative production, technology transfer, and outsourced production” are adopted so that military goods are produced and manufactured through division of labor with the private sector. This establishes key production capabilities, accelerates the production and deployment of armaments, and elevates the quality of military goods. Over 10 thousand items of weapon systems, equipment, missiles, artillery and ammunition were produced in 2012 with total output value worth over NT\$6.1 billion, effectively enhancing overall combat capabilities.

(IV) Armaments Acquisition

Armaments acquisition is carried out based on the principle of “prioritizing domestic production, and using foreign procurement for support,” and aims to enhance technological research and output capabilities. Project supervision and management is implemented in the acquisition process to effectively achieve project objectives and provide forces with suitable weapons systems and equipment.



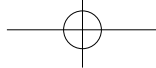
Under the premise of satisfying combat requirements and complying with policy guidance, the MND employs advanced management technologies and a robust acquisition management system for armaments acquisition, which includes production, development, modification, performance enhancement, collaboration and procurement, to gain the best results and satisfy readiness requirements using the most appropriate cost, lowest risk, and shortest time.

(V) International Armaments Exchanges

For advanced weapons that cannot be domestically developed, armament exchange will be enhanced with advanced nations. Based on the principles of equality, mutually beneficial and resource sharing, weapons research and development capacities will be gradually developed through prioritization of technological cooperation and transfers, complemented by off-the-shelf procurement as a secondary option. For example, the US-Taiwan Defense Industry Conference was held in September 18th - 20th, 2011 and September 29th - October 4th, 2012 in Richmond, Virginia and Hershey, Pennsylvania, respectively. The conferences yielded concrete results in improving US-Taiwan relations and mutual trust, acquiring major procurements, and promoting defense policies.

II. Technology Strategy Planning

The defense technology development strategy aims to satisfy joint operations requirements, and includes “key technologies,” “sensitive technologies,” exclusive technologies, “technologies with export restrictions” and “system integration.” Domestic technological capabilities are first evaluated, and then armaments resources are integrated to elevate overall technological capabilities, so as to effectively achieve national defense self-sufficiency and support force buildup and readiness.



(I) Development of Defense Technologies

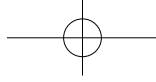
Development of defense technologies is based on the “Ten-year Military Planning Concept” and “Five-year Force Programming Plan,” which specify force planning objectives and the sequence of force restructuring. Furthermore, defense technology research capabilities are systematically evaluated in coordination with major weapons systems investment projects, and then joint operations requirements are considered based on future trends of technological development. Existing R&D capabilities are then used as a basis for establishing advanced technology development strategies, so as to elevate basic technology and system R&D levels and lay out a visionary blueprint of short-, mid- and long-term defense technology development.

(II) Development of Defense Industries

To establish a supply chain of parts and components for weapons systems and to avoid the issue of obsolete supply source, non-sensitive and non-essential equipment is outsourced to the private sector. The private sector’s participation in R&D, production and maintenance of military material, as well as the establishment of a sub-system, module, and parts and components supply chain system of systems accelerates the development of defense industries, and further drives industrial upgrade. As of August 2013, 440 satellite factories were established and provide 13,379 items of key components for armaments. Total amount of outsourcing was roughly NT\$7.9 billion in 2012. This initiative improves the availability of military equipment and creates market opportunities for industries.

III. Logistics Strategy Planning

Under the guidance from the defense strategies and force buildup concepts, as well as the vision for logistics and future logistics reform plans, the full life cycle management was adopted as the framework supported by supply chain management and strategic alliances with industries for refining the logistics



organization and operating procedures, utilizing available defense resources, and maximizing investment returns. These measures aim to effectively satisfy requirements of future warfare and forces.

(I) Total Life Cycle Management

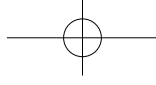
A complete management system and process has been established with regards to the research, development, production, procurement and deployment stages of armaments, so as to strengthen modeled management. Planning, maintenance, and management mechanisms will be developed, and logistical support capacities will be established to enable effective management and cost control throughout the full life cycles of weapon systems, thereby maximizing the availability.

(II) Supply Chain Management

An equipment model database is utilized to establish long-term supply and demand channels with suppliers in the form of agreements or contracts for military procurement, commercial procurement, and open-ended procurement of spare parts of assembly and accessories for weapons systems. General supplies and expendable materials will be jointly contracted or purchased in bulk to simplify contractual management personnel, reduce inventory, and improve maintenance and repair efficiency.

(III) Strategic Alliances with Industries

Strategic alliances with industries aim to build a self-sufficient defense industry base, to establish an industrial collaboration and support network, to reduce life cycle cost, and to enhance the efficiency of logistic operations. Non-essential maintenance work, including logistic maintenance and support, is gradually outsourced to the private sector to lower weapons maintenance cost, increase weapons availability, and improve the private sector's performance.



IV. Procurement Management Planning

Military units are supervised to carry out procurements in accordance with the Government Procurement Act, to create an open and fair procurement environment and improve procurement performance. The MND continues to offer procurement specialty training courses to cultivate personnel with procurement specialties and improve their expertise. The implementation status of procurements is as follows:

(I) Procurement Implementation Status

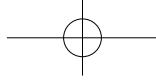
A total of 8,343 defense procurements were carried out in 2012, total amount exceeding NT\$223 billion and 961.62 million, in which 8,291 cases were domestic procurements with total amounts exceeding NT\$86 billion and 583.5 million, accounting for 99.3% of all procurements. This result shows the ROC Armed Forces' support for domestic firms.

(II) Procurement Monitoring and Supervising Status

The Public Construction Commission of Executive Yuan set the monitoring and supervising target for the MND at 515 procurement cases with a total amount of NT\$12.6 billion in 2012. The MND completed the effort of 528 procurement cases with a total amount exceeding NT\$15.1 billion accordingly, well accomplished the target number of cases and amount set by the responsible entity. There were no major violations to be found among all the procurement affairs.

(III) Procurement Professional Personnel Training Status

A total of 14 training courses were offered for 1,042 person-times in 2012, including “basic” and “advanced” qualification courses for procurement specialty, lectures on procurement practices, lectures for high level management personnel on procurement supervision affairs and Foreign Military Sales procurement training courses. Furthermore, under guidance of the “Regulations on Commissioned Officer Education and Experience Management,” cultivation



plans are formulated for cadre members responsible for procurement at each level to receive Strategic Management, Commanding staff management and formal advanced courses. In 2012, three members completed strategic management, eight members received commanding staff management, and fifty members acquired formal advanced certifications on procurement-related courses.

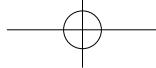
V. Construction Management

(I) Improving Living Facilities, Implementing Energy Conservation and Environmental Protection

To continue improving servicemen's living quarters, the MND surveyed old military bases that urgently needed to be renovated (138 in total), and began reconstruction of 9 military bases that were approved for the first stage by the Executive Yuan in 2011. The bases will be completed in 2017. Subsequent projects will be implemented based on the financial situation of the Old Military Base and Facility Renovation Fund.

Furthermore, defense financial resources will be used to construct job-specific dormitories with 400 units in Taipei, Taichung and Kaohsiung starting in 2015, and renovations of existing job-specific dormitories will continue to be carried out to reach objectives of voluntarism and improve care for servicemen. These dormitories will further improve the living quality of military dependents, provide them with thorough services and accommodations, build esprit de corps among servicemen and their dependents, and increase incentives for outstanding servicemen to remain in the military.

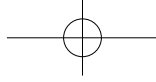
Military investment construction projects of the MND are outsourced in accordance with the resource outsourcing policy. Moreover, the MND is actively promoting green buildings in military bases in coordination with the government's environment protection and energy conservation policy, so as to reduce the impact on the environment and waste of resources. Under the government policy to improve construction quality, the "Ministry of National



Defense Construction Inspection Implementation Plan” was formulated based on construction characteristics and organization of the ROC Armed Forces, and the “MND construction inspection team” was assembled to carry out construction inspections in accordance with the law, thereby effectively supervising and improving the ROC construction quality management.

(II) Continuing the Release of Military Bases, Vitalizing National Land Utilization

1. In coordination with the government’s major policies and national land planning, as well as tourism development requirements on Kinmen, Matzu and Penghu, transfer and release of land occupied by the ROC Armed Forces are carried out based on the principle of “merging small military bases into large ones, and Army, Navy and Air Force encamped in one military base” and in accordance with the “Regulations on Military Base Transfer and Release Inspections and Operations.” A total of 2,263 military bases with 3,071 ha of land were reviewed and transferred to the National Property Administration or other government agencies, contributing to the expansion of domestic demand and vitalization of economic development.
2. Considering the requirements of local development, environment protection parks and disaster relief missions, a total of 49 military bases with 69.15 ha of low utilization land was reviewed and provided for use by local governments. The land was fully utilized for greening, providing recreational facilities, and sheltering disaster victims.



Section 4 National Defense and People's Livelihood

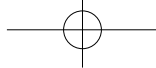
Capabilities of the MND and industrial, academic and research sectors are utilized for defense technology development in accordance with Article 22 of the National Defense Act, as well as the Executive Yuan's policy guidance to "revitalize the economy and expand domestic demand." Other measures, such as acquiring key technologies of other countries through industrial collaboration mechanisms and transforming the Chung Shan Institute of Science and Technology into an administrative legal person, will allow the private sector to gain defense technology and industrial capabilities, which will elevate domestic industrial technology levels and satisfy force buildup and readiness requirements. These measures will create a win-win situation for national defense and economic development, and achieve unity of national defense and people's livelihood.

I. Resource Outsourcing

Outsourcing measures, including "government owned contractor operated (GOCO)," "build- operate-transfer (BOT)," "strategic commercial maintenance" and "domestic procurement of parts and components," will channel defense resources into the private sector, elevate domestic technology levels, vitalize the economy, and increase employment opportunities.

(I) Resource Outsourcing Approach

Based on the principle that "the Armed Forces will not build capabilities or make foreign purchases of products that can be supplied by domestic manufacturers," the ROC Armed Forces outsources non-sensitive, low priority and non-essential capabilities to the private sector, to drive research, development, production and maintenance of military goods in the private sector. The target annual outsourcing amount is calculated from the defense budget deducted by "personnel maintenance cost," "weapons, equipment



and maintenance requirements that must be procured externally” and “non-transaction behavior,” and sequentially increases each year.

(II) Implementation Results in 2012-2013

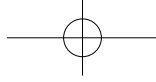
The target outsourcing amount was NT\$92 billion in 2012 and actual amount was NT\$77.9 billion. The target amount for 2013 is NT\$90.6 billion. Major long-term outsourcing projects are as follows:

1. Large missile boat construction.
2. Small and medium tactical vehicle procurement and maintenance.
3. Eight-wheel armored vehicle production and maintenance.
4. IDF performance upgrade.
5. Oil and ammunition replenishment ship construction.
6. High performance combatant ship construction.
7. Night vision equipment procurement.
8. Strategic commercial maintenance of military aircraft, military ships, and land equipment.
9. GOCO military factories.

(III) Future Development

1. Continued implementation of strategic commercial maintenance

The “ROC Armed Forces Guidelines on Strategic Commercial Maintenance of Equipment” was enacted, and serves as the basis for implementing strategic commercial maintenance of military aircraft, military ships and land equipment, and establishing long-term partnerships with domestic contractors, which will vitalize the domestic



economy at the same time.

2. Prioritizing domestic procurement over foreign procurement and expanding outsourcing of military goods development, production and maintenance.

The MND has ordered that the Army, Navy, Air Force, and Armaments Bureau set maximum foreign procurement amounts and minimum domestic development, maintenance and procurement amounts to ensure domestic acquisition and maintenance of armaments, using this as a means to control and encourage domestic procurements among subordinate units.

II. Promoting Private Participation in Public Infrastructure

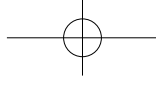
In response to future organizational functions and requirements of force buildup and readiness, the MND has reviewed and evaluated the effectiveness of encouragement measures, reducing unnecessary consumption of human, material and financial resources for logistics, and vitalizing the utilization and maintenance of property and military bases via civilian emerging (specialized) technologies or management concepts, thereby enhancing overall public performance and mutually benefiting public and private sectors.

(I) Policy Objectives

The MND follows regulations of the “Act for Promotion of Private Participation in Public Infrastructures” and allows private enterprises to operate listed items to reduce operating cost, drive economic development, and achieve win-win for both military and civilian.

(II) Implementation Status and Results

1. Projects implemented in coordination with the Executive Yuan’s policy to promote private participation are divided into “medical and health care”



and “tourism and recreation.” There are currently 17 ongoing projects, including the “Tri-service General Hospital Chinese Medicine Pharmacy Outsourced Operation,” private investment amount accumulated to roughly NT\$900 million.

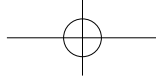
2. Three contracted operation projects were added in 2012, additional investment amount was roughly NT\$170 million.
3. The National Defense Medical Center Tri-service General Hospital took part in the Executive Yuan’s 10th Golden Thumb Awards, and the “Tri-service General Hospital Shopping Street BOT” and “Tri-service General Hospital Parking Lot BOT” projects won excellence awards under “government agencies and teams.”
4. The 17 projects that have completed contract signing will continue to be implemented and controlled in 2013. Items that can be released to private enterprises will be planned in accordance with policy.

III. Comprehensive Planning and Utilization of Military Bases

Utilization of military bases gives consideration to the balanced development of “national defense security,” “local infrastructure,” “livelihood requirements” and “disaster response,” and is combined with capability buildup and force deployment. As long as basic requirements of readiness missions are not affected, idled military bases could be transferred to the National Property Administration or used for national economic infrastructure and local development in accordance with the “Regulations on Military Base Transfer and Release Inspections and Operations.” This measure aims to drive economic growth and achieve unity of national defense and people’s livelihood.

IV. Environmental Protection and Energy Conservation

In response to the increasing awareness of environmental protection issues



in Taiwan and overseas, the ROC Armed Forces has obtained significant results from its numerous environmental protection measures, which have been implemented for years in coordination with government policy under the premise that they do not affect readiness and training.

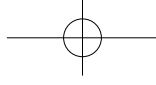
(I) Environmental Protection Policies and Results - Military Airport Noise Control, Clean Homeland, and Green Procurement

1. Military Airport Noise Control

The MND carried out noise control operations in the noise control area around military airports under its jurisdiction in accordance with the Noise Control Act, in which noise improvement budgets, which have been allocated each year since 1998, are executed by each service headquarters. The funds are used to set up noise control facilities for specific buildings within the noise control area, such as schools, libraries, hospitals and residencies. A total of NT\$1.58 billion was executed as of 2012, execution rate reaching 92.96%. The facilities effectively reduced noise surrounding the airports.

2. Clean Homeland

- (1)The MND dispatched servicemen to participate in the Environmental Protection Bureau's "National Cleaning Week Activity" from 2011 to 2013, and cleaned the environment within 50 m surrounding public buildings.
- (2)To expand promotions of the "Clean-Up-the-World Weekend" on September 18th and in coordination with the "Clean Homeland National Movement Project," units stepped up environment cleaning inside and outside of military bases on that day, demonstrated and led surrounding businesses and residents to participate in cleaning their homeland.

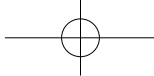


(3)The MND received consecutive “excellent” ratings from 2010 to 2012 from the Environmental Protection Administration’s “Clean Homeland National Movement Project - Central Government Agency Inspection Project,” and was invited to receive the awards at the Environment Protection Administration.

(4)Green cooperative stores of the General Welfare Service Ministry received the “Excellent Green Store Award” from Taipei City Department of Environmental Protection. Zuoying Cooperative Store also won the 2011 Excellent Green Store Award from the Environmental Protection Administration.

(II) Biodiversity Hazard Prevention and Control

- 1.Red imported fire ant control: In 2012, 27 military bases infested by red imported fire ants were on the control list, 4 were taken off the list after control measures, and 23 military bases are currently still on the list (control area of 228 ha); 3 of the military bases have applied to be taken off the list in 2013.
- 2.Mile-a-minute weed and Fragrant Eupatorium control: In 2012, 42 military bases were infested by mile-a-minute weed and 1 military base was infested by Fragrant Eupatorium. A total of 69.53 ha of mile-a-minute weed and 0.36 ha of Fragrant Eupatorium were removed, in which mile-a-minute weed was completely eliminated in 29 military bases. At present, 13 military bases are still infested by mile-a-minute weed (71.91 ha) and 1 military base is still infested by Fragrant Eupatorium (0.14 ha).
- 3.Common Parthenium control: In 2012, 37 military bases were infested by Common Parthenium, 293.2 ha were removed, Common Parthenium was completed eliminated in 16 military bases, but remain in 21 military bases (72.8 ha).



4. Biting midge control: In 2012, 67 military bases were infested with biting midge, 6 military bases were cleared, and 61 military bases are still infested.

(III) Energy Conservation and Carbon Reduction

1. The MND is actively implementing energy conservation and carbon reduction in response to the “Government Agency and School Oil, Electricity, Water and Paper Conservation Project,” and requires annual oil, electricity and water consumption to achieve “negative growth.”
2. Oil conservation: The oil conservation target for 2009 to 2015 was raised to 14%. Administrative and training oil consumption from Jan and July of 2013 was down by 1,199,685 gallons compared with the same interval in 2012.
3. Water and electricity conservation: The target for water and electricity conservation is to achieve negative growth and conservation rates of 12% and 10%, respectively, for 2009 to 2015. Water and electricity consumption from Jan and July of 2013 was down by 117,5188 m³ (conservation rate of 7.84%) and 1,665,2657 kilowatt-hours (conservation rate of 3.86%).
4. Paper conservation: Official documents and reports are required to use duplex printing, and online approval of official documents is being promoted. Online approval of official documents of the MND’s staff units and subordinate units reached 68.75% in the first quarter of 2013; online approval of official documents of armed service headquarters, subordinate military academies, and subordinate institutions (forces) of the General Staff Headquarters reached 56.57%, all exceeding the target of 30% by the end of 2012 as stipulated by the Executive Yuan.



A small but superb, small but strong, and small but smart elite force is built based on the concept of “innovation/asymmetry,” building “Hard ROC” defense capabilities.



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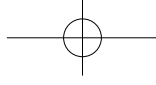
Part 4 All-out National Defense

The ROC Armed Forces and society must build an interactive relationship. On the one hand, the ROC Armed Forces must live up to citizens' expectations, fulfill its duties, demonstrate its professionalism, support society, and satisfy the nation and people's needs. On the other hand, defense issues require participation and cooperation from all the people and the ROC Armed Forces require the people's support and trust to build a consensus of "all-out defense," which is achieved by integrating domestic resources and capabilities via the cross-department negotiation mechanism and strengthening citizens' security awareness.



Chapter 7 All-out Defense

The ROC Armed Forces has exerted every effort in the implementation of all-out defense education, so as to realize the concept of all-out defense and improve the public's understanding of national defense and security concepts. Furthermore, with regards to the policy of “incorporating mobilization in policy implementation and assimilating combat readiness in economic infrastructures,” related agencies and all-level governments have been integrated for assisting all-out defense mobilization preparations. The contents of defense administration are explained to citizens to gain their support and achieve all-out defense.



Section 1 National Defense Education

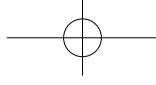
In an era of globalization, the scope of national security has expanded from traditional military security to comprehensive security trends, such as political, economic and social development, and environmental protection. The “All-out Defense Education Act” was promulgated on February 2nd, 2005 so that all citizens may understand the content of defense security and that “defense security is a matter that concerns everyone. Defense infrastructure is everyone’s responsibility.” A number of education and promotion channels are being actively used to increase citizens’ defense knowledge and awareness. Furthermore, diverse and entertaining activities that are also educational are organized to attract public attention to national defense and encourage citizens to participate in defense affairs, so that citizens will approve and support all-out defense.

I. All-out Defense Education

In order to achieve all-out defense concepts of the “Act of All-Out Defense Mobilization Preparation,” the Ministry of National Defense (MND), in the capacity of the central competent authority and under guidance from the Executive Yuan with full cooperation from governmental agencies and local governments, has continued to implement all-out defense education and dedicated active efforts to the planning and implementation of school education, on-the-job education for governmental agencies, social education, and defense relic preservation, promotion and education. The MND hopes to thus achieve comprehensive defense development and ensure national security.

(I) Deepening Defense Concepts via School Education

The all-out defense education summer camp was held in 30 batches in 2012, and provided training for 3,290 of our youth so that all-out defense education may take root. Diverse activities, such as poster and children drawing selections, were organized, and support was provided to the live-fire experience activity



for high (vocational) school students. Furthermore, a series of “on-campus” campaign was organized in coordination with student club events, utilizing exchanges between our youth, military academies, and forces to increase identification with and support for defense affairs, deepen the concept of all-out defense, and recruit high quality defense talent.

(II) Improving On-job Education to Raise Defense Awareness

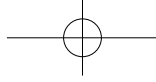
Excellent teachers are selected in coordination with requirements of each unit in all-out defense education, and provide on-the-job education courses for governmental agencies, special municipalities, local governments, and public schools. All applications were made online starting on December 1st, 2012, and the application process for becoming an on-the-job education teacher was streamlined, improving the defense knowledge and perception of civil servants. Additionally, the “All-out Defense Education School” was established in coordination with the “e-learning network” and “e-learning center” of the Civil Service Development Institute, and provides all-out defense e-learning courses to civil servants, so as to improve on-the-job education results of civil servants.

(III) Promoting Social Education to Inspire Patriotism

Under the premise that operational duties and mission execution are not affected, the MND organized the “Defense Journey of Discovery Military Base Opening,” community college courses, military base visits, and the Wan An Air Raid Drill during holidays and celebrations, so that the public may gain an extensive understanding of force buildup and defense preparation results of the Armed Forces. These activities effectively increased virtuous interactions with the public and aroused their sense of patriotism. (shown in *Appendix 6*)

(IV) Utilizing Defense Relics to Pass On Historical Context

The MND will continue to collaborate with the Ministry of Culture to strengthen the management, preservation, investigation, research, promotion and education of national defense heritage and relics, as well as tourist



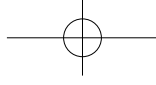
attractions planning provided by the tourism development departments of local governments, promoting the significance of military history. The “National Defense Heritage and Military Relics - Offshore Islands” series was produced in 2012 and uploaded to the MND’s website for public viewing. Furthermore, programs for northern, central and southern Taiwan are scheduled to be completed in 2013, and widely promoted via channels such as local governments.

(V) Commending Units with Excellent Evaluation Results for their Outstanding Contribution

In accordance with the “All-Out Defense Education Act,” personnel from related departments and agencies are assembled on an annual basis to assess all-out defense education implementation results of special municipalities and local governments. Assessment results serve as a basis for evaluating local governments and responsible staff, in which Taipei City, Keelung City and Tainan City received excellence awards in 2012. Furthermore, 18 units and 33 individuals were commended for their contribution to all-out defense education in 2012 in accordance with the “Regulations on Rewards for Extraordinary Contribution to All-Out Defense Education.” This incentive encourages active participation in the promotion of all-out defense, and establishes a solid foundation for national security. (see *Appendix 7-9*)

II. Compiling Historical Military Records to Pass on our Glorious Legacy

To truthfully record and permanently preserve the history of the ROC Armed Forces, which can be provided as reference for future defense development, historic materials regarding force buildup, defense readiness and developments of the Ministry of National Defense and its subordinate agencies and forces are continuously gathered. Results of all-out defense are further enhanced via veteran interviews for oral history publications, translations of foreign military books, and exhibitions of the Armed Forces Museum, simultaneously achieving



the objectives of strengthening military ethics, and establishing role models for servicemen to follow.

(I) Periodical Historical Records

Yearbooks and major events (journals) of the Ministry of National Defense and service commanding headquarters from 2011 to 2012, and history of the National Revolutionary Army.

(II) Non-periodical Historical Records

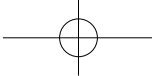
Records of important projects and oral history, and seven types of historical records published from 2011 to the first half of 2013. (See *Appendix 7-1* for details on publications)

(III) Translations of Foreign Books on Military Theories and Practices

Translated books are divided into nine categories, including national security, international and regional security, military theories, revolution in military affairs, military operations, leadership, policies and strategies, public opinions and the media, and crisis response and risk control. These books benefit the absorption of new knowledge, expand international perspectives, and enhance the military competencies of military personnel. A total of fifteen translations were published from 2011 to the first half of 2013. (See *Appendix 11*)

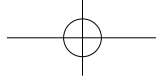
(IV) Exhibitions of Military Historical Relics

The Armed Forces Museum has 5 permanent exhibitions - “From establishment of Whampoa Army to reunion after the Northern Expedition,” “The Sino-Japanese War,” “Counterinsurgency Campaign and Battle of the Taiwan Strait,” “Reorganizing the and Strengthening Military Power” and “Arms Showroom” and 1 special exhibition room. From 2011 to the first half of 2013, the Armed Forces Museum had hosted six special exhibitions, as follows - “The Brave in the Upper Air - Special Exhibition of Black Cat Squadron”, “Exhibition of Armor”, “An Elite and Strong Force - Exposition of the MND”, “Glory and Loyalty - An Exhibition Celebrating the 80th Anniversary of the Military Police



Command”, “Dragon Solders - An Exhibition Celebrating the 80th Anniversary of the CNBR Protection Troops” and “Glory and Heritage - An Exhibition of Army Logistics Command”. The elaborately planned exhibitions and promotions help citizens better understand military history and national defense affairs, and also further extend all-out defense education. These six exhibitions have attracted more than 113 thousand visitors to total.





I. Integrating Mechanisms of Committees at Each Level

The mobilization preparation committee consists of three levels, in which each level is a task force assembled in accordance with the Act. The task forces are the Executive Yuan Mobilization Committee, competent authorities of each mobilization plan, and special municipalities and local governments. Each task force is responsible for mobilization preparations and tasks at each stage. At the same time, capability integration and coordination organizations serve as the interface for administrative agencies and military units, and thus achieve integration of mechanisms of committees at each level. (see *Figures 7-1 and 7-2*)

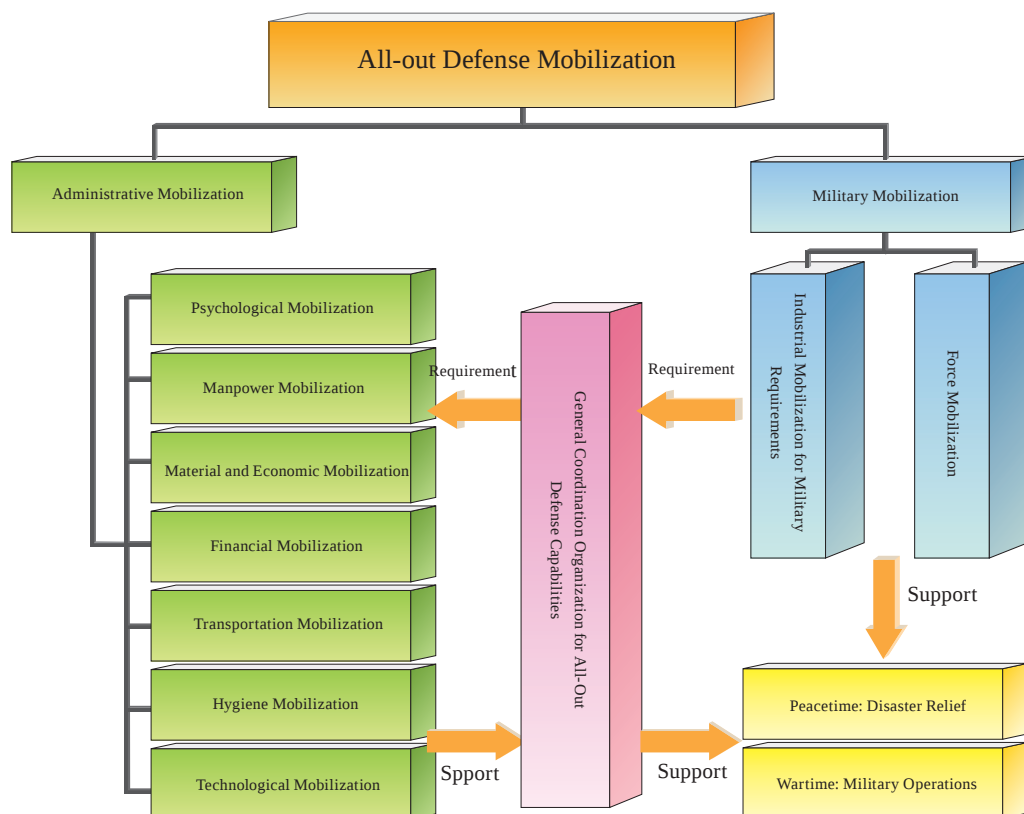
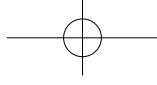


Figure 7-2 All-out Defense Mobilization Mechanism



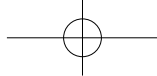
The ROC Air Force's new EC-225 rescue helicopters (first from left) effectively carry out search and rescue missions.

II. Controlling Defense Mobilization Capabilities

With full support from central mobilization agencies, special municipalities, local governments, and public/private sectors, the MND supervises periodic surveys conducted by municipalities and local governments on human and material resources, technologies, facilities, and transportation tools within their jurisdiction that can be mobilized, compiling statistics on mobilization and support capacities of the entire nation. Furthermore, the MND utilizes information systems to accurately and rapidly integrate and dispatch mobilization capabilities, so as to satisfy operational and disaster relief demands.

III. Evaluating Mobilization Preparations

To ensure the mobilization mechanism's functionality, the MND, in the capacity of secretary of the Executive Yuan Mobilization Committee, organizes competent authorities of each mobilization plan into an evaluation team in



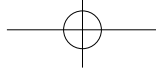
accordance with the All-out Defense Mobilization Preparation Outline. The evaluation teams are assembled biannually between May and July, and evaluate mobilization preparations of the competent authority of each mobilization plan, as well as the 22 mobilization committees of special municipalities and local governments.

IV. Validating Mobilization Preparations via Exercises

The “All-out Defense Mobilization (Wan An) Exercises” are carried out to reinforce and validate mobilization preparations. The exercises are combined with the Executive Yuan’s national disaster prevention and response drills and overseen by special municipalities and local governments, and are implemented in three stages - war game, “comprehensive practice” and “all-out air defense.” In which the exercises focus on using joint operating mechanisms of the three



To maintain capabilities of reserve forces, the ROC Armed Forces validates mobilization readiness through major annual exercises, improve training results and strengthen combat skills of reservists.



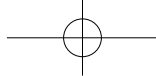
local level committees “mobilization preparation, capability integration and disaster relief” to support disaster relief of major complex disasters.

Reserve forces that are mustered were included in disaster relief operations for the first time in 2012, validating the disaster relief capabilities of reserve forces while increasing manpower for disaster relief. Furthermore, the Air Force’s new EC-225 search and rescue helicopters joined in disaster relief operations to elevate the ROC Armed Forces’ rescue capabilities and form a complete disaster relief system. Missions carried out by the EC-225 search and rescue helicopter include disaster victim rescue, emergency MEDEVAC, supply drops in disaster areas, and supply, transport and rescue operations in high mountains and offshore islands. Over 19 thousand police, firefighters, civilian vigilance, medical, and military personnel participated in the comprehensive drills from 2012 to 2013, and over 33 hundred vehicles (equipment), 53 ships, and 41 sorties of aircraft were mobilized, allowing the concept of “disaster avoidance is better than disaster prevention” to be rooted in communities, neighborhoods and individuals.

V. Stepping Up Reserve Force Training

The reserve force consists of over 2.6 million reservists to meet the requirements of military missions, and is organized into ground, services and political warfare reserve forces, navy ship-borne and shore-borne reserve forces, military service force, and replenishment echelons. The forces carry out over the shore defense, in-depth defense, mobile strike, defile defense, garrison defense, and service support based on the mission requirements of each theater of operations.

To maintain the capabilities of reserve forces, muster-calls prioritizing reserve servicemen who have been discharged (graduated) for less than 8 years are made every other year. Over 140 thousand reserve servicemen are mustered each year for 5 to 7 days training, which focuses on operational missions,

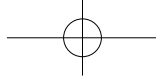


specialty training, gunnery training, team training, combat training, and disaster relief. Reserve servicemen are organized into fixed teams to improve training results, and are validated during annual exercises, so as to strengthen their combat skills and consolidate the capabilities of reserve forces.



Chapter 8 Citizen Services

The purpose of building the ROC Armed Forces' capabilities is to safeguard national security and protect citizens' well-being. Under the premise of not affecting combat readiness and not exceeding support capabilities, the ROC Armed Forces provides a variety of social services, including disaster relief, river dredging, civil services, reconstruction of quarters for military dependents', right protection, and health care, caring for military servicemen and citizens and protecting their lives and assets through these services.



Section 1 Disaster Prevention and Relief

The ROC Armed Forces has the responsibility to protect the nation and its people, and is thus actively preparing for disaster prevention and relief in the event of a complex disaster. war game and specialized disaster relief training is utilized to enhance disaster prevention and relief capabilities, so as to protect citizens' lives, assets and homes. The ROC Armed Forces "prepares for disasters in advance, deploys troops with an eye to disaster preparedness, and ensures readiness for rescue operations" under the policy "disaster relief is akin to fighting a battle." These measures strengthen the ROC Armed Forces' capabilities to carry out disaster prevention and relief missions, and enable it to effectively aid central and local governments by rapidly engaging in relief operations. The ROC Armed Forces hopes to make the most out of limited resources, and thereby achieve "shortest amount of time, effective use of resources, and efficient personnel."

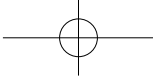
I. Disaster Prevention and Preparedness

(I) Disaster Potential Survey

The responsible units have gathered aerial and satellite images of over 700 topographic targets in 11 categories, namely traffic arteries, bridges, rivers, dammed lakes, debris flow, fault zones, and low lying areas announced by the Executive Yuan, as well as (nuclear) power plants, oil reservoirs, reservoirs, and coastal areas at risk of tsunami, which were added after Japan's 311 complex disaster. The images were added to the topographic map database of the ROC Armed Forces.

(II) Troop Deployment Preparedness

Military bases in each theater of operation (TO) pre-deploy troops in areas prone to mud slide and flooding 24 hours before a typhoon lands, when there is more flexibility for maneuvers, so as to buy more quick response time for disaster relief. The commander is required to directly contact heads of local



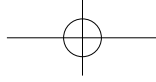
governments and notify them of the number of troops deployed, their location, and capabilities.

(III) Emergency Response Team Preparedness

Ready forces in northern, central, southern, and eastern theaters of operations are converted into first and second emergency response teams with a total of 2,000 servicemen. The first team consists of 800 servicemen and can set out within 10 minutes after receiving an order; the second team consists of 1,200 servicemen and set out after completing preparations.



In the event of a major disaster, the ROC Armed Forces prepares its resources and deploys equipment, such as amphibious assault inflatable boats, in advance so that they are immediately available for disaster relief.



(IV) Liaison Officer Dispatch Planning

Theaters of operations in Taiwan and defense commands on offshore islands have dispatched a total of 609 liaison officers to the 22 counties/cities and 368 districts/townships of Taiwan. The liaison officers provide assistance to local governments with applications for troops and disaster information collection. (see *Appendix 12*)

(V) Deployment of Special Operation Forces in Mountain Areas in Advance

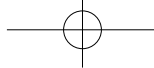
The Army Special Operation Command has planned 21 reconnaissance teams for 21 high-risk mountain areas in Taiwan. The initial force will consist of 150 troops, and over 800 troops can be dispatched for follow-up operations, carrying power generators, satellite phones, GPS devices and AN/GRC-406 radio. The teams will assist with the evacuation of residents, collect information on the disaster situation, carry out emergency rescue operations, and guide disaster relief forces.

(VI) Enhancing Disaster Prevention and Relief Seed Instructor Training

Military officers, command master chiefs, and volunteer NCOs of special forces, including marines, special operation forces, and engineering corps, were selected in coordination with the 2011 and 2012 annual training plan to attend training courses at the National Fire Agency's Nantou Zhushan Training Center and the Red Cross. A total of 620 servicemen completed the training in 2012, and will serve as seed instructors for disaster prevention and relief training in their respective units, planning suitable training courses that will build servicemen's knowledge on disaster prevention so that disaster relief missions can be successfully carried out.

(VII) Medical Support Capacity and Readiness

Armed Forces General Hospitals under Medical Affairs Bureau collectively are



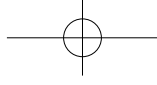
capable of task-organizing 158 medical and health service support teams when augmented by personnel from field medical units in each theater of operation. These teams are manned by 537 medical professionals and paramedics and equipped with 158 ambulances. Military hospitals, medical teams, public hospitals, and civilian hospitals in local areas will jointly establish a liaison and report system aimed at integrating resources from hospitals and field medical units as well as enhancing capacity and mission effectiveness of emergency medical support. Additionally, Tri-Service General Hospital is designated by both Atomic Energy Council and Ministry of Health and Welfare to be a level 3 responsible hospital capable of managing and treating contaminated casualties in nuclear incidences or disasters.

(VIII) Enhancing CNBR Disaster Relief Capabilities

The ROC Armed Forces assists local governments with emergency response to chemical, biological, radiation, and nuclear disasters in accordance with the Disaster Prevention and Protection Act and related laws. CNBR troops are organized into teams for chemical, biological, radiation, and nuclear disasters and receive regular specialized training. Annual disaster prevention and relief exercises (nuclear safety exercise and toxic chemical substance disaster exercise) are performed to validate related mechanisms, personnel training, and equipment performance. Since 2010, over 150 CNBR detection, removal, and protective gear (equipment) under 7 categories, including detection vehicles, long distance chemical detectors, portable gas chromatograph/mass spectrometer, and mobile decontamination vehicle, have been outfitted to enhance disaster relief capabilities.

(IX) Disaster Relief Counseling Preparedness

Armed Forces General Hospitals and counseling personnel (officers, NCOs, and contract personnel) within each theater of operations are integrated into a “major disaster (accident) mental health center.” A total of 427 counseling are available



Under the guidance of the Executive Yuan Central Emergency Operations Center, the ROC Armed Forces actively assists local governments with disaster relief missions, protecting the safety of citizens' lives and assets. The illustration shows servicemen assisting with the cleanup of the train struck by a mudslide in Fangshan on August 31st, 2013.

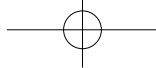
to provide psychological counseling and console disaster victims.

(X) Building Reserve Disaster Relief Capabilities

The training flow of muster-calls was arranged in overlapping batches that allow flexible adjustments starting in 2012 to satisfy the demand on disaster relief forces. During the tide season between May and October, every week 3 to 6 battalions are maintained in training in northern, central and southern theaters of operations, so that they can be rapidly dispatched for emergency relief operations when a major disaster occurs.

(XI) Disaster Relief Resource Preparedness

The ROC Armed Forces has completed preparations of disaster relief equipment, including armored vehicles, heavy machinery, rubber rafts, water pumps and power generators. Furthermore, in coordination with the advanced



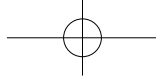
deployed troops, over 7,000 vehicles and machinery in 15 categories, including wheeled vehicles, V150 armored vehicle, AAV7 amphibious assault vehicle, excavators, rubber rafts, and water pumps, have also been deployed accordingly, and can immediately engage in disaster relief when needed.

(XII) Military Base Accommodation Preparedness

The ROC Armed Forces re-planned 111 military bases in all theaters of operations (including Kinmen, Matsu and Penghu) for the temporary accommodation of disaster victims in 2013, in which low density shelters (beds provided) for general disasters had a capacity of 16,551 persons. Furthermore, gymnasiums, Zhongzheng Halls, and school classrooms can be immediately converted into high density shelters (no beds) in the event of a complex disaster, and have a capacity of 36,961, total capacity of low and high density shelters reaching 53,512. The shelters may be adjusted at any time to complete the mission of accommodating disaster victims.

(XIII) Stepping Up Complex Disaster Response and Relief Exercises

In the light of frequent complex natural disasters around the world, “complex” disaster response and relief exercises were added in 2011, continuously strengthening disaster relief mechanisms of the ROC Armed Forces at each level under the guidance of the Executive Yuan Office of Disaster Management. Besides performing the “ROC Armed Forces 2012 Disaster Relief Demonstrative Exercise” in May, 2013, each theater of operations coordinated with local governments in implementing the “WanAn Exercise” and the “Executive Yuan’s 2013 disaster prevention and relief live exercise” between February and May. Complex disasters involving earthquake, tsunami and nuclear power were included in the exercises in hopes of validating response mechanisms, enhancing the ROC Armed Forces’ disaster relief capabilities, and protecting the lives and assets of citizens.



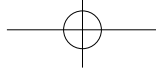
II. Implementation Summary

(I) Disaster Prevention and Relief Exercises

1. Local governments organized 44 “regional” and “local” disaster relief exercises in 2012 and 2013 in coordination with Wan An Exercises No.35 and No.36. Theaters of operations (defense commands) dispatched a total of 8,116 troops, 28 helicopter sorties, 742 vehicle runs, and 1,368 items of equipment to support the exercises, strengthening disaster relief readiness through live exercises.
2. The Ministry of the Interior organized the “National Disaster Prevention Day Earthquake Disaster and Nuclear Accident Scenario Simulation” on September 21st, 2012, during which the MND dispatched 858 personnel to participate in the exercises. The scenario where an earthquake causes a nuclear accident is simulated in war game, testing emergency response mechanisms and operating procedures of Emergency Response Centers at each level, and thus strengthening disaster relief readiness.

(II) Assistance with Disaster Prevention and Relief Missions

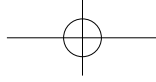
1. The ROC Armed Forces’ “Joint Operations Command Center,” which is also the “Crisis Management Center,” has personnel on duty 24 hours a day, and simultaneously sets up various levels of emergency operations centers (typhoon disaster prevention) under the guidance of the Central Emergency Operations Center, Executive Yuan. This mechanism effectively utilizes manpower, transport tools, machinery and various resources in the event of a disaster, and protects citizens’ lives and assets.
2. The ROC Armed Forces carried out 7 major disaster relief missions, namely the “June 10th Flood,” “Typhoon Talim,” “Typhoon Soala,” “Typhoon Tembin,” “Typhoon Soulik,” “June 2nd Earthquake,” “Typhoon Trami” and 129 general relief missions between January 1st, 2012 and Aug



31st, 2013. Total resources utilized for the missions include 90,659 troops, 4,717 runs by various vehicles, 512 sorties, 272 vessel trips, and 705 items of equipment. Results include 121 injured rescued, 20,004 residents evacuated, 1,188 disaster victims sheltered, 773 patients evacuated, 374,178 sandbags piled, moved 3,460 tons of gravel, cleaned 1,333.8 km of roads, cleaned and moved 2,820.5 tons of waste, and sterilized 113 km² of land. The “ROC Armed Forces’ Joint Operations Command Center” (also the Emergency Operations Center) has successfully completed disaster relief missions assigned by the “Central Emergency Operations Center,” effectively reducing the loss of people’s lives and assets. The ROC Armed Forces will continue to assist local governments at each level in carrying out disaster relief work, so as to minimize the damages they sustain. Resources of the ROC Armed Forces utilized for supporting the relief of major disasters is shown in *Appendix 13*.

(III) River and Reservoir Dredging

The ROC Armed Forces continued to carry out river dredging at Kaoping River Tsaogung Canal and the Dabang Section of Tsengwen River in 2012 in coordination with the Water Resource Agency’s river dredging requirements. All projects were completed as of April 27th, 2012. The ROC Armed Forces dispatched a total of 19,835 troops-times, 3,483 vehicle runs, and dredged 1,302,800 m³, achieving capability building and disaster prevention and restoration at the same time.



Section 2 Military-Civilian Services

The MND actively participates in and supports civilian activities, so as to build good military-civilian relations and gain the public's recognition and support. The MND hopes to provide comprehensive services via the integration of social resources, and has continued to care for single veterans and implemented reconstruction of military dependents' villages, rights protection, litigation support, medical care, public security protection, landmine removal on offshore islands, emergency assistance and relief, petitions and appeals, state compensation, and release of defense files for public access, so as to gain the public's approval and support.

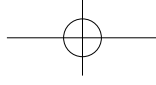
I. Civil Affairs

(I) Establish Coordination Mechanisms to Actively Provide Support

The MND has planned for each theater of operations to serve as a Comprehensive Coordination Unit for civil affairs based on local characteristics. A combined arms brigade or higher unit serves as the Responsible District Unit and convenes a civil affairs coordination meeting at each of the three festivals (Lunar New Year, Dragon Boat Festival, and Mid-Autumn Festival), inviting local government officials, elected representatives, local personages and private organizations to attend the meeting. From July 2011 to Aug 2013, Comprehensive Coordination Units convened a total of 42 meetings, and Responsible District Units convened 114 meetings; all organizers provided well-planned agendas for governmental agencies and private organizations to give reports and propose matters requiring coordination or support. The meetings enabled thorough communication and effectively served their coordination function.

(II) Open Service Windows to Effectively Provide Assistance

The 10th and 8th Army Corps, Hualien Defense Command, and Central Region Reserve Command integrate tri-service forces, and establish "defense

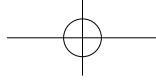


Music education and commanders visiting rural areas improve military civilian relations, and effectively promote all-out defense and voluntarism.

service sections” in the Executive Yuan Joint Service Centers in Taichung, Chiayi, Kaohsiung, and Hualien. Long-term fixed personnel are stationed in the defense service sections to provide citizen services, including defense affairs consultation, services and guidance, and also to establish a regional coordination mechanism with governmental agencies. Between July 2011 and August 2013, the defense service sections received a total 829 appeals, and effectively provided assistance by responding to all cases.

(III) Active Exchanges and Interaction to Gain Public Support

To comply with the President’s instructions to communicate with the public, the MND planned the project for leadership visits to communities starting on March 16th, 2012, and organized 25 venues of the three activities “public interaction together with marching band,” “communication with the public during military base open days” and “active promotion of all-out defense and voluntarism.” Participants in the activities exceeded 350 thousand persons, providing positive effects on military-civilian relations, as well as the promotion



of all-out defense and voluntarism policies.

(IV) Care for Senior Citizens and Single Veterans

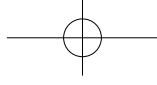
In response to the Ministry of the Interior's "National Plan on Age-friendly Services," the MND continues to provide services and care for single veterans in coordination with the Executive Yuan Veterans Affairs Commission. As of August 2013, the MND provides 44 dormitories for 2,117 single veterans with an average age of 85. All dormitories have a guidance and support unit and point of contact to ensure continuous and appropriate cares provided to elderly veterans.

(V) Assistance with Transportation from Offshore Islands

Seeing that military personnel and civilians on offshore islands are often unable to return home during major holidays due to the weather, the ROC Armed Forces shows that military and civilian are family by dispatching military aircraft and rented commercial boats in coordination with the Ministry of Transportation's emergency transport requirements on offshore islands. The ROC Armed Forces dispatched a total of 20 C-130 sorties and 4 rented commercial boat trips from 2012 to August 2013, transporting a total of 1,394 servicemen and civilians.

(VI) Cooperating in Agricultural Product Promotions to Protect Farmer's Benefit

When agricultural products are produced in abundance and there is imbalance of production and sales, the MND coordinates with the Council of Agriculture and utilizes its non-staple food supply channels for promotions. Other vegetables and fruits are also supplied during the promotional period to provide diverse options and maintain a balanced diet for servicemen. The MND purchased a total of 7,051 tons of 15 agricultural products, including bananas, cabbages and guava, from 2012 to Aug 2013.



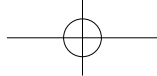
II. Services for Military Families

(I) Comply with the Policy Guidance to Reconstruct Military Dependents' Villages

Under the old system, the MND implemented the reconstruction of 78 old military dependents' villages in accordance with the "Guidelines for the Reconstruction of Old Villages for Military Personnel and their Dependents." At present, the reconstruction of 77 old villages has been completed and 1 is currently under construction. Under the new system, the MND implemented the reconstruction of 86 old military dependents' villages in accordance with the "Act for Rebuilding Old Quarters for Military Dependents." Currently, the reconstruction and relocation of 77 old villages has been completed (44 housing sites were built, and 33 were relocated to national housing), and 9 locations are currently under construction. Subsequent affairs associated with reconstructions of old military dependents' villages include revitalizing land, preserving the culture of military dependents' villages, and expanding services for military families.

(II) Active Joint Development to Vitalize Assets of Military Dependents' Villages

Reconstruction of military dependents' villages is according to schedule, in which assets vitalization is being achieved via multiple development approaches to create a win-win situation. Asset vitalization was adjusted from a single sales approach into a diverse and multi-channel approach, including commissioning the Construction and Planning Agency to carry out urban renewal at 31 locations, and joint development of 5 locations with Taipei City Government. The MND will continue to review military dependents' villages in New Taipei City, Taoyuan County, Hsinchu City, Taichung City, and Kaohsiung City, and jointly develop the land with local governments. (see *Appendix 14*)



(III) Implement Military Dependent Services and Establish Operation Guidelines

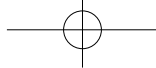
The “Military Families Service Committee” establishes military dependent service policies and regulations, and deliberates on methods to improve services. The committee examines welfare for military families, including food, clothing, accommodations, transportation, and care for elderly and infants, from a service perspective, creating a new level of military families services.

(IV) Preserve the Culture of Military Dependents’ Villages and Endeavor to Create an Ethnic Melting Pot

Military dependents’ villages are special geographical areas produced in the difficult environment when the nationalist government first moved to Taiwan. The villages contain ethnic groups, languages, lifestyles, cultures, and religions



The ROC Armed Forces preserves old military dependents’ villages in coordination with county/city governments in accordance with the Guidelines for the Reconstruction of Old Villages for Military Personnel and their Dependents, showing the value of servicemen for protecting our country, and passing down the culture and spirit of industriousness in military dependents’ villages.

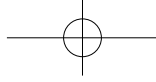


from all parts of China, melted together to present diverse appearances of the ethnic groups. The MND currently has preserved the culture of 13 villages for military personnel and dependents in accordance with the “Act for Rebuilding Old Quarters for Military Dependents.” Local governments registered 33 villages as historic sites, historic buildings and cultural landscapes in accordance with the “Cultural Heritage Preservation Act,” and formulated preservation plans that were submitted to the MND. Subsidies that total NT\$400 million will be provided to local governments to pass down the cultural heritage and values of military dependents’ villages. This measure aims to show the value of servicemen for protecting our country, encourage citizens to value cultural heritage preservation, remold the cultural spirit of military dependents’ villages, and further gain public recognition and support. (see *Appendix 15*)

III. Protection of Servicemen’s Rights

(I) Complaint System

1. Results of handling complaints are improved via “complaint system promotion,” “servicemen satisfaction survey,” “supervision rating,” and improving the service quality of the “1985 Consultation Service Hotline.” In 2012, over 31,998 thousand calls were received to file a complaint or seek consultation services, in which 1,440 complaints were accepted (handled). Furthermore, 82 letters were received via the Duan Mu Ching Mailbox.
2. Over 20 thousand calls were received in August 2013 to file a complaint or seek consultation services, in which 635 complaints were accepted (handled). Furthermore, 55 letters were received via the Duan Mu Ching Mailbox. Besides elevating complaint processing to the level of regiment and defense command (applies to the Navy, Air Force and Army), proper protection measures are adopted to protect the rights of the complainer. Furthermore, complaints are categorized by the joint chiefs, and the



armed service command with jurisdiction over the case is responsible for handling and responding to the complaint, so as to enhance response efficiency.

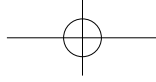
(II) Protection of Rights

1. Hierarchical Handling of Servicemen's Rights Protection Cases

Servicemen rights protection cases undergo two examination processes by two level committees. Level 1 Committee: established in the Political Warfare Bureau and Inspector General's Offices in the headquarters of each armed service, and responsible for supervising and examining rights protection cases concerning servicemen. Level 2 Committee: established under the MND and is responsible for coordinating and handling rights protection cases concerning servicemen, and re-examining cases where the servicemen is not unwilling to accept the decision of the level 1 committee. Statistics of rights protection cases that were examined and re-examined in 2012 are shown in *Appendix 16*.

2. Measures to Promote Rights Protection

- (1) The 2012 annual servicemen rights protection Q&A activity received 256,556 responses. Two TV programs "The Price of Forgetting Oneself" and "Sentiment in Reason and Law" were produced and broadcasted on Jyu Guang TV program. The programs promote the concepts "rights and obligations are relative to each other" and administration according to law, and show that the MND advocates gender equality and protects servicemen's right to compensation when injured from performing their duties.
- (2) Notebooks containing information on the "Guidelines on the Establishment of and Examinations by Servicemen Rights Protection Committees," "Regulations Governing Litigation Aid for Military Personnel for Performing Duties," and Q&A related to servicemen



rights protection were printed and distributed to company and battalion commanders and unit supervisors for reference when handling rights protection matters.

(3) Resolutions are compiled into a volume biannually, and provide a complete record of cases that were examined and re-examined during that period of time. The volumes are distributed to battalion and above commanders and deputy commanders for reference when handling servicemen rights protection cases. All deliberations and reasons for resolutions are recorded truthfully to better protect servicemen's rights.

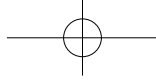
3. The MND Rights Protection Committee convenes a work meeting every quarter to follow up on the status of servicemen rights protection cases being handled by each level 1 rights protection committee. Attendees of the meeting exchange opinions on the overall implementation status, applicability of laws and current instructions, so as to provide better protection for servicemen's rights.

4. Questionnaire surveys that cover 7 topics, namely "rights protection," "life management," "leadership," "training," "welfare services," "logistic supply" and "medical services," are conducted to let servicemen understand rights protection work and discover potential issues in forces at each level. Survey results are analyzed and serve as a basis for adopting improvement measures, formulating laws and policies, and bettering rights protection for servicemen.

5. Future Directions

(1) Organization adjustment for rapid case processing

A. The "MND Servicemen Rights Protection Office" is being planned and will have rights protection officers for rapidly processing rights protection cases. The establishment of this office will show the MND's determination to promote and protect servicemen's rights in the military.



B.The organization of the Servicemen Rights Protection Committee will be expanded to include righteous forces in the society, including private human rights organizations, public welfare organizations, and representatives of victims families, which will join in the deliberation of servicemen's complaints to gain public credit.

(2)Comprehensive review of laws and orders to protect human rights

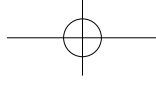
Laws, orders and administrative rules of the MND were comprehensively reviewed and revised to comply with human rights requirements of the "International Convention on Civil and Political Rights" and "International Covenant on Economic, Social and Cultural Rights."

(3)Strictly abide by administration according to law

The purpose of establishing rights protection committees at each level is to protect the legal rights of military servicemen, and encourage them to take internal channels for filing complaints. The rights protection deliberation mechanism ensures that all cases are given due process. All forces are urged to place importance on the protection of servicemen's rights, strictly abide by administration according to law, and emphasize proper legal processes, so as to protect servicemen's rights.

(4)Build servicemen's trust in the rights protection system

Scholars, experts and lawyers with expertise in the law, gender equality, and personnel evaluation and training are invited to become members of the rights protection committee and participate in deliberations on cases involving servicemen's rights. Servicemen's rights cases are openly and fairly processed and considered so that servicemen will trust the rights protection relief system and perform



their military service with peace of mind.

(5)The MND will become more involved with civilian human rights organizations or units with an open attitude, actively learning the public's opinion of human rights in the military to improve legislation for human rights protection.

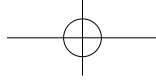
(6)Questionnaire surveys on “Current Status and Satisfaction of Human Rights in the Military” are outsourced to civilian academic institution, so as to acquire objective data that will enable the protection of servicemen's rights, as well as human rights in the military.

(III) Legal Services, Litigation Counseling

1. Actively Improving Legal Services

The MND sets up legal service windows in each armed service headquarters and military court at each level in accordance with the “Guidelines on Legal Services of the ROC Armed Forces,” answering any questions servicemen, dependents of military personnel (surviving and deceased), and contract personnel have regarding the law, and also providing consultation services to military agencies, schools and forces; litigation assistance is provided to forces when necessary. Furthermore, the ROC Armed Forces' reporting mechanism allows the MND to actively learn of events that might damage the lawful rights of servicemen, so that it can actively provide legal consultation to servicemen and their dependents. This way servicemen and their dependents understand their options and related procedures, thereby protecting their lawful rights.

From July 2011 to August 2013, the MND provided a total of 14,018 legal services, representation in 226 lawsuits (effectively saving over NT\$116 million of government funds), and 568 active legal services.



2. Litigation Counseling

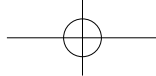
The MND recruited a total of 27 lawyers nationwide where there are local courts (military law officers of local military courts handle offshore islands) in accordance with the “Guidelines on Legal Services of the ROC Armed Forces,” so as to provide servicemen, civilian officials (teachers), and their dependents with mediation, conciliation, legal document drafting and court representation services in civil and criminal cases. The MND hopes to let servicemen feel at ease by protecting their lawful rights.

From July 2011 to August 2013, the MND provided litigation counseling in 468 cases (140 cases won, 102 cases settled, and 55 cases lost).

IV. Servicemen Tax Services

Military servicemen are subject to individual income tax starting in 2012 in accordance with the Amendment to the Income Tax Act promulgated on January 19th, 2011. This amendment aims to make taxation more reasonable in accordance with the principle of fair taxation. In response to this major tax reform, the MND immediately formulated the “Implementation Project for Military Servicemen Income Tax Deduction and Filing” to help taxpayers understand regulations of the Income Tax Act, as well as their legal obligations. The MND further established an “income tax service network” at the “military portal,” providing tax services in cooperation with national policy. Specific measures are as follows:

- (I) The Ministry of Finance’s tax authorities in each area select tax personnel to military bases to give lectures on income tax and system operation, and use the Jyu Guang TV program to introduce must-knows of income tax, so that military personnel can fully understand related laws, tax deduction, and tax filing.
- (II) A total of 219 consultation teams on income tax deduction and filing were assembled, with each level supervising a lower level in educational

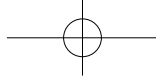


- promotions to effectively answer any questions that servicemen may have.
- (III) During May 2013, the period for filing income tax, income tax consultation teams visited offshore islands and remote areas to provide guidance on tax affairs and demonstrate how to operate the income tax filing system, effectively helping servicemen to complete tax filing.

V. Medical Care and Health Promotion

(I) Health Promotion and Disease Prevention

- (1) Through health education series broadcast on Jyu Guang TV program and annual continual medical education focusing on healthcare and health protection, MND has continued to enhance education and risk communication regarding preventative medicine and diseases prevention, targeting both service members as well as action officers/NCOs in charge of healthcare-related responsibilities. Furthermore, a series of healthcare related workshops have been conducted aimed at upgrading military healthcare professionals' occupational competency so that service members' health can be protected and fighting strength of the armed forces can be conserved.
- (2) MND and Ministry of Health and Welfare have collaborated in implementing "Smoking and Betel Nut Cessation and Control Program" as well as pushing forward relevant services, researches, and surveillance projects regarding smoking and betel nut cessation. Based on results derived from researches and surveys, targeted and effective prevention strategies have been adopted to help service members stay away from potential health hazard and risk posed by smoking and betel nut chewing.
- (3) Medical Affairs Bureau of the MND has established the Armed Forces Health Management Information System with which key health indicators of service members such as perimeters of BMI, blood pressure, and blood lipid have been statistically tallied to facilitate trend analysis on a yearly basis, based on data and test results derived from service members' annual

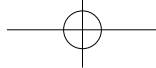


physical checkups. Additionally, health management regimens specific to each service member's unique health conditions have been recommended to protect and sustain service members' health.

- (4) Medical Affairs Bureau has amended "Armed Forces Guidelines Governing Surveillance and Report of Infectious Disease Outbreaks (to Include Febrile Diseases of Unknown Origins)" and established an epidemic reporting system to prevent and/or mitigate the spreading of infectious diseases. Furthermore, in accordance with "Armed Forces Guidelines Governing Annual Seasonal Flu Vaccine Inoculation for Personnel with Unique Military Assignments", a total of 62,194 personnel have received seasonal flu vaccination from September 2011 to August 2013. Probability of armed forces personnel contracting seasonal flu has been significantly reduced because of such immunization programs. In tandem with the establishment and operation of Central Epidemic Command Center by the Executive Yuan, MND has also established the MND H7N9 Epidemic Emergency Command Center on April 3rd, 2013, aimed at grasping overall epidemic situation development and analyzing as well as formulating potential mitigating strategies.

(II) Mental Health Promotion and Suicide Prevention

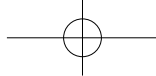
1. Via channels such as continual medical education programs and annual health protection and promotion workshops, the MND has comprehensively trained mental health seed instructors to enhance military-wide resource networks for mental health protection and promotion. On top of the aforementioned, the MND has consistently instructed medical officers and/or medical service officers in line units to enhance sanitary and health promotion educations of their respective units; to ensure mental health promotion and suicide prevention efforts by medical portions of the armed forces can seamlessly integrate with endeavors regarding mental health counseling by political warfare units;



to fully utilize relevant theories and skills of mental health counseling; to help service members adjust themselves to military environment; to encourage service members to cultivate good interpersonal skills and relationship; and ultimately to facilitate service members' overall physiological and psychological health.

2. In accordance with “Guidelines Governing Registration and Reporting of Military Personnel Seeking Treatment in Armed Forces Hospitals and Being Classified as High Risk Groups of Self-Inflicted Injuries or Suicidal Ideation/Attempts associated with mental illnesses”, the MND has continually enhanced communication and reporting system for suicidal cases. Cases involving service members diagnosed and determined by physicians to have shown tendency of suicidal ideation or behavior or those who have actually committed suicidal attempts or self-inflicted injuries because of mental illnesses will be promptly reported by armed forces hospitals so that such service members' unit can be notified to take timely and appropriate actions. Additionally, such cases will be simultaneously referred to “Regional Mental Health Center” in each theater of operations where professional counseling, clinical treatment/therapy, and personnel classification actions based on medical reasons can be arranged or initiated accordingly. From the period between September 2011 to August 2013, armed forces hospitals and related units have reported a total of 1,346 such cases, among them 476 cases are classified as regular; 145 cases are classified as requiring attentiveness; and 725 cases demanding special care and urgent intervention.

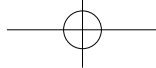
3. The MND Medical Affairs Bureau has established a “24/7 Armed Forces Mental Health Counseling Hotline” staffed by psychiatrists from respective armed forces hospitals starting from November 2011 to provide timely mental health counseling to service members. Philosophy behind the establishment and operation of such a hotline is to target potential subjects in need of mental health service and support to fulfill the function



Military hospitals are actively establishing integrated and convenient citizen services in coordination with the government's "service innovation" policy to effectively improve medical service quality. The image shows the "Government Service Quality Award" issued by the Executive Yuan to Kaohsiung Armed Forces General Hospital.

and mechanism of early warning so as to prevent service members from sustaining self-inflicted injuries or committing suicidal attempts because of issues of peer relation/pressure, family relationship, affection relationship, adjustment to military lifestyle, debt/financial problems, depression/depression inclination, substance abuse, and other mental health issues.

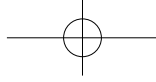
4.Armed Forces Suicide Prevention Center founded in the compound of Beitou Branch of Tri-Service General Hospital was officially founded on September 10th 2012. Based on professionalism of psychiatric medical science, this center is established to integrate two most important pillars of suicide prevention in the military: clinical care provided by healthcare professionals in military hospitals and mental health counseling services offered by counseling element of political warfare department. By linking "Medical Attentiveness Information Management System for Service



Members Classified as High Risk Group for Self-inflicted Injuries or Suicidal Behaviors” with “Armed Forces Mental Health (Counseling) Programs” undertaken by mental health specialists under political warfare system, the MND has seamlessly and successfully integrated clinical care and counseling service and refined suicide prevention and attentiveness networks in a bid to attain the goals of maintaining adequate mental health condition and achieving the lowest possible rate of suicidal behaviors/attempts for service members who need mental health support. A total of 8 circular workshops on “Gatekeepers for Suicide and Self-inflicted Injuries” targeting 4,856 military personnel of bureaus, offices, and departments under the MND and Joint Staff Head Quarters have been conducted in year 2013 with an aim to making all service members to become suicide gatekeepers who cherish life and support fellow soldiers.

(III) Improvement of Physical Examinations in Connection with Military Service

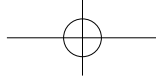
To simplify military conscripts’ medical screening procedures; eliminate wastefulness of medical resources; and reduce administrative red tape to streamline and expedite procedures of government services provided to the general public, the MND has stipulated and promulgated Reference Tables Comparing Criteria Listed both on “Grading of Mental or Physical Disabilities” and “Standard of Physical and Psychological Fitness Levels Defined as Being Exempt From Compulsive Military Service on Medical Ground for To-be Conscripts”. Any would-be conscripts already determined by social welfare institutions as having physical or psychological disabilities can now present their respective “Manual Certifying Status of Physical or Psychological Disability” for determining their fitness levels in lieu of normal procedures for medical screening. For conscripts already in military service who have sustained illnesses or injuries that may potentially prevent them from carrying on their military service for medical reasons, such conscripts may file applications for early retirement on ground of medical reasons and be discharged/separated



from military service to return home for convalescence care in accordance with “Standards For Determining Conscripts As Medically Unfit Because Of Illnesses, Injuries, and/or Disabilities Sustained When In Military Service.”

(IV) Improving and Refining Healthcare Services Quality

- (1) Armed forces hospitals have consistently strived for innovation and continued to improve healthcare services quality. Aside from passing various categories of hospital accreditations of their respective hospitals, armed forces hospitals have also won numerous prizes and recognitions bestowed by both government and professional institutions. Starting from year 2011, military hospitals have pushed forward programs and/or projects of integrating electronic medical records, enhancing convenience and efficiency for patients transferred among military hospitals, and ensuring continuity of care among different medical treatment facilities. Additionally, various measures aimed at improving services quality have also been launched, including multiple channels for outpatient appointment registration, express lanes/counters for service members and their dependents processing their medical bills, as well as expediting application procedures and shortening days of work required by hospital administrators to process for all kinds of medical documentations and certificates.
- (2) In order to expand healthcare services density/coverage for both service members and veterans and to facilitate shared utilization of medical resources of military and veteran administration systems, the MND cooperated and collaborated with Commission of Veterans Affairs and institutionalized complement mechanisms that allow medical resources of the aforementioned two systems to be shared and integrated, based on 4 principles of resources sharing, equality and mutual benefit, academic exchanges, and joint effort in rendering medical support for disaster scenarios, to simultaneously bolster and enhance healthcare for service members and veterans. Furthermore, service members, dependents of fallen soldiers, veterans, and their dependents are entitled to preferential fare

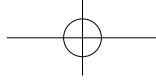


rates for outpatient appointment registration in either military or veterans healthcare facilities. Additionally, the MND has signed a cooperation agreement with Commission of Veterans Affairs covering mutual support of healthcare providers, resources sharing, medical education and researches, and joint effort of disaster medical support. Such an agreement has significantly facilitated and improved healthcare service quality provided by both sides.

- (3) In order to increase and improve accessibility to medical care for service members stationed in remote offshore islands in a timely manner; to enhance preventative health measures as well as to provide more specialist medical care for service members; and to reduce undue or unnecessary



The ROC Armed Forces is actively carrying out mine sweeping operations in coordination with economic development on offshore islands. The land is then returned to the local government for revitalization.



evacuations from offshore islands to seek medical treatment in Taiwan proper, the MND has furthermore completed setting up of telemedicine connections among armed forces hospitals and offshore islands such as Kinmen and Matsu. Real-time telemedicine connections can be established between Specialist level physicians in armed force hospitals and medical doctors stationing in those remote islands to facilitate online telemedicine consultations to concurrently increase access to healthcare, ensure completeness of healthcare offered, and uphold service quality.

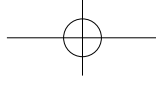
VI. Joint Effort to Maintain Public Order

The Military Police assists police departments with the defense of public security in accordance with “The Code of Criminal Procedure,” “Regulations on the Dispatch of Judiciary Police,” “Code of Court Martial Procedure” and “Military Police Support Protocol,” mainly focusing on military cases, as well as other judicial cases. Furthermore, the Military Police cooperates with the police system to establish “threat warning and intelligence gathering” capabilities, so as to consolidate the foundation for “counter-terrorism and emergency response.” A total of 1,962 criminal cases were handled in 2012, in which 5,105 persons were brought to justice, 97 deserters were captured and 140 firearms, 2,296 rounds of ammunition and 3,314.19 kg of drugs were confiscated.

VII. Landmine Removal on Offshore Islands

The Army assembled a demining group in 2007 to remove landmines in the announced minefields within the statutory time period. The group is responsible for managing self-executed and contracted landmine removal, so as to cut down on government expenditure and contribute to the development of offshore islands.

The Army’s demining group planned landmine removal operations at two stages starting in 2007 in coordination with economic development on



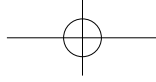
offshore islands. As of late December 2012, demining operations in the 308 minefields that were announced had been completed as scheduled. Landmines in minefields with a total area of 3,503,571 m² were cleared, and a total of 109,476 landmines and ordnance were disposed of. After landmine removal was completed, the local governments in Kinmen and Matsu returned the land to its owners in accordance with the “Offshore Island Development Act” for revitalization, driving local economic development. Furthermore, to ensure the region’s safety, the group is currently surveying and removing unexploded ordnance scattered landmines outside of the announced minefields. As of July 31st, 2013, the group cleared 53 minefields in Kinmen, 37 minefields in Matsu, and 5 minefields in Wuchiu. The specialized troops and equipment for demining will be distributed among the engineer corps of Kinmen and Matsu, and will continue to assist with probing operations in development sites in coordination with local economic development, as well as reports from civilians.

VIII. Joint Protecting of Fishing and Fishery Resources

To show its determination to defend our nation’s sovereignty and protect fishing and fishery resources, the ROC Armed Forces carries out joint fishing protection exercises together with Coast Guard patrol ships, and aims to achieve “where there are ROC fishing boats, Coast Guard cutters would be there for protection; where there are Coast Guard cutters, naval combatant vessels would be there for support.” In other words, fishing protection is effectively achieved via “Coast Guard protects fishermen, and the Navy supports Coast Guard.”

(1) Strengthen sea power to protect fishing rights

Closely monitor sea areas where domestic fishing boats gather during the fishing season, flexibly adjust key points of fishing protection, support Coast Guard cutters, protect national sovereignty, and demonstrate law enforcement capabilities and jurisdiction of the ROC Armed Forces and Coast Guard Administration over the ROC’s exclusive economic zone.



(II) Enhance joint fishing protection performance

The ROC Armed Forces and Coast Guard Administration signed the “Agreement on Comprehensive Support for Missions at Sea,” and jointly carry out fishing protection and familiarize with operating procedures of fishing protection. By understanding bilateral capabilities, better fishing protection can be provided.

(III) National support for fishermen to feel at ease

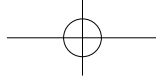
The ROC Armed Forces and Coast Guard Administration jointly conduct fishing protection operations with the ROC’s exclusive economic zone, and have demonstrated their determination to defend the ROC’s sovereignty, maintain sea power, and protect fishing operations, thus gaining the widespread support of citizens.

IX. Military Reservist Services

Members at each level of the reservist consultation organization are not only engaged in the nation’s political, economic, and psychological developments, but also serve as “national defense volunteers,” which are unpaid positions, and effectively integrate reservists around the nation. They provide aid for social welfare activities, emergency situations, disaster relief, emergency referral, and related services. The combine “national strength, military strength, and civilian strength” and show great enthusiasm to serve the people.

(I) Actively Providing Aid for Dealing with Accidents

The Reserve Command’s service center in each local consists of personnel from mobilization, logistics management and logistics service units. The service centers answer questions reservists have on military service and their administrative and legal rights, and recruit volunteer legal consultants to help reservists with litigation and legal issues, protecting reservists’ rights and providing them with simple consultation.



(II) Joint Disaster Prevention and Relief

When disasters occur, the Central Emergency Response Center utilizes the 364 consultation centers of townships and districts in the country for precautionary evacuation of residents and disaster relief supported by reserve forces.

(III) Emergency Assistance and Referral

A comprehensive survey was conducted on agencies and organizations within jurisdiction that can provide emergency relief, so as to understand disaster relief standards and establish channels for referral of military reservists that encounter emergencies, illnesses and difficulties.

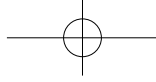
(IV) Implementation of Services

Utilizing consulting organizations as an interface, the ROC Armed Forces implements continuous long-term services based on the spirit to provide “comprehensive, available to all, active and effective” services. The ROC Armed Forces aims to protect the rights of military reservists and unify them via regular services and care. Furthermore, social resources are utilized to provide mobile services, suitably providing referral services to expand the scope of services.

X. Appeals and Petitions

(I) Appeals

The MND established an appeals mechanism to protect citizens’ rights and enhance administrative performance. Responsible units of various affairs are integrated into this mechanism for handling appeals, including administrative suggestions, legal inquiry, violation incidents report, rights protection, as well as citizen convenient serving provision. When appeals are received, the responsible unit is immediately notified to protect the rights of the persons concerned, and thus encourage the military-civilian communication efforts. Furthermore, types of appeals, the amount of cases, issues involved, and their results are periodically reviewed and analyzed to propose improvement suggestions. The current status of



appeals by channel is described below:

1. Appeals in Person

When handling appeals in person, the MND assigns personnel along with responsible units to follow the procedures - “understand the situation on-site,” “meet with the person to explain matters,” “process the case” and “add the case to the control list and report results.” All appeals are properly handled accordingly, and a timetable is set for handling complex cases. A total of 235 appeals in person were received from 2011 to 2013, all of which were properly handled. (see *Appendix 17*)

2. Appeals via Letters

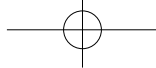
Letters received each day are immediately processed as they arrive, and are controlled by “case” for the responsible unit to handle. A reply is sent within 30 days of receiving an appeal, and the status of cases is reviewed on a monthly basis. Patterns are analyzed to improve communication with citizens and effectively handle appeal cases. A total of 4,219 appeals were received from 2011 to 2013, all of which were properly handled. (see *Appendix 17*)

3. Appeals via E-mail

When appeals and petitions concerning defense affairs are received, the MND assigns personnel carefully handle the cases and then transfer them to responsible units, which handle the case within the deadline and give a formal reply. This process provides better citizen services. A total of 3,663 appeals were received via e-mails from 2011 to 2013, all of which were properly handled. (see *Appendix 17*)

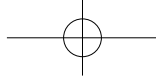
(II) Petitions

Article 16 of the Constitution of the ROC protects the people’s right to petition. Citizens have the right to petition any illegal or inappropriate administrative



penalties imposed by administrative agencies.

1. The MND enacted the “Regulations on the Establishment of the Ministry of National Defense Petitions and Appeals Committee” according to the “Administrative Appeal Act” and “Organization Regulations of Petitions and Appeals Committees of the Executive Yuan and its Subordinate Agencies,” and established the Petitions and Appeals Committee. In compliance with administration according to law and to protect servicemen and citizens’ rights, the MND Petitions and Appeals Committee handles petitions from citizens regarding illegal or improper administrative acts of the MND and its subordinate agencies (institutions), forces or schools that have damaged their rights, and makes a decision within 3 months of receiving a petition.
2. The MND Petitions and Appeals Committee consists of 15 members, 12 of which are scholars and experts on the law recruited from outside of the MND, in which 5 are female members to make petition review more objective and fair, while meeting requirements on gender equality.
3. Between July 2011 and June 2013, the Petitions and Appeals Committee handled a total of 267 petitions (25 petitions were from the previous period), in which 255 were closed (228 petitions were decided on, 3 petitions were withdrawn, and 24 petitions were transferred) and 12 remain ongoing (see the table below for statistics). The MND was rated 1st by the Executive Yuan in efficiency of deciding on petitions in 2011 and 2012.
4. The MND continues to release results of petition cases and information on related laws on its website for access by the public and related units. Common mistakes of agencies are surveyed every six months, a list of mistakes to be corrected is issued to agencies for making improvements (e.g. the administrative decision notice did not indicate a relief channel or provided wrong instructions), increasing the correctness of administrative penalties imposed by the MND’s subordinate agencies (schools).



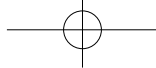
Furthermore, the MND invites agencies that imposed the penalties of argumentative cases or where the applicable law is questionable to jointly resolve issues. The ratio of administrative penalties that was maintained for petition cases reach 94%, showing that the accuracy of administrative penalties has been effectively increased.

5.To verify results of the ROC Armed Forces in implementing administration according to law, the Petitions and Appeals Committee visits and provides consultation to subordinate agencies (schools) of the MND on petition affairs on an annual basis, gaining an in-depth understanding of their implementation of petition affairs, and using the opportunity to propagate laws and examples, communicate concepts, and provide suggestions for correcting mistakes. The committee also organizes the “MND Petition Cases Review” to enhance the professional competencies of staffs and improve the quality and efficiency of case handling.

XI. State Compensation

(I) Work Summary

- 1.In line with the “State Compensation Act’s” purpose to protect the rights of the people, the MND and headquarters of each armed service have respectively established a “Committee for the Disposition of State Compensation Claims.” The committee, formed by impartial persons, scholars and experts from the society and senior members of the unit, examines state compensation claims from its subordinate agencies (units) according to the “Precautionary Matters on the MND and Subordinate Agencies Handling State Compensation Claims.”
- 2.The MND and headquarters of each armed service received a total of 46 state compensation claims in 2012, in which 16 cases are still ongoing and 30 cases were closed (zero of which were valid and no compensation was



offered for 14 cases, effectively saving NT\$114,833,891 of government funds; 16 cases were closed because the petitioner withdrew the claim). All cases were handled in accordance with the law. (see *Appendix 19*)

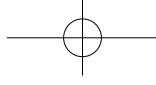
(II) Future Directions

- 1.Utilize various legal education occasions to actively provide guidance to subordinates on regulations and examples of the “State Compensation Act,” and require that they abide by administration according to law to effectively reduce state compensation cases.
- 2.Bring lawsuits in accordance with the law to civil servants that made intentional or serious mistakes, and actively seek compensation.
- 3.Educate forces (units) at each level of the scope of compensation in accordance with the law, so as to prevent state compensation incidents from occurring.

XII. Compensation for Casualties and Damages Caused by Military Activities

The “Regulations of Compensation for Casualties and Damages Caused by Military Activities” was established by the ROC Armed Forces to show the government’s sincerity to the public in terms of compensating damages caused by military activities and to comfort people and family members who suffered from casualties and asset losses. The regulations were promulgated and took effect on December 1st, 1999 and began accepting state compensation claims for a period of 2 years. To protect the rights of citizens that did not make state compensation claims in time, the amendment to the regulations on January 7th, 2004 extended the deadline to November 30th, 2007.

As of August 31st, 2013, the ROC Armed Forces had received 2,518 applications for compensation for casualties and damages caused by military activities, in which 1,823 cases have been considered and compensation totaled NT\$1,475,250,000. Statistics of cases are shown in the table below.



XIII. Military Control and Construction Restriction

In coordination with national development, military restricted areas are being merged to reduce the area of land that constructions are either limited or restricted, giving consideration to national defense, local development, and citizens' rights at the same time.

Under the premise of not affecting national security and not violating the law, military restricted areas are being reduced in coordination with local development. A total of 283.3 ha of land has been released from five military restricted areas since 2012, and military restricted areas will be further released in coordination with future developments.

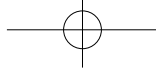
XIV. Releasing the MND Information for Public Access

(I) Online Information Access

The MND digitized existing files and completed the “online file browsing system” in accordance with the “Archives Act,” so that the value of information can be fully utilized. Citizens can rapidly search for information on the website and apply for access to the information. Once their application is approved, they can go online to browse and copy image files. This system significantly shortens application processing time and saves people from the fatigue of long journeys, truly improving citizen services.

(II) Current Status of Information Release

The MND organized permanent files with historical and political value or can serve as legal evidence, which totaled to 38,561 volumes with roughly 1.20 million files, reclassified the files in accordance with the “The Freedom of Government Information Law,” “Administrative Procedure Act,” “Classified National Security Information Protection Act,” “Personal Information Protection Act” and “Archives Act,” created electronic catalogs for the information, and published catalogs of non-confidential historical and political



information on the MND's website, where citizens may apply for access to the information.

(III) Information Access Services

All applications for information access are approved, provided that they do not involve personal criminal data, information on personnel and salary, national security, or damage public interests or the rights of any third person, in which case disclosure is limited or restricted in accordance with Article 18 of the Freedom of Government Information Law, Article 18 of the Archives Act, and the "Personal Information Protection Act." (see *Appendix 21*)

(IV) Future Prospects of Information Access

1. Archives worth permanent preservation (core volumes) are selected from each armed service headquarters by the "Archives Collection Five-year Implementation Plan," and categorized under diverse themes for agencies of the ROC Armed Forces. These archives witnessed the history of military modernization, defense developments and administration after the nationalist government relocated in Taiwan. Military research, history and administration departments may also use the information to compile historic books on the ROC Armed Forces.
- 2.A "Defense Information Access Service Center" will be established in the future to improve the overall archival environment, and provide better centralized preservation and maintenance of information, so that future generations can learn from their contents. Subsequent efforts will be directed into establishing a display and browsing mechanism for the MND permanent files, as well as improving digital information management. The service center will provide online access services with full text images, and provide a convenient one-stop window for searching defense and military information and catalogs.



Appendix



Appendix 1 The ROC Armed Forces' Planning for the “4 Month Military Training”

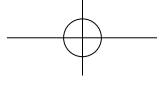
Stage	Stage 1	Stage 2
Timetable	Initial Entry Training (8 Weeks)	Specialty Training (8 Weeks)
Objective	Qualified Rifleman (Warship Soldier)	Qualified Specialist
Training Unit	Army Recruit Training Brigade, Cadre Training School, Navy and Marine Training Center.	Military School, Cadre Training School, and Dedicated Training Units.
Training Content	1. 5 days of training a week, 8 hours a day for a total of 320 hours. 2. General courses, political education, combat training (includes marching training), physical training, combat training, firing training, and basic training. 3. Navy soldiers also receive swimming training.	1.5 days of training a week, 7 hours a day for a total of 280 hours. 2. General education courses, specialty training, and physical training. 3. Marines also receive swimming training.
Qualification Standards	1. Evaluations include 9 items under 4 categories. 2. Physical requirements: (1) Throw a grenade at least 26 m. (2) 37 Push-ups (3) 31 Sit-ups (4) Run 3,000 m within 18 minutes 3. Rifle Accuracy Hit 4 out 6 shots at 175 m	1. Evaluation items are based on specialty and military school requirements. 2. Basic physical requirements: (1) 41 Push-ups (2) 34 Sit-ups (3) Run 3,000 m within 17 minutes

Appendix 2 Ratio of Quota to Current Staff Numbers and Gender Statistics of the MND Civilian Officials (As of July 30th, 2013)

Category	Specially Commissioned	Senior	Junior	Elementary	Total
Current Personnel	1	63	74	23	161
Male	1(0.62%)	48(29.81%)	32(19.88%)	4(2.48%)	85(52.80%)
Female	0	15(9.32%)	42(26.09%)	19(11.80%)	76(47.20%)
Ratio	0.62%	39.13%	45.97%	14.28%	100%

Appendix 3 Types of Employment of the MND Civilian Officials in 2013

Type of Employment	Persons	Percentage of Current Personnel	Notes
Existing Personnel	9	5.59%	Personnel employed before the promulgation of the two defense acts
Administrative Personnel	1	0.62%	Minister of National Defense and Deputy Minister of Military Policy
Confidential Personnel	0	0.00%	Employed for confidential work and serves the same tenure as their supervisors
Type of Examination	Transfer from Colonel or Above	22	13.66%
	Civilian Official Examination	48	29.82%
	Level 1 Examination	0	0.00%
	Level 2 Examination	0	0.00%
	Level 3 Examination	2	1.24%
	Regular Examination	2	1.24%
	Entry Examination	6	3.73%
	Examination for Handicapped Persons	4	2.48%
Open Selection	67	41.62%	A total of 84 persons took the national examination, accounting for 52.17%
Total	161	100%	



Appendix 4 Education Levels of the MND Civilian Officials in 2013

Education	Number of Persons	Percentage
Doctorate	3	1.86%
Master	88	54.66%
Bachelor	59	36.65%
Vocational School	10	6.21%
High School	1	0.62%
Total	161	100%

Appendix 5 Ratio and Age Distribution of the MND Civilian Officials in 2013

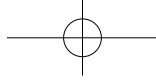
Category	Specially Commissioned	Senior (10 th grade and above)	Junior (6 th to 9 th grade)	Elementary (1 st to 5 th grade)	Total	Percentage
Ages 66 and above	0	0	0	0	0	0.00%
Ages 60-65	1	9	1	2	13	8.07%
Ages 50-59	0	37	8	4	49	30.44%
Ages 40-49	0	17	28	6	51	31.68%
Ages 30-39	0	0	37	7	44	27.33%
Ages 29 and under	0	0	0	4	4	2.48%
Total, Percentage	1(0.62%)	63(39.13%)	74(45.97%)	23(14.28%)	161	100%
Average Age	63	53.3	41.32	41.78	46.21	

Appendix 6 Statistics of Civilian All-out Defense Activities Supported in 2011-2013

No.	Date Y/M/D	Applicant (Co-organizer)	Activity Name	Content
1	2011/7/2	Chiayi City Government	Parade of the 2011 WASBE Conference & 20 th Chiayi International Band Festival	160 members of Chung Cheng Armed Force Preparatory School's marching band participated in the performance
2	2011/7/8	Taiwanese Businessmen's Donguan School	Military base visit	Visit to Air Force's 455 Wing.
3	2011/7/16	The General Association of the Scouts of China	The 10 th national and 28 th Asia-Pacific Scouts Camp on the 100 th Anniversary of the ROC and 100 th Anniversary of the General Association of the Scouts of China	1. The Chinese Marine Corps Amphibious Reconnaissance and Patrol Unit supported the opening frog men exercise show. 2. Set up booths for mountain activity skills, self-defense skills, and meteorological technology exploration workshop. 3. Visit to Air Force Academy.
4	2011/8/11	Natural Oil Gas Co. Ltd.	All-out defense education combined with Kinmen specialties	Visit to the Army's Kinmen Defense Command
5	2011/8/13	Kaohsiung City Government	"2011 Sunlight, Green Energy, LOHAS Ocean Festival" - Kaohsiung Maritime Exposition and Yacht Show	Four navy ships of three categories including the Kangding Class Frigate were displayed. Talent recruitment information, promotional publications, and navy relics were also displayed.
6	2011/9/3	Lienchiang County Government	The 37 th National Mountain Climbing Club Meeting	1. Dispatched personnel transport ship on 1 voyage round trip from Keelung to Matsu. 2. Matsu Defense Command provided manpower, vehicles, and performed the frog men exercise during the evening event.
7	2011/9/18	Changhua County Government	2011 reserve servicemen all-out defense sports competition	Provided 50 promotional publications.

Appendix 6 Statistics of Civilian All-out Defense Activities Supported in 2011-2013 (cont.)

No.	Date Y/M/D	Applicant (Co-organizer)	Activity Name	Content
8	2011/9/22	Hondao Senior Citizen's Welfare Foundation	2011 Non-aging dream, train to dream fulfillment - Grandfather's Stories in the Army	Visited the army command center at Guandu.
9	2011/9/23-2011/12/13	Beitou Community College	Academic year 2011 second semester all-out defense military base visiting activity	Visited 7 units of the army command center at Guandu.
10	2011/10/27	Civil Service Protection & Training Commission	Military base visit	Visited the Air Force 427 Wing.
11	2011/11/26	Nantou County Government	The 59 th County Games in 2011	Set up a booth for all-out defense education and talent recruitment
12	2012/4/21	Providence University	Military base visit	Visit to Cheng Kung Ling, and support for the equipment exhibition
13	2012/5/3	New Taipei City Government Education Department	Military base visit and live-fire experience	Used the firing range of the Marine corps 66 brigade, Chemical Corps School and Military Police School for live-fire experience.
14	2012/5/4	I-Shou University	2012 National Intercollegiate Athletic Games	Arranged for the marching band to the opening performance and the drum team of the Amphibious Reconnaissance and Patrol Unit to perform. Also, set up booths for talent recruitment and all-out defense education.
15	2012/5/26	Ling Tung University, Providence University, National Taichung University of Education, and Feng Chia University	Military base visit	Visit to forces in Kinmen
16	2012/6/30	Taipei City Government Education Department	Military base visit	Visit to the Army's Chemical Corps School



Appendix 6 Statistics of Civilian All-out Defense Activities Supported in 2011-2013 (cont.)

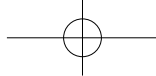
No.	Date Y/M/D	Applicant (Co-organizer)	Activity Name	Content
17	2012/6/27	Retired General Social Service Association	Military base visit	Visit to Cheng Kung Ling Military Base
18	2012/6/30	Nantou County Caotun Township Office	Nantou County 2012 "All-out Defense" Carnival	The MND performed along with eight other private organizations; set up booths for all-out defense education, talent recruitment, medical consultation, and local agricultural specialties
19	2012/7-8	Hondao Senior Citizen's Welfare Foundation	Dreams of a Non-aging Warrior Grandparents set sail forward	Activity support
20	2012/7/3	Tzu Chi College of Technology	Kinmen field teaching courses	Visit to subordinate units of Kinmen Defense Command
21	2012/8/17	Kaohsiung City Government Marine Bureau	2012 Kaohsiung Ocean Exposition	Set up a booth for all-out defense education and talent recruitment
22	2012/9/6	Hondao Senior Citizen's Welfare Foundation	2012 Dreams of a Non-aging Warrior - Grandparents Taking Steps Forward	Visit to the Army command center at Guandu
23	2012/9/8	Taipei City Ching Shi Association	Military base visit	Visit to the Navy Chong Cheng Base
24	2012/10/2	Pingtung County Government	2012 Coming of age ceremony "fun summer on an exciting campus" paint ball games and all-out defense activities	Site support; set up a booth for all-out defense education and talent recruitment.
25	2012/10/27	Triathlon Sports Association	2013 National Kids Triathlon - Southern Taiwan	Site support
26	2012/10/29	National Jhongli Senior High School	Military base visit	Visit to the Military Police Command Forensics Center and Museum, and organized all-out defense educational activities.

Appendix 6 Statistics of Civilian All-out Defense Activities Supported in 2011-2013 (cont.)

No.	Date Y/M/D	Applicant (Co-organizer)	Activity Name	Content
27	2012/11/24	Taipei Municipal Jingxing Elementary School	School celebration	Set up a booth for all-out defense education and talent recruitment
28	2012/12/8-9	Kaohsiung Museum of History	“Glory Revisited - Paying Respects to Veterans, Old Vessels, and Old Piers”	The Navy Command provided support in the “marine corps marching band performance,” “navy Chung class landing ship at Glory Pier for the public to visit” and “providing old photos of the Chung class ship and licensing of navy books.”
29	2013/1/26	Taichung City Xinshe District Office	Military base visit	Visit to the Army’s 602 Brigade Lung Hsiang Base
30	2013/3/23	Shih Chien University	School celebration	Set up a booth for all-out defense education and talent recruitment
31	2013/3/23	Chinese Professional Baseball League	Season opening	The MND’s demonstrative band performed the national anthem during the opening game
32	2013/3/30	Feng Chia University	School games	Performance during the opening ceremony, and set up a booth for all-out defense education and talent recruitment
33	2013/5/3	Institute of Diplomacy and International Affairs	Military base visit	Visit to National Defense University
34	2013/5/4	Office of the President Civil Servant Association	Military base visit	Visit to the navy’s Weihai Base

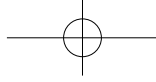
Appendix 7 Winners (Units) of the All-out Defense Education Extraordinary Contribution Award in 2012

Recommended by	Quota (Units)	Unit (Agency) Name	Remarks
Industry Competent Authority	1	Ministry of Education Central Taiwan Office	
	2	Chung Yuan Christian University	
	3	Southern Taiwan University of Science and Technology	
Local Competent Authority	1	Kaohsiung City Government Military Service Bureau	
	2	Hsinchu City Guan Dong Elementary School	
	3	Nantou County Shuei-Wei Elementary School	
	4	Nantou County Ai Guo Elementary School	
	5	Kaohsiung City Lujhu District Office	
	6	Taichung Jyun Gong Elementary School	
	7	Nantou County Duan Zhu Elementary School	
	8	Yilan County Zhu An Elementary School	
Central Competent Authority	1	Youth Daily News	
	2	National Defense University	
	3	Department of Reserve Affairs All-out Defense Mobilization Office	
	4	Logistics Command Readiness Development Center	
Total	15		



Appendix 8 Winners of the All-out Defense Education County (City) Government Evaluation in 2012

Award	Unit (Personnel) Name	Remarks
Excellent Unit	Taipei City Government	
Excellent Unit	Keelung City Government	
Excellent Unit	Tainan City Government	
Excellent Responsible Staff	Lu Li-Li, Officer in the Secretariat, Taipei City Government	
Excellent Responsible Staff	Liu Mei-Lan, Section Chief in Keelung City Government	
Excellent Responsible Staff	Hsu Chun-Hsiung, Officer in Tainan City Government	
Total	3 Units, 3 Persons	

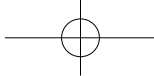


Appendix 9 Winners (Individuals) of the All-out Defense Education Extraordinary Contribution Award in 2012

Recommended by	Quota	Name	Position	Unit	Remarks
Industry Competent Authority	1	Chen Sheng-Chuan	Lieutenant Colonel Chief Military Instructor	Hsinchu Commercial Vocational School	
	2	Shen Wen-Lung	Major Military Instructor	Kaohsiung Municipal Haicing Vocational High School of Technology and Commerce	
	3	Lu Chao-Hsiang	Lieutenant Colonel Chief Military Instructor	National Sin-Ying Senior High School	
	4	Li I-Shang	Major Military Instructor	I-Shou University	
	5	Tao Mo-Yun	Major Military Instructor	Tainan First Senior High School	
	6	Chang Hung-Wen	Major Military Instructor	Yuanpei University	
	7	Li Yueh-Keng	Major Military Instructor	National Magong High School	
	8	Chang Chiao-Lun	Major Military Instructor	Concordia Middle School	
Local Competent Authority	1	Yeh Chiu-Lien	Lieutenant Colonel Military Instructor	ROC Leadership Association	
	2	Huang Chia-Chen	Officer	Taichung City Civil Affairs Bureau	
	3	Pang Li-Chun	Teacher	Taichung Municipal Hsiang Shang Junior High School	
	4	Chung Yu-Tsui	Officer	Tainan City Government Bureau of Education	
	5	Chen Yun-Yung	Acting Director -General	Changhua County Cultural Affairs Bureau	
	6	Liao Mei-Hui	Teacher	Zhushan Township Gui Xi Elementary School	
	7	Chiu Tso-Yu	Teacher	Zhushan Township Zhong He Elementary School	
	8	Liu Pao-Lu	Section Chief	Chiayi City East District Office	
	9	Chen Hsiao-Ching	Chairman	Hsin Hsin Community Development Association	
	10	Wu Man	Major Military Instructor	Kaohsiung City Government Education Bureau	
	11	Chen Wen-Ching	Officer	Kaohsiung City Lingya District Office	

Appendix 9 Winners (Individuals) of the All-out Defense Education
Extraordinary Contribution Award in 2012 (cont.)

Recommended by	Quota (Persons)	Name	Position	Unit	Remarks
Local Competent Authority	12	Kuo Chun-Hua	Officer	Kaohsiung City Government Fire Bureau	
	13	Chen Chin-Tsung	Officer	Pingtung County Government Cultural Affairs Department	
	14	Lin Yu-Ju	Officer	Pingtung County Government Cultural Affairs Department	
	15	Chung Chia-Jung	Officer	Pingtung County Government Department of Education	
Local Competent Authority	1	Wei Hsuan-I	Executive Officer	MND Department of Legal Affairs	
	2	Lai Shih-Shang	Colonel Chief Military Instructor	National Defense University General Education Center	
	3	Chuang Kuo-Ping	Colonel Military Instructor	National Defense University General Education Center	
	4	Shen Ming-Shih	Colonel Associate Professor	National Defense University War College	
	5	Lin Mei-Ling	Lieutenant Colonel Mobilization Officer	MND Department of Reserve Affairs	
	6	Hu Jui-Yu	Historical Officer	Air Force Command 427 th Wing	
	7	Huang I-Hsiang	Major, News Officer	Youth Daily News	
Total	30				



Appendix 10 Military History Books Published by the Ministry of National Defense in 2011-2013

Item	Title	Publication Date
1	Memories of Heroes - Oral History of the Cadet Brigade, Fourth Officer Training Class, ROC Military Academy	2011.03
2	Interview with Three-star General Chao Chih-Yuen	2011.10
3	An Elite and Strong Force: Celebration for the 100 th Anniversary of the Establishment of the Republic of China (Chinese and English Versions)	2011.10
4	Monuments of Bravely Fallen Soldiers of ROC Armed Force	2012.03
5	Lineage of Glory Brilliant 66 - Development and History of the MND	2012.05
6	Shi-jian Archives—History of Japanese Instructors at the ROC National Defense University	2013.06
7	Oral History of Kinmen and Matsu under the Martial Law	2013.07

Appendix 11 Foreign Military Books Translated and Published by the MND in 2011-2013

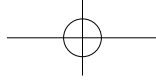
Item	Title	Publication Date
1	Finding the Right Mix: Disaster Diplomacy, National Security, and International Cooperation	2011.01
2	2010 QUADRENNIAL DEFENSE REVIEW REPORT, Securing Britain in an Age of Uncertainty: The Strategic Defence and Security Review	2011.03
3	China's International Behavior: Activism, Opportunism, and Diversification	2011.05
4	Civilian Surge: Key to Complex Operations	2011.07
5	Military Transformation and Strategy: Revolution in military affairs and small states	2011.08
6	The Art of Command: Military Leadership from George Washington to Colin Powell	2011.10
7	China's Military Modernization: Building for Regional and Global Reach	2011.11
8	Chinese Energy Security: The Myth of the PLAN's Frontline Status	2012.01
9	Information Operations Matters: Best Practices	2012.05
10	Transforming Defense Capabilities: New Approaches for International Security	2012.06
11	Striking First: Preemption and Prevention in International Conflict	2012.07
12	Shaking the Heavens and Splitting the Earth: Chinese Air Force Employment Concepts in the 21 st Century	2012.09
13	Sea power: A Guide for the Twenty-First Century	2012.11
14	Six Essential Elements of Leadership	2013.03
15	China's Strategic Competition with the United States	2013.05

Appendix 12 Liaison Officer Dispatch Planning

Area	Northern Taiwan		Central Taiwan		Southern Taiwan		Hualien and Taitung		Penghu		Kinmen		Matsu		Total
Number of Counties/Cities	7		7		3		2		1		1		1		22
Number of Districts/Townships	107		108		108		29		6		6		4		368
Personnel Dispatched	Liaison Officer	Intelligence Officer	Liaison Officer	Intelligence Officer	Liaison Officer	Intelligence Officer	Liaison Officer	Intelligence Officer	Liaison Officer	Intelligence Officer	Liaison Officer	Intelligence Officer	Liaison Officer	Intelligence Officer	
Personnel Dispatched	114	113	115	35	111	42	31	29	7	0	7	0	5	0	609

Appendix 13 Resources of the ROC Armed Forces utilized for supporting county(city) governments in the relief of major disasters in 2012-2013

Disaster	Number of Days	Resources put into disaster relief			
		Force (Troops)	Vehicles (Runs)	Aircraft (Sorties)	Vessels (Boat trips)
June 10 th Flood	9	9,620	686	135	41
Typhoon Talim	5	11,829	851	39	25
Typhoon Soala	14	16,135	716	57	9
Typhoon Tembin	11	14,347	1,477	20	35
June 2 nd Earthquake	1	733	5	9	0
Typhoon Soulik	8	10,819	604	0	0
Typhoon Trami	5	4,768	186	0	0
General Relief Missions	214	22,408	192	252	162
Total	267	90,695	4,717	512	272

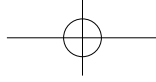


Appendix 14 Progress of the “Old Military Dependents' Village Cultural Preservation Project”

No.	Unit	Name of Military Dependents' Village	Funding	Preservation Area Selected on 2012.03.27	Proposal Review	Urban Renewal or Transfer of Development Rights
1	Taoyuan County Government	Mazu New Village	NT\$22.5 million	Accepted	Approved on 2012.8.14	Delivered to the Construction and Planning Agency Urban Planning Committee for Deliberation
2	Pingtung County Government	Shengli New Village, Chongren New Village (Chengkung District)	NT\$22.5 million	Accepted	Approved on 2012.8.16	Currently being considered by the County Government Urban Planning Committee.
3	New Taipei City Government	Sanchong Village No.1	NT\$45 million	Accepted	Approved on 2012.8.21	Currently being considered by the City Government Urban Planning Committee.
4	Hsinchu City Government	Zhongzhen New Village	NT\$34 million	Accepted	Approved on 2012.8.24	Currently being considered by the City Government Urban Planning Committee.
5	Tainan City Government	Zhikai New Village	NT\$34 million	Accepted	Approved on 2012.9.24	Currently being considered by the City Government Urban Planning Committee.
6	Penghu County Government	Duhang Village No.10	NT\$46 million	Accepted	Approved on 2012.11.12	Currently being considered by the County Government Urban Planning Committee.
7	Kaohsiung City Government	Mingjian New Village	NT\$15 million	Accepted	Approved on 2013.3.8	Currently being considered by the City Government Urban Planning Committee.
8	Hsinchu County Government	Hukou Zhuangjia New Village	NT\$15 million	Accepted		Proposal currently being revised (development rights are not equal).

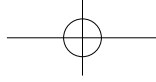
Appendix 14 Progress of the “Old Military Dependents' Village Cultural Preservation Project” (cont.)

No.	Unit	Name of Military Dependents' Village	Funding	Preservation Area Selected on 2012.03.27	Urban Renewal or Transfer of Development Rights
9	Taichung City Government	Xinyi New Village	NT\$22.5 million	Accepted	Proposal currently being revised (development rights are not equal).
10	Changhua County Government	Zhongxing New Village	NT\$34 million	Accepted	Proposal currently being revised (responsible staff being replaced).
11	Kaohsiung City Government	Haiguang Village No.4, Juguang Village No.3, Cihui New Village	NT\$42 million	Accepted	Proposal currently being revised (the scope of limits is being reviewed).
12	Taipei City Government	Zhongxin New Village	NT\$18.5 million	Denied	Announced and registered by the city government as a village, and is implemented in the form of community development.
13	Yunlin County Government	Jianguo Village No.2	NT\$49 million	Denied	Could not be completed within 3 months due to land development review procedures and relocating remaining households.
Total		13 Villages	NT\$400 million	11 Accepted 2 Denied	Proposals for 7 villages were approved. Proposals for 4 villages are being revised and clarified.



Appendix 15 Cultural Heritage in Military Dependents' Villages

No.	County/City Government	Announced Name(Legal Status of Military Dependents' Villages: National, Municipal, Historic Building)	Type of Cultural Heritage Designated or Registered
1	Keelung City	(1) Baimiwong Battery Attached Remains (Xiandong New Village) (2) Fortress Headquarters Resident of High Officials and military officer dormitories (Jianshi New Village)	Municipal historic site Historic building
2	Taipei City	(1) No.27, Lane 62, Sec.3 Xinsheng N. Rd. (Household of Teng Wei-Jen) (2) Residence of Navy Admiral Li Yu-Hsi (3) Beitou Zhongxin New Village	Historic building Historic building Village
3	New Taipei City	Sanchong Village No.1	Historic building
4	Taoyuan County	(1) Former address of the Women Development Association (Mazu New Village) (2) Gueishan Township Xianguang Village No.2 (Xianguang Village No.2) (3) Taiwu New Village (Taiwu New Village) (4) Luguang Village No.3 Activity Center (Luguang Village No.3)	Historic building Historic building Historic building Historic building
5	Hsinchu County	“Hukou Zhuangjia New Village (Village B)” (Zhuangjia New Village)	Historic building
6	Hsinchu City	“Hsinchu Branch Plant of the Sixth Fuel Plant of the Japanese Navy” (Zhongzhen New Village)	Historic building
7	Taichung City	(1) Yide Western-style Building (No.62 and No.69, Lane 2, Jiu St., Beitun Dist., Taichung City and attached buildings) (2) Qingshui Township “Zhongshe Remains” (Xinyi New Village)	Historic building Municipal historic remains
8	Changhua County	Zhongxin New Village	Historic building



Appendix 15 Cultural Heritage in Military Dependents' Villages (cont.)

No.	County/City Government	Announced Name(Legal Status of Military Dependents' Villages: National, Municipal, Historic Building)	Type of Cultural Heritage Designated or Registered
9	Tainan City	(1) Dormitory in Lane 321 on Gongyuan Rd. "former Japanese infantry second wing military officer dormitories" (ordnance accessory factory) (2) "Former Shuijiao Military Dependents' Village Dormitories and Cultural Landscape" (Zhikao New Village)(3) Former Taiwan Army Jiehang Military Dependents' Village (Gongyuan New Village) (4) "Sanfenzi Japanese military firing range" (Zizhi New Village) (5) The 2 buildings and square of Chuanyuan Communications Institute in Yongkang District (Feiyen New Village) (6) "Former Japanese artillery position in Rende Erkong" and "Monument in Rende Maoyi Village No.4" (Erkong New Village) (7) "Rende Erkong Military Dependents' Village" (Erkong New Village)	Municipal historic site Municipal historic site Historic building Historic building Historic building Historic building Cultural landscape
10	Kaohsiung City	(1) "Remains of the old city of Zuoying" (Waixinglong Military Base) (2) "Xiaoyao Villa (living space)" (Hangren New Village) (3) "Zuoying Navy Dependents Village" (Mingjian New Village) (Hequn New Village) (4) Former Japanese Naval Telecommunications Station in Fengshan (Ming-Der Disciplinary Camp of the Navy, Fengshan New Village) (5) Formerly the dormitories of Japanese naval air groups A1-A16 in Gangshan (Lequn Village) (6) Formerly the dormitories of Japanese naval air groups B1-B10 in Gangshan (Lequn Village) (7) "Remaining structure of the west gate wall section of old Fengshan City" was included into "Old Fengshan City"	National historic site Historic building Cultural landscape National historic site Municipal historic site Historic building National historic site
11	Pingtung County	Pingtung City "Shengli New Village and Chongren New Village (Chengkung District)" military officer quarters during the Japanese Colonial Period	Historic building
12	Penghu County	(1) Magong City "Duhang Village No.10" (2) Huxi Township "Aimen New Village"	Historic building Historic building
13	Hualien County	Hualien "Meilun Riverside Japanese-style Dormitories" (Fuxing New Village) (a. Municipal historic site - No.6, Lane 622, Zhongzheng Rd., Hualien City; b. Historic buildings - No.1, No.2, No.3, No.4, No.8 and No.10, Lane 618, Zhongzheng Rd.)	Municipal historic site and historic building
Total	13 Counties/Cities	33 Locations (21 Historic buildings, 2 Cultural landscapes, 1 Municipal historic remains, 5 Municipal historic sites, 3 National historic sites, and 1 Village)	

Appendix 16 Rights Protection Cases Examined and Reexamined in 2012

Number of Cases Accepted		207 Cases	
Number of Cases Examined or Reexamined	86 Cases	Cases Closed After Giving a Direct Response	121 Cases
Examination/ Reexamination Results	Number of cases with the original ruling rescinded or remanded		44
	Number of cases with the original ruling changed after a direct reply		14
	Number of Cases Turned Down		28
Remarks	(1) Statistics are gathered from January 1 st to December 31 st , 2012. (2) Total: 80 cases examined by a level 1 committee and 6 cases reexamined by a level 2 committee.		
Number of Cases Rejected		69 Cases	
Remarks	(1) After examination by the Secretariat, cases to be rejected in accordance with Article 19, overdue applications in accordance with Article 12, or not within the scope of the Rights Protection Committee's jurisdiction in accordance with the "Guidelines on the Establishment of and Examinations by Servicemen Rights Protection Committees" are reported to the committee chairman, and then the examination agency makes the decision to reject the case. (2) In accordance with Article 17 of the Administrative Procedure Act, an administrative authority shall conduct an investigation ex officio on the issue whether or not it has jurisdiction over the matter; if the authority finds that it has no jurisdiction, it shall refer the matter to the competent authority and give the party a notice thereof.		

Appendix 17 Number of Appeals in 2011-2013

Appeal Case Type		Reformation Recommendations	Law Inquiry	Wrongdoing Reports	Rights Protection	Total
Appeal in Person	Number of Cases	30	5	17	183	235
	Completed	30	5	17	183	235
Appeal via letter	Number of Cases	835	19	523	2,842	4,219
	Completed	835	19	523	2,842	4,219
Appeal via e-mail	Number of Cases	610	99	766	2,188	3,663
	Completed	610	99	766	2,188	3,663

Appendix 18 Number of Petitions from July 2011 to June 2013

Petition (Including Reexamination)	Type	Number of Cases	Remarks	
Number of cases received: 267	Number of cases from the previous period	25		
	New cases	242		
Number of cases closed: 255	A decision was made	228	Examination Deadline	
	Not accepted	105	Within 3 months	228 cases
	Turned down	112	3-5 months	0 cases
	Withdrawn	8	Over 5 months	0 cases
	Reexamination not accepted	2	File for administrative litigation	
	Reexamination turned down	1		
	Transferred back	24		
	Transferred out	3		
Number of cases not closed: 12		12		

Appendix 19 Status of State Compensation Cases of the MND and Each Armed Service Headquarters in 2012

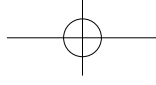
Agency Name	Number	Agreement Cases				Court Cases				Compensation Amount (NT\$)	
		Cases Closed			Pending Cases	Cases Closed			Pending Cases	Agreement Cases	Court Cases
		Claim Valid	Claim Denied	Claim withdrawn and other reasons		Claim Valid	Claim Denied	Claim withdrawn and other reasons			
MND	29	0	6	14	4	0	1	0	4	0	0
Army Headquarters	22	0	4	1	10	1	0	0	6	0	9,354,361
Navy Headquarters	6	0	1	0	1	1	0	0	3	0	2,650,000
Air Force Headquarters	5	0	0	1	0	1	0	0	3	0	19,706,819
Combined Logistics Command	3	0	1	0	0	1	0	0	1	0	775,999
Reserve Command	7	0	2	0	1	1	2	0	1	0	8,019,682
Military Police Command	0	0	0	0	0	0	0	0	0	0	0
Subtotal	72	0	14	16	16	5	3	0	18	0	40,485,861
Total	72		30		16		8		18	0	40,485,861

Appendix 20 Statistics of Compensation for Casualties and Damages Caused by Military Activities

Type		Taiwan	Kinmen County	Lienchiang County	Total
Applications	Casualties	557	455	193	1,205
	Damages	27	1,249	37	1,313
	Subtotal	584	1,704	230	2,518
Closed	Casualties	556	455	193	1,204
	Damages	26	561	32	619
	Subtotal	582	1,016	225	1,823
Pending Review	Casualties	1	0	0	1
	Damages	1	688	5	694
	Subtotal	2	688	5	695

Appendix 21 Statistics of Access to Information of the ROC Armed Forces in 2011-2013

Item	2011.7	2012	2013.8	Total
Number of persons that applied for access	227	409	195	931
Number of applications for access	1,940	3,015	985	5,940
Number records applied for access to	2,707	3,882	1,542	8,131
Number of files applied for access to	35,931	62,544	19,408	117,883
Number of approved applications for access to records	2,292	3,461	1,388	7,141
Number of denied applications for access to Information	415	421	154	990



Appendix 22 Glossary (arrangement in alphabetic order)

【*Anti-access*】

“Anti-access” (A2) refers to preventing or lowering the enemy’s ability to access an area of operations, which may be geographic, military or diplomatic.

【*Anchorage and Beachhead*】

The sea and land area from anchorage to the beach.

【*Area Denial*】

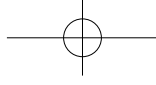
“Area Denial” (AD) refers to preventing or threatening a force from entering its area of operations.

【*Army-First Policy*】

A policy of North Korea to strengthen its leader’s political power. (1) It indicates that the military is above laborers, farmers and scholars. (2) Army-first leadership requires cadre members to carry out economic missions as if they were in combat. (3) Ensures military income. (4) Uses the dedication of servicemen to build esprit de corps.

【*Armaments*】

1.The purpose of capability preparedness is to support force buildup. Mainly involves the development, production, manufacturing, and acquisition (including procurement) of weapons and equipment, and includes the integration, coordination and application of domestic and foreign public/private technologies and institutions, as well as the coordination between armaments development and logistics units to satisfy force buildup requirements.



2. In a narrow sense, armaments refer to the equipment and supplies used in war, as well as the organizations and industries that they are produced in.

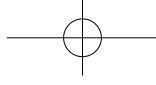
【C4ISR】

Short for Command (giving orders to units), Control (coordination of actions and firepower of operational units), Communication (use of wireless, optical fiber, and satellite relay for passing messages), Computer (hardware facilities required for automated operations), Intelligence (early warning and battlefield situation), Surveillance (passive observation of the enemy's situation), and Reconnaissance (active means to learn the enemy's situation).

【East China Sea Peace Initiative】

The ROC Government's position on the dispute over the Diaoyutai Islands has always been: "sovereignty belongs to us, to put aside disputes, peace and mutually beneficial, and joint development." The East China Sea, where the Diaoyutai Islands are located, is a sea and air transport hub in the West Pacific. Thus, this dispute not only involves regional security, but also global security and peace. In order to maintain peace and stability, economic development and prosperity, and sustainable marine ecology in this region, the parties involved should actively pursue co-existence and prosperity. The ROC Government thus proposed the "East China Sea Peace Initiative," which calls on the parties to:

- (1) Refrain from taking any antagonistic actions;
- (2) Shelve controversies and not abandon dialogue;
- (3) Observe international law and resolve disputes through peaceful means;
- (4) Seek consensus on a code of conduct in the East China Sea;
- (5) Establish a mechanism for cooperation on exploring and developing resources in the East China Sea.



Appendix 22 Glossary (arrangement in alphabetic order)

The ROC Government hopes to realize the “East China Sea Peace Initiative” as soon as possible through efforts of all parties, so that the East China Sea can become a “sea of peace and cooperation.”

【*Force Buildup Plan*】

The main part of military strategic planning, and establishes force buildup objectives based on the force buildup concept, military policy, and strategic concepts. It is the basis for planning and building the required military force. Includes target force size, force structure, and main investment projects (armaments and important facilities) of each military branch, and is carried out over a period of time (five years).

【*Force Buildup Concept*】

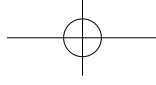
A part of military strategic planning that plans for the future. Changes in the international situation, as well as development trends of strategies, technologies, and weapons of major countries are first determined. The enemy threat and nation’s war capabilities are then considered. Then “military” suggestions are provided for the national strategy, predicting future warfare, strategic concepts and the required force.

【*Military Administration*】

Defense affairs, such as defense policy and objectives, defense budget, armaments acquisition, mobilization guidance, honors, and compensation.

【*Military Command*】

The command and use of military forces, includes force buildup planning, capability application, and leadership, coordination and control functions



required for completing missions.

【*Military Operations Other Than War (MOOTW)*】

Operations that encompass the use of military capabilities across the range of military operations short of war. These military actions can be applied to complement any combination of the other instruments of national power and occur before, during, and after war. Also called MOOTW.

【*Military Strategy*】

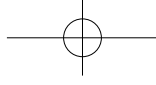
The objective of military strategy is to build military force. It is the art of creating and utilizing advantageous situations to support national strategies, so that the greatest success and favorable results can be gained from military targets.

【*Networked Operations*】

An operational concept to gain “information superiority,” links together detection systems, command and control systems, and weapon systems into a network to multiply capabilities. Achieves intelligence sharing, accelerate command and control speed, enhance operational performance, precision engagement, expanded destruction, increased survivability, and synchronization.

【*One Superpower and Many Powers*】

“One superpower” refers to a nation with political, economic and military capabilities strong enough to influence global stability; “many powers” refers to nations with political, economic and military capabilities strong enough to influence other countries within the same region.



Appendix 22 Glossary (arrangement in alphabetic order)

【*Precision Engagement*】

The use of various weapon systems for forces to discover targets, produce expected results, and evaluate the probability for success, before engaging in combat.

【*Resolute Defense*】

A defense force that is only used when attacked by the enemy, and is the minimal force required only for defense. The defense force is also limited to protecting territorial integrity, and thus adopts a passive defense strategy.

【*Revolution in Military Affairs*】

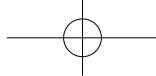
The concept of “Revolution in Military Affairs (RMA)” originated from the US Army, and aims to seize opportunities for creating an advantage in response to changes in the strategic environment. The objective of RMA is to sequentially carry out force buildup and transformation based on the concept of pragmatic reformation, so as to build a high quality modernized force that can effectively face future challenges.

【*Stage of Strategic Opportunities*】

The PRC will focus on economic development before 2020. During this stage, the PRC will maintain friendly relations with other countries and avoid military conflict that might affect its economic development.

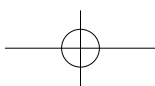
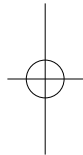
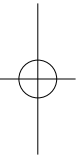
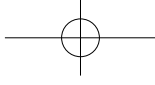
【*War Game*】

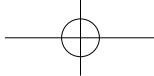
A technique used in tactical research. Simulates various situations in combat based on a set of rules, and analyzes the various action plans involved in a certain topic.



【*Zero Base Budget*】

A budget with a base of zero. Institutions should reevaluate the human, financial and material resources required by all projects, new and old, when budgeting, verify whether to adopt or retain the projects, and the reasonably allocate resources for the projects.





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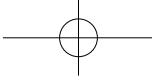
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