

STRATEGIC ASIA 2014–15

U.S. ALLIANCES AND PARTNERSHIPS

at the Center of Global Power

Edited by

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Philippines

The U.S. Alliance with the Philippines: Opportunities and Challenges

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THE NATIONAL BUREAU of ASIAN RESEARCH
Seattle and Washington, D.C.

EXECUTIVE SUMMARY

This chapter examines the history, current state, and trajectory of the U.S.-Philippine alliance in light of evolving security perceptions in the Philippines and ongoing changes to Asia's regional security environment.

MAIN ARGUMENT:

The alliance between the U.S. and the Philippines has evolved significantly in recent years. Changes to the external and internal security environment of the Philippines have combined to catalyze a transition in the country's security perceptions and priorities, especially a shift from an inward focus to one that is more externally directed. To meet rising external security demands, the Philippines has pursued a three-part strategy: internal balancing through increased spending, security cooperation with the U.S. and others in the region, and a diplomatic-legal strategy centered on international arbitration. This approach offers new opportunities for U.S.-Philippine cooperation but will also encounter both domestic and international challenges and constraints.

POLICY IMPLICATIONS:

- Given that significant political sensitivity still exists in the Philippines about the U.S. presence, broadening the alliance beyond traditional security concerns to encompass humanitarian, economic, and cultural cooperation will help demonstrate its benefits to ordinary Filipinos and create a stable, long-term foundation for the alliance.
- For the foreseeable future, Washington and Manila will likely operate under domestic political and resource constraints. Each side should be aware of the other's constraints and be prepared to handle divergences constructively.
- Creating a balance between a strong bilateral alliance and security relationships with other regional actors will reduce fears in the Philippines about overdependence on the U.S., achieve complementarity among actors with differing capacities, and foster a balance between reassurance and restraint.

The U.S. Alliance with the Philippines: Opportunities and Challenges

Sheena Chestnut Greitens

The past five years have seen a steadily increasing tempo in the relationship between the United States and the Republic of the Philippines. Not only has the alliance shown some of the greatest development among the United States' Asian alliances, but current initiatives also suggest that this cooperation is likely to increase in both breadth and depth in the years ahead. The Philippines is the twelfth-largest country in the world by population, a former U.S. colony with deep cultural and historical ties to the United States, a country positioned at a strategically and economically critical vantage point in the Pacific Ocean, and a U.S. treaty ally enmeshed in a web of East Asian territorial disputes and maritime claims that also involve the People's Republic of China. For all these reasons, the Philippines will play a key role in efforts to achieve U.S. foreign policy objectives in Asia.

Developments in the U.S.-Philippine relationship are occurring in the context of broader changes to Asia's regional landscape. These include leadership transitions in multiple countries, the emergence of a modernizing and seemingly more assertive China, and shifts in U.S. foreign policy and resource allocation. U.S. policy itself is bifurcated between two potentially contradictory trends. The first is an increasing emphasis on Asia, including Southeast Asia, as part of the Obama administration's "rebalancing" policy. The second trend is that U.S. power projection and diplomacy in Asia are

increasingly constrained by the more limited defense budgets imposed by sequestration and ongoing crises elsewhere that have distracted attention from the United States' intended focus on the region. The postponement of Obama's trip to the Philippines from October 2013 to April 2014 is one example of how attention to the Philippines, and Asia more generally, is likely to continue to take a backseat to domestic issues, raising concerns among the United States' regional allies and partners.¹ The key challenge for U.S. policymakers in the coming years, then, is how to strengthen the U.S.-Philippine relationship in ways that strike the right balance between reassurance and restraint and that account for likely constraints amid continued regional dynamism.²

In contrast with most of the United States' other alliance relationships in Asia, and despite its importance, there exists relatively little academic or policy analysis assessing the state and future development of the U.S.-Philippine alliance.³ This chapter attempts to fill that gap. The first section reviews the Philippines' perceptions and priorities in security and foreign policy. It traces evolutions in Philippine views of the United States, China, internal security factors, and the role of overseas Filipino workers. The second section outlines current initiatives in Philippine foreign policy and cooperation with the United States, including alliance and security issues, economic and cultural factors, and regional and multilateral frameworks. It also discusses the trajectory of future policies and cooperative efforts, especially in light of potential domestic limitations. Finally, the chapter concludes by identifying the most promising areas for cooperation as well as probable risks and limitations.

¹ Alex Wong and Lanhee Chen, "Nonessential: Has Obama Given Up on the Asia Pivot?" *Foreign Policy*, October 2, 2013, http://www.foreignpolicy.com/articles/2013/10/02/nonessential_barack_obama_asia_pivot_shutdown; Kurt Campbell and Ely Ratner, "Far Eastern Promises: Why Washington Should Focus on Asia," *Foreign Affairs*, May/June 2014; and Michael J. Green and Zack Cooper, "Revitalizing the Rebalance: How to Keep U.S. Focus on Asia," *Washington Quarterly* (forthcoming).

² On the challenge of alliance management, see Sheena Chestnut Greitens, "U.S.-China Relations and America's Alliances in Asia," Brookings Institution, Brookings Northeast Asia Commentary, no. 65, June 11, 2013, <http://www.brookings.edu/research/opinions/2013/06/11-us-china-relations-asia-alliances-greitens>.

³ For short exceptions, see Sheena Chestnut Greitens, "Obama's Visit to Asia and the U.S.-Philippine Alliance," Brookings Institution, Brookings East Asia Commentary, no. 77, April 2014, <http://www.brookings.edu/research/opinions/2014/04/07-us-philippine-alliance-greitens>; and Sheena Chestnut Greitens, "Drama on the High Seas: The China-Philippines Standoff and the U.S.-Philippine Alliance," *Foreign Policy*, April 12, 2012, http://www.foreignpolicy.com/articles/2012/04/12/drama_on_the_high_seas. See also Jim Thomas and Harry Foster, "The Geostategic Return of the Philippines," Center for Strategic and Budgetary Assessments, CSBA Highlight, April 2012, <http://www.csbaonline.org/publications/2012/04/the-geostrategic-return-of-the-philippines>; Renato Cruz de Castro, "Future Challenges in the U.S.-Philippines Alliance," East-West Center, Asia-Pacific Bulletin, no. 168, June 26, 2012; and Felix K. Chang, "GI Come Back: America's Return to the Philippines," Foreign Policy Research Institute (FPRI), FPRI E-Notes, October 2013, <http://www.fpri.org/articles/2013/10/gi-come-back-americas-return-philippines>.

Philippine Security Perceptions and Priorities

Philippine foreign policy and security perceptions have been profoundly shaped by the evolution of the country's relationship with the United States. The Philippines has evolved from a flagship colony in the first half of the twentieth century, to a Cold War ally almost entirely dependent on U.S. bases and forces for external defense, to a post-Cold War power that, while weak in terms of defense capacity, was fully sovereign and independent in the foreign policy realm.

In recent years, however, the Republic of the Philippines has undergone a dual shift in threat perceptions. First, Chinese expansionism has replaced American neocolonialism as the chief risk to Philippine sovereignty. As the Philippines has shifted from perceiving China as an economic opportunity to perceiving it as a security threat, the United States has come to be viewed as a partner in resisting Chinese encroachment. Second, changing external perceptions have gone hand-in-hand with a shift in emphasis within the Armed Forces of the Philippines (AFP), which has moved away from its traditional focus on internal security to concentrate more on external defense missions and the development of increased maritime and air capabilities.

External maritime defense is likely to be a major priority for the AFP moving forward. Several factors, however, will constrain this transition for the foreseeable future: continued internal challenges, nontraditional security demands such as the need for humanitarian assistance and disaster relief (HADR), and domestic political characteristics that are likely to reinforce institutional and cultural inertia within the armed forces. Beyond these security considerations, contemporary Philippine foreign policy reflects the priority placed by the Aquino administration on economic growth. In particular, the economic importance of millions of overseas Filipino workers (OFW), coupled with a strong domestic perception of this population's vulnerability, has made their protection a foreign policy and diplomatic priority.

Perceptions of the United States

The Philippines has kept a relatively low profile in U.S. foreign policy in the past several decades, but that is atypical. For most of the twentieth century, the Philippine archipelago played a central role not just in U.S. policy toward Asia but in the United States' global foreign policy vision. Correspondingly, involvement with the United States has fundamentally shaped the security perceptions of the Philippine people and their leaders.

For the first half of the twentieth century, the Philippines was a U.S. territory and the United States' flagship effort at overseas democracy-building. The United States annexed the Philippines after the

Spanish-American War (1898) and fought a counterinsurgency conflict there, the Philippine-American War (1899–1902, though fighting lasted until 1913).⁴ During the colonial period, American models of governance in areas ranging from education to police organization were imposed on the archipelago.

Plans for Philippine independence were delayed by the outbreak of World War II in the Pacific. Japanese forces launched air raids on the Philippines hours after the attack on Pearl Harbor and landed on Luzon days later. In spring 1942, after the fall of Manila and Corregidor, Filipino and American prisoners of war suffered alongside one another in the infamous Bataan death march. Throughout the war, Philippine soldiers fought together with Americans as auxiliary forces (and as U.S. citizens) under U.S. command. Historians estimate that over 200,000 Filipinos served in the Pacific theater and that over 100,000 died in defense of the United States and its Philippine territory. Following the war, on July 4, 1946, the Republic of the Philippines became independent.⁵

The current U.S.-Philippine security relationship came into being quickly after World War II. With the country devastated and prewar defense plans unaffordable, President Manuel Roxas saw cooperation with the United States as the best and only way to ensure external safety while Manila concentrated on reconstruction.⁶ This cooperation had three foundational components. The first was the 1947 Military Bases Agreement, granting the United States the right to keep and use bases in the Philippines.⁷ The second was the 1947 Military Assistance Agreement, establishing the Joint U.S. Military Advisory Group, which set the AFP's postwar size and structure. The group recommended, and Roxas and others agreed, that the AFP should concentrate on internal security, while the United States managed external defense.⁸ The

⁴ Debates during this time in Washington—over the need to demilitarize the occupation and declare the U.S. military's efforts a success, as well as over how to sustain public support and spending for a conflict that was officially winding down—bear a close resemblance to discussions in the past decade about Iraq.

⁵ At that time, the Rescission Act stripped these veterans of their claim to benefits, a decision that was not corrected until the passage of the Filipino Veterans' Equity Act in February 2009. The Manila Veterans Affairs office is the only one outside U.S. territory. U.S. Embassy (Manila) and U.S. Department of Veterans Affairs, Fact Sheet, April 2013, http://photos.state.gov/libraries/manila/880176/factsheetsforweb/april2013/Fact%20Sheet%20-%20VA%20_Feb%202013_.pdf. See also "Speier Seeks to Extend Military Benefits to Filipino WWII Vets," CBS, <http://sanfrancisco.cbslocal.com/2011/01/10/speier-seeks-to-extend-military-benefits-to-filipino-wwii-vets>.

⁶ Manuel Roxas, *Speeches, Addresses, and Messages as President of the Philippines*, vol. 1 (Manila: Bureau of Printing, 1954), 150, quoted in Ricardo T. Jose, "The Philippines during the Cold War: Searching for Security Guarantees and Appropriate Foreign Policies, 1946–1986," in *Cold War Southeast Asia*, ed. Malcolm H. Murfett (Singapore: Marshall Cavendish, 2012), 52.

⁷ There were thirteen bases at the time of signing. The initial period of 99 years was reduced to 25 in 1966, expiring in 1991.

⁸ Jose, "The Philippines during the Cold War," 57.

third component was the 1951 Mutual Defense Treaty (MDT), the United States' first in Asia.

Throughout the Cold War, the Philippines tied itself “more closely to the United States than any country in Southeast Asia,” establishing a nearly symbiotic security relationship.⁹ The AFP concentrated on internal security, confronting the Hukbalahap insurgency, the Communist New People's Army (NPA), and Muslim separatist groups in Mindanao, and administering martial law after its declaration in 1972.¹⁰ These internal duties were the “principal security pre-occupation” of the Philippine government.¹¹ Meanwhile, U.S. forces used Philippine bases to “secure sea and air lanes, balance the Soviet military presence in Cam Ranh Bay, Vietnam, and provide regional defense for Southeast Asia.”¹² Two key facilities were Clark Air Base and Subic Bay Naval Station, the United States' largest overseas naval installation in the Pacific and one of only two deepwater ports in the Pacific capable of hosting an aircraft carrier. Defense officials referred to these installations as “the greatest concentration of U.S. logistics, communication, and training facilities in the world.”¹³ The Philippines also participated in the Southeast Asia Treaty Organization (SEATO) and contributed forces to the conflicts in Korea and Vietnam. Manila sometimes expressed concern, however, that it was not bound tightly enough to the United States, largely because the MDT promised consultation rather than automatic assistance in the case of armed attack.¹⁴

The U.S.-Philippine relationship deteriorated after President Ferdinand Marcos fell from power in 1986. Many Filipinos believed that the United States had bought its access to bases by giving Marcos a free hand for domestic repression and corruption in the name of anti-Communism. The current president, Benigno “Noynoy” Aquino III, is the son of Benigno “Ninoy” Aquino Jr., the opposition leader assassinated by Marcos's security forces in 1983 after returning from exile in the United States. Protests after Ninoy's death raised his widow, Corazon Aquino (the current president's mother), to the presidency, while Marcos fled to Hawaii. As the Cold War ended,

⁹ Ian Storey, *Southeast Asia and the Rise of China: The Search for Security* (Abingdon: Routledge, 2011), 252.

¹⁰ Renato de Castro, “Adjusting to the Post-U.S. Bases Era: The Ordeal of the Philippine Military's Modernization Program,” *Armed Forces & Society* 26, no. 1 (1999): 119–38.

¹¹ Charles Morrison, ed., *Asia Pacific Security Outlook 1997* (Honolulu: East-West Center, 1997), 97.

¹² Andrew Yeo, *Activists, Alliances, and Anti-U.S. Base Protests* (Cambridge: Cambridge University Press, 2011), 38–39.

¹³ U.S. House of Representatives Armed Services Committee, Military Installations and Facilities Subcommittee, hearings in March and April 1991, cited in Yeo, *Activists, Alliances, and Anti-U.S. Base Protests*, 40.

¹⁴ Jose, “The Philippines during the Cold War,” 57. For the text of the mutual defense treaty (MDT), see <http://www.chanrobles.com/mutualdefensetreaty.htm>.

nationalist elites and anti-base activists argued that the security rationale for U.S. bases had disappeared. A volcanic eruption at Mount Pinatubo in 1991 also rendered Clark Air Base essentially inoperable. The Corazon Aquino administration emphasized Subic Bay's economic benefits, but the Philippine Senate, newly invested with post-Marcos authority over foreign policy, deemed the benefits too small and unequal. After acrimonious negotiations, the Senate rejected a renewal of the basing agreement in September 1991.¹⁵ The post-democratization constitution explicitly forbids foreign military bases without Senate ratification and possibly a national referendum.¹⁶

The events of September 11, 2001, partially revitalized cooperation in the security realm, albeit on a narrower basis. Since January 2002, approximately six hundred U.S. special operations personnel have partnered with and trained Philippine forces to fight Islamic extremist groups in the southern Philippines. The two countries have also conducted military exercises such as the Balikatan training exercises, which have focused on HADR. Given constitutional restrictions, U.S. military personnel operate under the 1999 Visiting Forces Agreement, which has been subject to controversy following allegations of crimes committed by American servicemen and the dumping of toxic waste involving a U.S. Navy ship.¹⁷

Today, Philippine citizens share strong cultural and people-to-people ties with the United States and generally have strong pro-American feelings. Around 4 million U.S. residents consider themselves Filipino. An estimated 630,000 Americans visit the Philippines annually, and 300,000 live there.¹⁸ A 2010 BBC survey found that 82% of Filipinos believe the United States plays a positive role in the world, a reservoir of goodwill that exceeded public sentiments in South Korea (57%) and Canada (44%).¹⁹ That number has held constant over time and across different polls. For example, the Pew Research Center found that 90% of Filipinos had a positive view of the United States in 2002, and 85% retained that favorable view in 2013.²⁰ Even in 2006, near the height of Sino-Philippine cooperation, approval of the United States was

¹⁵ Ratification required a two-thirds majority. The economic negotiations were particularly contentious: Filipinos saw the U.S. offer as insulting, whereas Richard Armitage complained that his counterparts were engaging in "cash register" diplomacy. Yeo, *Activists, Alliances, and Anti-U.S. Base Protests*, 61.

¹⁶ The 1987 Philippine constitution is available online at <http://www.lawphil.net/consti/cons1987.html>.

¹⁷ Michael Lim Ubac, "Senate Asks Arroyo to Scrap, Renegotiate VFA," *Philippine Daily Inquirer*, September 24, 2009; and Cathy Yamsuan, "Santiago, Bello to File Joint Resolution Seeking End to Visiting Forces Agreement," *Philippine Daily Inquirer*, November 17, 2012.

¹⁸ U.S. Department of State, "U.S. Relations with the Philippines," Fact Sheet, January 31, 2014, <http://www.state.gov/r/pa/ei/bgn/2794.htm#relations>.

¹⁹ Globescan, "Global Poll: Iran Seen Playing Negative Role," http://www.globescan.com/news_archives/bbc06-3/index.html.

²⁰ Pew Research Center, "Opinion of the United States," Global Attitudes Project, <http://www.pewglobal.org/database/indicator/1/country/173>.

around 85%.²¹ The Pew survey also showed that 85% of Filipinos held positive views of the American people (as distinct from the government) and believed that the United States considered the interests of countries like the Philippines in formulating its foreign policy. One notable former U.S. resident is the secretary of foreign affairs, Albert del Rosario, who was educated in New York and is considered an advocate for the Philippines' pro-U.S. foreign policy.²²

However, positive feelings toward the United States or Americans generally do not translate to unequivocal support for specific aspects of U.S. foreign policy or support for a particular security relationship. Anti-colonial nationalism has informed Philippine foreign policy since the country's independence and has usually been the principle at work in the few cases when Philippine foreign policy has significantly diverged from that of the United States.²³ Early in the Cold War, Philippine nationalists described U.S. bases as targets likely to attract an attack rather than deter one; the bases were also seen as an encroachment on Philippine sovereignty by a United States that was not fully reciprocating its ally's loyalty. Opponents of Marcos used this point to criticize him, and during the years of his dictatorship, the Philippine left also argued, with justification, that the bases were complicit in oppressing Filipinos.²⁴ As a result, nationalists and leftists have a long-standing distrust, and sometimes outright antagonism, toward dependence on the United States, thereby creating the potential for strong domestic opposition to U.S. policy and bases.

Perceptions of China

China's growing presence in the Asia-Pacific, especially since 2005, appears to be a critical factor that has prompted reconsideration of the Philippines' security and foreign policy priorities. During the Cold War, relations between the Philippines and the People's Republic of China (PRC) developed slowly, owing to a combination of Manila's distrust of Communism, its fear that Beijing would openly back the Communist Party of the Philippines, and the influence of the U.S. alliance. However, the U.S.-China rapprochement and Beijing's offer to supply oil at below-market prices after the 1973 oil crisis contributed to the normalization of Sino-Philippine relations in 1975. Nonetheless, relations remained tepid because of Manila's concerns about

²¹ Globescan, "Global Poll: Iran Seen Playing Negative Role."

²² Author's interview with a U.S. government official, June 2013.

²³ Jose, "The Philippines During the Cold War," 60; and Benjamin B. Domingo, *The Re-making of Philippine Foreign Policy* (Quezon City: University of the Philippines, 1993), 29.

²⁴ Yeo, *Activists, Alliances, and Anti-U.S. Base Protests*, 41. On the use of bases for internal repression, see Sheena Chestnut Greitens, "Coercive Institutions and State Violence under Authoritarianism" (PhD dissertation, Harvard University, 2013).

Beijing's support for the Communist Party of the Philippines and Beijing's concerns about Manila's relationship with Taipei. Territorial issues also became increasingly prominent at the end of the Cold War, especially after the 1995 Mischief Reef crisis, in which China built structures on territory in the Spratly Islands that is claimed by both Beijing and Manila.

Under President Gloria Macapagal Arroyo, who was in office from 2001 to 2010, the Philippines appeared to lean toward Beijing. At a 2005 summit with Hu Jintao, for example, she lauded a "golden age" of Sino-Philippine cooperation.²⁵ This stance was incentivized by booming two-way trade—from \$1.77 billion in 2001 to \$8.3 billion in 2006, a trade surplus for the Philippines—and by over \$2 billion in Chinese overseas development assistance aimed at improving Philippine infrastructure and agriculture.²⁶ In 2005 the Philippines agreed to the Joint Marine Seismic Undertaking (JMSU), a tripartite project with China and Vietnam to survey contested maritime territory for oil and gas exploration. Arroyo's administration argued that this exploration made sense for the Philippines' energy security: for a country that imports a substantial amount of fossil fuel from the Middle East, Reed Bank offered important alternative (or additional and complementary) energy resources. Arroyo's emphasis on relations with China soured, however, as corruption allegations and subsequent congressional investigations tarnished China's development assistance projects and opponents claimed that the JMSU had conceded too much to Beijing. Broader concerns about corruption, as well as the shifting contours of domestic and electoral politics, ultimately contributed to the cancellation of these projects, and the JMSU lapsed in 2008.²⁷ Concern has grown since then that trade dependence on China would result in security compromises, and today Philippine politicians who promote the economic benefits of closer ties with China are in the minority.²⁸

China's more aggressive behavior in the South China Sea after 2008 has also helped to harden Philippine perceptions. In spring 2011, Manila charged that China had harassed an oil exploration vessel near Reed Bank and opened fire on Philippine fishermen off Jackson Atoll in the Spratly Islands.²⁹ In April 2012 a standoff began at Scarborough Shoal (called Panatag in the Philippines and Huangyan in China) when a Philippine naval vessel attempted to detain

²⁵ Ian Storey, "Conflict in the South China Sea: China's Relations with Vietnam and the Philippines," *Japan Focus*, April 30, 2008, <http://www.japanfocus.org/-ian-storey/2734>.

²⁶ Storey, "Conflict in the South China Sea."

²⁷ Barry Wain, "Manila's Bungle in the South China Sea," *Far Eastern Economic Review*, January/February 2008.

²⁸ Chico Harlan, "Philippines Pushes Back Against China," *Washington Post*, July 23, 2013.

²⁹ Tessa Jamandre, "China Fired at Filipino Fishermen in Jackson Atoll," ABS-CBN, June 3, 2011, <http://www.abs-cbnnews.com/-depth/06/02/11/china-fired-filipino-fishermen-jackson-atoll>.

two Chinese boats that it claimed were fishing illegally. Despite reports that the United States had brokered a deal for both sides to withdraw, the episode resulted in a loss of Philippine control and Chinese occupation of the disputed area.³⁰ At the time of this chapter's writing, Sino-Philippine tensions centered on the Second Thomas Shoal (known as Ayungin in the Philippines and Ren'ai Reef in China) in the Spratly Islands. In March 2014, Chinese ships blocked efforts to resupply Philippine personnel stationed on the grounded BRP *Sierra Madre* and insisted that the Philippines withdraw its personnel. The Philippines, citing lessons learned from the Scarborough standoff, refused to withdraw and has resupplied the ship by air (and, once, by sea).³¹

As a result, from the Philippine perspective, China has shifted from presenting an economic opportunity to posing a security threat. Public opinion toward the PRC is somewhere between lukewarm and negative. Even at the height of the Sino-Philippine golden age under Arroyo, in 2006, positive views of China hovered around 56% (far below the United States at 85%).³² After coming to power in 2010, the Aquino administration made overtures toward China—for example, by not attending the Nobel Peace Prize ceremony for Chinese dissident Liu Xiaobo. Yet maritime tensions, along with the execution of several Filipino drug mules despite high-level intervention by Manila, turned both public opinion and Aquino's administration increasingly negative in their views of Beijing.³³ In 2013, 69% believed that China had a fair amount of influence on the Philippines, and 58% believed that China took Philippine interests into consideration. However, only 48% held a favorable view of China, and 39% actually believed that China was an enemy, compared with 22% who saw it as a partner and 35% who saw it as neither.³⁴

Philippine officials now see themselves as an Asia-Pacific David standing up to the Chinese Goliath. To this end, the Aquino administration has pursued a three-part strategy, the first part of which consists of efforts at internal balancing, which have occurred since around 2011. In May 2013, in a speech marking the Philippine Navy's 115th anniversary, President Aquino called for the country to stand up to “bullies” and announced a \$1.82 billion defense modernization program intended to upgrade maritime capabilities by

³⁰ Greitens, “Drama on the High Seas”; and Jane Perlez and Steven Lee Myers, “In Beijing, Clinton Will Push for Talks over Disputed Islands,” *New York Times*, September 3, 2012.

³¹ Jim Gomez, “Philippine Supply Ship Evades Chinese Vessel,” Associated Press, March 29, 2014; and Jeff Himmelman, “A Game of Shark and Minnow,” *New York Times*, October 27, 2013.

³² Globescan, “Global Poll: Iran Seen Playing Negative Role.”

³³ Author's interview with a U.S. government official, June 2013; and “Philippine Nobel No-Show a Bid to Save Drug Mules in China,” Agence France-Presse, December 12, 2010.

³⁴ Pew Research Center, “Opinion of the United States.”

2017.³⁵ The increase is commensurate with an overall increase in investment in defense capabilities under Aquino from an average of \$51 million per year before his tenure to approximately \$1 billion per year now.³⁶

Internal balancing, however, has limits. Despite increased Philippine investment, the military imbalance between China and the Philippines will not be overcome in the foreseeable future. Counting the increases under Aquino, the Philippines' annual defense spending remains a fraction of China's \$115 billion annual defense budget. Because of this reality, Philippine academic Renato Cruz de Castro has cautioned that "no amount of material and technical assistance will enable the Philippines to confront an assertive China," and that "Filipino territorial defense is predicated on the U.S. assertion as the dominant naval power in the Pacific."³⁷ According to de Castro, the best that Manila can hope for is joint operations capabilities that complement, rather than substitute for, the deterrence provided by U.S. military power.

The second component of the strategy, therefore, is external balancing via a stronger alliance with the United States (which will be the focus of the next section). An increasing contingent of U.S. policymakers appears to share the Philippines' view that the archipelago is a strategic bellwether of the trajectory of the Asia-Pacific. One report referred to it as "a natural barrier to check Chinese expansion" and, on those grounds, called for the United States to help the Philippines develop its own anti-access/area-denial capabilities to counter China's growing attempts at power projection.³⁸

The primary issue with external balancing, however, is alliance coordination. Thus far, Beijing's strategy seems to have been to escalate to just below the level where U.S. policymakers might feel compelled to intervene. This leaves open the question of how the Philippines, alone or in combination with the United States, can best contest Chinese maritime supremacy in the zones below open conventional combat—whether the Philippines can adopt its own strategy of "posing problems without catching up."³⁹

The third component of the Philippines' strategy is the use of international law, together with an active international campaign to win public support for

³⁵ Cecil Morella, "Philippines to Spend 1.8 Billion Dollars on Defense to Resist 'Bullies,'" *Agence France-Presse*, May 21, 2013; and "China's 'Behavior' Needs Even Larger PHL Defense Spending—NSC," *GMA News*, <http://www.gmanetwork.com/news/story/312799/news/nation/china-s-behavior-needs-even-larger-phl-defense-spending-nsc>.

³⁶ Richard D. Fisher Jr., "Defending the Philippines: Military Modernization and the Challenges Ahead," *Center for a New American Security (CNAS)*, *East and South China Sea Bulletin*, no. 3, May 3, 2012.

³⁷ Renato Cruz de Castro, "Future Challenges in the U.S.-Philippines Alliance," *East-West Center, Asia-Pacific Bulletin*, no. 168, June 26, 2012.

³⁸ Thomas and Foster, "The Geostrategic Return of the Philippines," 2.

³⁹ This phrase was originally used to describe China and its ability to pose problems without catching up to the United States. Thomas J. Christensen, "Posing Problems without Catching Up: China's Rise and Challenges for U.S. Security Policy," *International Security* 25, no. 4 (2001): 5–40.

its cause. In January 2013 the Philippine government filed a four-part claim for international arbitration under the mandatory dispute-resolution process of the UN Convention on the Law of the Sea (UNCLOS). The filing contests China's assertion of its "nine-dash line," which claims a significant area of the South China Sea, and challenges the legality of several other aspects of PRC behavior.⁴⁰ Beijing has thus far rejected Manila's right to file for arbitration, calling it an attempt to "legalize its infringements and provocations" and gain international sympathy by using deception.⁴¹

Internal Considerations

Internal issues play a larger role in the Philippines' security perceptions than they do for any of the United States' other major security partners in Asia (except perhaps Thailand). These include armed conflict and separatist violence in Mindanao that has persisted for decades and the archipelago's high demand for HADR.

In late March 2014 the Philippine government signed a peace accord (the Comprehensive Agreement on the Bangsamoro) with the Moro Islamic Liberation Front (MILF), the major armed group fighting the government in the southern region of Mindanao.⁴² The four-part agreement, reached after seventeen years of intermittent negotiation, provides autonomy to the predominantly Muslim area (to be called Bangsamoro) and outlines a disarmament process that leaders hope will end a 45-year-long conflict thought to have killed more than 120,000 people. The deal diminishes the risk of continued armed conflict but does not eliminate it, especially the risk of conflict involving splinter groups that could reject the terms of the deal and continue to fight. The MILF was itself a splinter group that separated from the Moro National Liberation Front (MNLF) after the latter signed its own peace deal with the government in 1996, and the MNLF has expressed reservations about the terms of the agreement reached by the MILF and the government. The MILF's stipulation that its 12,000 fighters will disarm after other groups have done so increases the probability that various spoilers could delay the implementation of a complex and multi-actor peace process. Various implementation steps—such as drafting and passing legislation to

⁴⁰ Peter A. Dutton, "The Sino-Philippine Maritime Row: International Arbitration and the South China Sea," CNAS, East and South China Seas Bulletin, no. 10, March 15, 2013.

⁴¹ Louis Bacani, "China: Philippines Getting Int'l Sympathy through Deception," *Philippine Star*, June 16, 2014.

⁴² Government of the Philippines, "The Comprehensive Agreement on the Bangsamoro," March 27, 2014, <http://www.gov.ph/2014/03/27/document-cab>.

replace the existing autonomous region and holding a plebiscite to determine its borders—are also potential triggers for renewed conflict.⁴³

Moreover, Mindanao is home to other armed groups, as well as to a host of private armies and less-organized criminal violence. The other most prominent groups are Abu Sayyaf, a Muslim extremist group that the United States has linked to al Qaeda, and the New People's Army, considered Asia's longest-running Communist insurgency (having fought the government since 1969). The AFP stated in early 2014 that the NPA, though not the country's largest armed group (at around 4,000 fighters), is its "most potent" internal security challenge; operating mostly in Mindanao but with some presence elsewhere, the NPA engages in extortion, smuggling, and banditry to fund its activities.⁴⁴ It is therefore likely that the Philippines will continue indefinitely to face internal security threats that draw the military's attention and resources away from conventional, external, and maritime-oriented defense.

The other major internal demand on the AFP is HADR, which was highlighted by Super Typhoon Haiyan/Yolanda in November 2013.⁴⁵ The typhoon, one of the strongest tropical cyclones ever recorded, caused tsunami-level flooding, wind damage, landslides, and damage to homes, agriculture, infrastructure, and services, including power, communications, and water supply. The International Institute for Strategic Studies estimated that as of late January 2014 the death toll had exceeded 6,201, with 1,785 still missing, nearly 30,000 injured, and over 4 million displaced.⁴⁶ Although the AFP was the lead agency responding to the typhoon, the incident demonstrated the military's existing limitations in HADR operations. In particular, the lack of airlift and sea transport—with, for example, only three C-130 cargo planes—particularly hampered relief efforts.⁴⁷ Philippine legislators have clear electoral and political incentives to focus on and budget for building HADR capacities that serve their constituents, even if it means spending less on reform and modernization projects aimed at external defense.

⁴³ "Philippines, Muslim Rebels Sign Final Peace Deal to End Conflict," Reuters, March 27, 2014; "A Fragile Peace," *Economist*, February 1, 2014; International Crisis Group, "The Philippines: Breakthrough in Mindanao," Asia Report, no. 240, December 5, 2012; and International Crisis Group, "The Philippines: Dismantling Rebel Groups," Asia Report, no. 248, June 19, 2013.

⁴⁴ Nikko Dizon, "NPA Still the Most Potent Threat—AFP," *Philippine Daily Inquirer*, January 18, 2014; and Amanda Fernandez, "NPA Guerillas Mostly Concentrated in North-eastern, Southern Mindanao—AFP," GMA News, March 29, 2014.

⁴⁵ Greitens, "Obama's Visit to Asia."

⁴⁶ International Institute for Strategic Studies, "Asian Disaster Relief: Lessons of Haiyan," *Strategic Comments* 20, no. 2 (2014); and Thomas Lum and Rhoda Margesson, "Typhoon Haiyan (Yolanda): U.S. and International Response to Philippines Disaster," Congressional Research Service, CRS Report for Congress, R43309, February 10, 2014.

⁴⁷ Wu Shang-su, "Typhoon Haiyan and the Philippine Military," *Diplomat*, November 25, 2013; and Andrew Jacobs, "Typhoon Response Highlights Weaknesses in Philippine Military," *New York Times*, November 19, 2013.

As a result of its historical orientation and of these relatively high internal demands, the AFP has been an internally focused, land-dominated institution. The army remains the largest of the AFP's services by far, with 70,000 soldiers; by contrast, the navy has 22,000 personnel and the air force has 18,000.⁴⁸ Reorienting the AFP toward external defense in a maritime environment will take time, resources, and political capital. Even as Philippine perceptions of external security evolve and demands increase, the presence of internal security demands is likely to keep the focus of the political leadership more diversified than that of most U.S. allies. In combination with domestic political factors (discussed in more detail in the next section), these challenges will likely exert significant countervailing pressure on the military to prioritize internal contingencies—ranging from terrorism and armed conflict to HADR and public works projects.

Overseas Filipino Workers: A Global Community

The final foreign policy priority of the Philippines—declared to be the “third pillar of Philippine foreign policy” under President Aquino—is the protection and safety of overseas Filipino workers.⁴⁹ The Commission on Overseas Filipinos estimated in 2010 that approximately 9.5 million Filipinos worked or resided abroad either temporarily or permanently (out of a population of 95 million); in July 2013, the Philippines' National Statistics Office estimated the total number of OFWs at 2.2 million.⁵⁰ In addition to the United States, common OFW destinations include Singapore, Saudi Arabia, Qatar, the United Arab Emirates, and other locations in the Middle East. Remittances sent by these workers are the country's second-largest source of foreign reserves, exceeding FDI during the mid-2000s and totaling over \$25 billion (8.4% of GDP) in 2013.⁵¹ OFW remittances, while valuable to the Philippines simply from an economic perspective, are also a source of

⁴⁸ Author's interview with Philippine defense officials, June 2013. Some sources place the army's strength at closer to 85,000.

⁴⁹ Alberto G. Romulo, “The 3 Pillars of Philippine Foreign Policy: Economy, Security, and OFWs,” *Philippine Star*, January 7, 2011.

⁵⁰ Commission on Overseas Filipinos, “Stock Estimate of Overseas Filipinos,” December 2010; and National Statistics Office (Philippines), “Total Number of OFWs Is Estimated at 2.2 Million (Results from the 2012 Survey on Overseas Filipinos),” July 11, 2013, <http://www.census.gov.ph/content/total-number-ofws-estimated-22-million-results-2012-survey-overseas-filipinos>. The Central Intelligence Agency's *World Factbook* estimated the population of the Republic of the Philippines at 105 million in 2013. See Central Intelligence Agency, *World Factbook* (Washington, D.C.: Central Intelligence Agency, 2013).

⁵¹ “Remittances Hit Record High of \$25B in 2013,” *Philippine Star*, February 17, 2014; and Bangko Sentral ng Pilipinas, “Overseas Filipinos' Cash Remittances,” <http://www.bsp.gov.ph/statistics/keystat/ofw2.htm>.

economic independence from China that distinguishes the Philippines from others in the region.

Domestically, however, these workers are perceived as vulnerable. Stories of women raped or abused by employers have been intensely covered by domestic media.⁵² The worldwide dispersion of OFWs is a particularly tricky issue from the standpoint of the Philippines' political leaders, since it creates a global interest in a country that does not have the global military reach and capacity to match. As a result, the Philippine government has taken strong and visible diplomatic steps to advocate for the safety of OFWs, including repatriating them from crises abroad, and has highlighted these activities to its domestic audience.⁵³

Philippine Foreign Policy and Cooperation with the United States

The upward trajectory of U.S.-Philippine relations looks likely to continue. Bilateral cooperation has increased in tempo, a new defense agreement has been signed, and the two governments are discussing additional ways to augment the security relationship. The key questions, therefore, are how this increased bilateral activity will fit within the overall context of Philippine foreign policy, and how it can be executed given domestic constraints on both sides. To consider this requires taking into account the multilateral and regional institutional framework within which the Philippines operates, as well as the domestic limitations to security cooperation with the United States and other countries.

Security Cooperation: The U.S.-Philippine Alliance

The bilateral relationship between the United States and the Philippines has become increasingly active. The two countries launched a bilateral strategic dialogue in early 2011, and in November of that year, U.S. secretary of state Hillary Clinton stopped in Manila to celebrate the 60th anniversary of the alliance, speaking at a theatrically staged ceremony held on a U.S. destroyer, the USS *Fitzgerald*, in Manila Bay. She referred to the disputed waters of the South China Sea as the “West Philippine Sea” and referenced

⁵² Leila B. Salaverria, “Solon Slams Gov’t for Failure to Stop Exploitation of OFWs,” *Philippine Daily Inquirer*, June 21, 2013.

⁵³ “Expanded OFW Protection Law to Take Effect August,” GMA News, July 30, 2010, <http://www.gmanetwork.com/news/story/197367/pinoyabroad/expanded-ofw-protection-law-to-take-effect-august>; and Albert del Rosario, “Closing Remarks: Two Years Thereafter: The Best of the Philippine Diaspora,” Department of Foreign Affairs (Philippines), February 27, 2013.

boxer and Philippine congressman Manny Pacquiao, promising that “the United States will always be in the corner of the Philippines and we will stand and fight with you.”⁵⁴ April 2012 marked the first “2+2” summit involving both sides’ defense and foreign secretaries, and President Aquino visited the White House in June of that same year.⁵⁵ The two countries also hold annual military exercises, including the Balikatan exercises (most recently in May 2014) and the PHIBLEX amphibious landing exercises (most recently in September–October 2014). In April 2014, President Obama visited Manila for a state visit to mark the signing of the new Enhanced Defense Cooperation Agreement (EDCA).⁵⁶

U.S. assistance to the AFP has so far placed primary emphasis on training, consultation, and advising.⁵⁷ Arms sales, however, are an increasing component of the defense relationship. After the April 2012 2+2 meeting, the Philippine foreign ministry announced that the United States had increased its foreign military financing to the Philippines from \$11.9 million in 2011 to \$30 million in 2012 (out of a total assistance package of \$158.8 million).⁵⁸ Under the Excess Defense Articles and Military Assistance Program, the United States has provided two Hamilton-class coast guard cutters for use in the Philippine Navy—which named the vessels the BRP *Ramon Alcaraz* and the BRP *Gregorio del Pilar*—and is assisting the Philippines in the development and expansion of a national coast watch system established in

⁵⁴ Shaun Tandon, “Clinton Uses Warship to Push Philippines Alliance,” Agence France-Press, November 16, 2011.

⁵⁵ U.S. Department of State, “Joint Statement of the United States–Philippines Bilateral Strategic Dialogue,” January 27, 2012, <http://www.state.gov/r/pa/prs/ps/2012/01/182688.htm>; Hillary Rodham Clinton, “Remarks with Secretary of Defense Leon Panetta, Philippines Foreign Secretary Albert del Rosario, and Philippines Defense Secretary Voltaire Gazmin after Their Meeting,” U.S. Department of State, April 30, 2012, <http://www.state.gov/secretary/rm/2012/04/188982.htm>; Ernest Z. Bower and Gregory B. Poling, “Implications and Results: The United States–Philippines Ministerial Dialogue,” CSIS, May 4, 2012, <http://csis.org/publication/implications-and-results-united-states-philippines-ministerial-dialogue>; and White House, “Statement on the President’s Meeting with President Aquino of the Philippines,” June 8, 2012, <http://www.whitehouse.gov/the-press-office/2012/06/08/statement-president-s-meeting-president-aquino-philippines>.

⁵⁶ Government of the Philippines, “Enhanced Defense Cooperation Agreement between the Philippines and the United States,” April 29, 2014, <http://www.gov.ph/2014/04/29/document-enhanced-defense-cooperation-agreement>.

⁵⁷ Renato Cruz de Castro and Walter Lohman, “U.S.-Philippines Cooperation in the Cause of Maritime Defense,” Heritage Foundation, Background, no. 2593, August 8, 2011.

⁵⁸ Embassy of the Philippines (Washington, D.C.), “PH-U.S. Bilateral Relations,” <http://www.philippineembassy-usa.org/philippines-dc/embassy-dc/ph-us-bilateral-relations-dc>.

2011 to improve maritime domain awareness.⁵⁹ The Philippine Marine Corps also received six riverine patrol boats from the United States in August 2013.⁶⁰

The EDCA is intended to build on the MDT and facilitate future defense cooperation by expanding U.S. access to Philippine military bases.⁶¹ Negotiators were well aware of the Philippines' constitutional limits on foreign bases, and the new agreement—an executive agreement that does not require ratification by the Philippine Senate—is designed to minimize domestic opposition by explicitly affirming Philippine sovereignty and establishing a framework for an increased rotational presence rather than permanent bases. The United States will have operational control and the ability to preposition equipment in the agreed locations, but the Philippines will have full access to and retain ownership of the facilities. The exact locations of these future rotational forces will be determined under subsequent implementing agreements, though U.S. Air Force personnel have indicated that these may include jets stationed at airfields at Kubi Point (next to Subic Bay) and Puerto Princesa in Palawan, close to the disputed Spratly Islands.⁶² Additional forms of cooperation are also under consideration, including bilateral information sharing, joint-use maritime security support facilities, and maritime security activities, including integrated and coordinated initiatives between the AFP and U.S. Pacific Command and U.S. capacity-building assistance to the AFP. In July 2013, Philippine secretary of national defense Voltaire Gazmin confirmed that U.S. surveillance aircraft were providing intelligence on Chinese military activities in areas disputed by the Philippines and China.⁶³

Beyond Security: Economic and Cultural Cooperation

To make the alliance stable and sustainable, the United States must look beyond conventional defense cooperation with the Philippines to think more broadly about the relationship. In the long term, the alliance will be most stable if it accomplishes two things: (1) accruing benefits to the Philippine

⁵⁹ U.S. Embassy (Manila), "DTRA Hosts National Coast Watch System Tabletop Exercise in Manila," Press Release, May 17, 2013, <http://manila.usembassy.gov/dtracoastwatchsystem.html>. See also "U.S. to Deliver Battle-Ready 2nd Hamilton-Class Cutter," *Daily Tribune*, October 29, 2012.

⁶⁰ Sam LaGrone, "U.S. Gives Philippines Six Riverine Patrol Boats for Counter Terrorism Missions," U.S. Naval Institute (USNI), USNI News, September 26, 2013, <http://news.usni.org/2013/09/26/u-s-gives-philippine-marines-six-riverine-boats-counter-terrorism-missions>.

⁶¹ Carl Thayer, "Analyzing the U.S.-Philippines Enhanced Defense Cooperation Agreement," *Diplomat*, May 2, 2014, <http://thediplomat.com/2014/05/analyzing-the-us-philippines-enhanced-defense-cooperation-agreement>.

⁶² John Reed, "U.S. Deploying Jets Around Asia to Keep China Surrounded," *Foreign Policy*, July 29, 2013.

⁶³ Jason Gutierrez, "Philippines Reveals U.S. Spy Planes Monitoring China at Sea," Agence France-Presse, July 31, 2013.

people, rather than only a handful of elites, and (2) clearly demonstrating and communicating those benefits. Broader outreach to Philippine society, especially on the economic and development front, will signal that the United States is not seeking to exploit Philippine territory for geopolitical interests that do not align with Filipinos' own security and prosperity; instead, the United States is interested in building a stable partnership based on the shared interests of the two societies. Especially given the vicissitudes of the relationship between the Philippines and China, a broad base of cooperation will make for a more durable and less tempestuous U.S.-Philippine alliance.

This argument has implications for both security cooperation and nonsecurity measures. Given that U.S. involvement with the AFP contributed to repression and violence against Filipinos in the past, it is important that foreign military assistance and training be perceived as a form of cooperation that protects ordinary citizens rather than harming them. The Philippines is a prime candidate for the kind of humanitarian missions that the U.S. Navy has used to build goodwill toward ordinary citizens in Southeast Asia in the past; its ships can provide services badly needed in a country whose seven thousand islands are prone to typhoons, landslides, and other natural disasters. The EDCA's inclusion of HADR missions in the scope of envisioned cooperation and the importance that Presidents Obama and Aquino placed on this cooperation during Obama's April 2014 visit are therefore welcome. Continued counterterrorism and security assistance to the Philippines must also be conditioned on clear standards of accountability and adherence to human rights in order to avoid repeating the post-Marcos blowback. The human rights-based intelligence policies recently adopted by the Philippine National Police and AFP indicate that such standards are not only sensible but eminently feasible.⁶⁴

Complementing the security relationship with enhanced economic and nonmilitary cooperation will be important to mitigate lingering concerns in the Philippines about sovereignty and U.S. dependency, as well as to move the alliance beyond shared animosities to a foundation of constructive mutual benefit. This cooperation, already underway, can be built on and expanded naturally over time.

On the economic front, the United States remains one of the Philippines' largest trade partners, second only to Japan. The United States has traditionally been the Philippines' largest foreign investor, with two-way goods and services

⁶⁴ Armed Forces of the Philippines, *Human Rights-Based Intelligence Operations Guidebook* (Quezon City, 2011), <http://www.chr.gov.ph/MAIN%20PAGES/writings/Human%20Rights%20Based%20Intelligence%20Operations%20Guidebook%20ver5.pdf>. See also Philippine National Police, *PNP Guidebook on Human Rights-Based Policing* (Quezon City, 2011), http://pnp.gov.ph/portal/images/stories/publicrelations/PNP_GUIDEBOOK_opt.pdf.

trade totaling approximately \$24 billion in 2012.⁶⁵ The Trade and Investment Framework Agreement, first signed in 1989, was last revised in 2010, and at the November 2011 Asia-Pacific Economic Cooperation (APEC) summit, the two countries signed an agreement on customs administration and trade facilitation. They have also begun technical consultations on the requirements for the Philippines to join the Trans-Pacific Partnership (TPP). The TPP is consistent with the Philippines' preference for multilateral rather than bilateral trade agreements, and in April 2014 President Aquino expressed the Philippines' interest in eventually joining. Both sides, however, acknowledge that the Philippines would need to further liberalize its economy—including lifting restrictions on foreign ownership of land and some businesses, which would require constitutional amendment—in order to join the second round of negotiations.⁶⁶

Other cooperative efforts focus on aid, development, and economic growth. The United States provides development assistance to the Philippines, including an agreement in 2010 to extend a \$434 million grant for poverty reduction efforts from the Millennium Challenge Corporation (MCC).⁶⁷ The five-year U.S.-Philippine Partnership for Growth, signed by Secretary Clinton and Secretary del Rosario in November 2011, is intended to build on MCC assistance and improve governance in ways that will prepare the Philippine economy for eventual accession to the TPP. Measures include improving the transparency of the regulatory regime, fighting corruption, strengthening the courts and the rule of law, fostering a more open business environment, and improving fiscal stability.⁶⁸ Moreover, as of late January 2014, the United States had provided more than \$87 million in post-typhoon humanitarian assistance, as well as \$59 million in private donations.⁶⁹

⁶⁵ U.S. Embassy (Manila), "Why the Philippines," <http://manila.usembassy.gov/why-philippines.html>.

⁶⁶ Amy Remo, "U.S., PH Establish New TIFA Work Program," *Philippine Daily Inquirer*, March 22, 2014; and "Aquino Presses for PH Inclusion in Pacific Trade Deal," *Rappler*, April 28, 2014, <http://www.rappler.com/business/economy-watch/56626-aquino-obama-philippines-trans-pacific-partnership>.

⁶⁷ Kurt M. Campbell, "The U.S.-Philippines Alliance: Deepening the Security and Trade Partnership," testimony before the House Committee on Foreign Affairs, Subcommittee on Terrorism, Nonproliferation, and Trade, February 7, 2012, <http://www.state.gov/p/eap/rls/rm/2012/02/183494.htm>.

⁶⁸ U.S. Department of State, "U.S.-Philippines Partnership for Growth," Fact Sheet, November 16, 2011, <http://www.state.gov/r/pa/prs/ps/2011/11/177225.htm>. See also "Partnership for Growth: Philippines–United States 2012–2016," Joint Country Action Plan, November 2011, http://photos.state.gov/libraries/manila/19452/pdfs/Philippines_PFG_JCAP_public_final_11-29-11.pdf.

⁶⁹ Lum and Margesson, "Typhoon Haiyan (Yolanda)."

Regional and Multilateral Efforts in Philippine Foreign Policy

Alongside increased interaction with the United States, the Philippines has pursued active engagement with other Asia-Pacific powers. Such engagement has involved both bilateral initiatives—especially with Australia, South Korea, Japan, and Vietnam—and the region’s various multilateral frameworks.

In July 2012, for example, the Philippines ratified a status of forces agreement signed in May 2007 with Australia, setting the framework for future exercises, exchanges, and security cooperation.⁷⁰ Australia also participated in the U.S.-Philippine Balikatan exercises in May 2014, after observing in 2013.⁷¹ South Korea, one of the Philippines’ largest providers of overseas development assistance in recent years, supplied two patrol boats in 2006. The country also agreed in 2014 to donate a corvette warship to the Philippine Navy and signed an agreement to sell the Philippines twelve FA-50 fighter aircraft as part of a \$421 million contract.⁷² Defense cooperation between the Philippines and Vietnam has also increased—particularly naval and coast guard cooperation and high-level visits—since the initial signing of a memorandum of understanding in 2010, but these activities have not yet reached the level of joint exercises.⁷³

Outreach to Japan has picked up as well. In late 2012, Secretary del Rosario expressed support for a rearmed Japan, saying that it could provide balance to the region—an attitude that distinguishes the Japan-Philippines relationship from relations between Japan and either South Korea or China, who remain much more sensitive to historical issues in their relations with Tokyo.⁷⁴ After the January 2013 visit of Japanese foreign minister Fumio Kishida to Manila, Japan agreed in May to provide communications assistance for coastal patrolling and ten multi-role response vessels to the Philippine Coast Guard (at a cost of \$11 million each through a concessional loan from Japan’s overseas development assistance agency, the Japan International Cooperation Agency).⁷⁵ Japan had also previously said that its coast guard

⁷⁰ Australian Embassy (Philippines), “Status of Visiting Forces Agreement with Australia Ratified by the Philippines,” July 24, 2012, <http://www.philippines.embassy.gov.au/mnla/medrel120726.html>.

⁷¹ Elena L. Aben, “Balikatan to Become Multilateral Exercise,” *Tempo*, April 14, 2013, <http://www.tempocom.ph/2013/04/balikatan-to-become-multilateral-exercise>; and Isis Ramirez, “U.S., Philippine Forces Begin Balikatan Exercise,” U.S. Department of Defense, Press Release, May 6, 2014, <http://www.defense.gov/news/newsarticle.aspx?id=122191>.

⁷² “S. Korea to Donate Warship to Philippines Amid Sea Tensions,” Agence France-Presse, June 7, 2014.

⁷³ Carl Thayer, “Is a Philippine-Vietnam Alliance in the Making?” *Diplomat*, March 28, 2014.

⁷⁴ Ida Torres, “Philippines Welcomes a Re-armed Japan,” *Japan Daily Press*, December 10, 2012, <http://japandailynews.com/philippines-welcomes-a-re-armed-japan-1019587>; and Sheena Chestnut Greitens and Caitlin Talmadge, “The U.S.-Japan Alliance in a Time of Transition,” German Marshall Fund of the United States, Policy Brief, July 2013.

⁷⁵ Oliver Teves, “Japan Vows Support for Philippines in China Row,” Associated Press, July 27, 2013.

would provide training to the Philippines and Vietnam.⁷⁶ In July 2013, at a summit in Manila, Prime Minister Shinzo Abe and President Aquino agreed to strengthen maritime cooperation under the two countries' strategic partnership. Japan has also eased visa requirements for Philippine citizens, and the two countries have held talks on economic cooperation.

On the multilateral front, the Philippines has traditionally looked to the Association of Southeast Asian Nations (ASEAN) for security, and the country continues to play an active role in regional multilateral frameworks. Progress among the ten members of ASEAN to transform the 2002 Declaration on the Conduct of Parties in the South China Sea into a legally binding code of conduct, however, has been slow at best. Moreover, policymakers in Manila have been frustrated by ASEAN's failure to offer support during confrontations with Beijing—a frustration that dates back to the perceived lack of support that the Philippines received from ASEAN over China's encroachments into Mischief Reef in 1995. The Philippines has departed from the general ASEAN approach to China at times in the past and appears to be doing so again—perhaps as a result of strong trade relationships with the United States and Japan that render it less dependent on China's economy. Whatever the reason, the Philippines has adopted a bolder stance than most of the other countries who are contesting territory in the South China Sea, including Taiwan, Brunei, Malaysia, and Vietnam.⁷⁷

Thus, one key question is how the Philippines will square its participation in ASEAN with its current David-against-Goliath approach to China. Although the Philippines has previously welcomed China's participation in discussions on a code of conduct,⁷⁸ it has mounted a clear legal challenge to China's territorial claims by filing for arbitration under UNCLOS in January 2013, followed by submission of a four-thousand-page memorial on Manila's position in late March 2014.⁷⁹ The Philippines has not asked UNCLOS to rule

⁷⁶ Ida Torres, "Japanese Leaders Reaffirm Ties with the Philippines," *Japan Daily Press*, January 10, 2013, <http://japandailypress.com/japanese-leaders-reaffirm-ties-with-the-philippines-1021200>; and Ida Torres, "Japan to Donate Coast Guard Patrol Boats to the Philippines," *Japan Daily Press*, February 11, 2013, <http://japandailypress.com/japanto-donate-coast-guard-patrol-boats-to-the-philippines-1123093>.

⁷⁷ Chico Charlan, "Philippines Pushes Back against China," *Washington Post*, July 23, 2013, http://www.washingtonpost.com/world/asia_pacific/philippines-pushes-back-against-china/2013/07/23/4dfa6058-f043-11e2-bed3-b9b6fe264871_story.html; and Michaela Del Callar, "PHL Proceeds with Case vs. China over West Philippine Sea," *GMA News*, March 30, 2014.

⁷⁸ Tarra Quismundo, "U.S. Pushes Code of Conduct," *Philippine Daily Inquirer*, July 2, 2013, <http://globalnation.inquirer.net/79351/us-pushes-code-of-conduct>; and T.J. Burgonio, "Aquino Hopeful about Talks on West Philippine Sea Code of Conduct," *Philippine Daily Inquirer*, April 23, 2013, <http://globalnation.inquirer.net/72861/aquino-hopeful-about-talks-on-west-philippine-sea-code-of-conduct>.

⁷⁹ Department of Foreign Affairs (Philippines), "Senate Resolution Strongly Supporting the Filing of an Arbitration Case Against China under Article 287 and Annex VII of the United Nations Convention of the Law of the Seas by President Benigno S. Aquino."

specifically on sovereignty over the disputed areas but rather on whether China's nine-dash line is consistent with UNCLOS, to which the PRC is a party; on China's occupation of submerged features and "rocks" rather than "islands"; and on the legality of China's behavior toward Philippine nationals at sea.⁸⁰ Although the tribunal has ordered Beijing to respond by December 2014, China has thus far refused to participate in the arbitration process, waiving the right to appoint its own member to the tribunal and arguing that the Philippines' claims fall outside UNCLOS jurisdiction. The Philippines, on the other hand, argues that arbitration is consistent with "peaceful and rules-based resolution of disputes...in accordance with international law."⁸¹ Whether the international tribunal will assert jurisdiction remains to be seen.

It is unclear how the Philippines' decision to seek arbitration, which appeared to surprise many of the country's Southeast Asian neighbors, will affect relations with the rest of ASEAN. Some ASEAN members expressed concern over the Philippines' lack of prior consultation, and their reactions may not be positive if the claim produces a contentious Chinese response that negatively affects their interests or ASEAN's attempts to negotiate a code of conduct. If, on the other hand, the arbitration process convinces Beijing of the benefits of a code of conduct, the move is likely to be received more positively. Perhaps foreseeing this, China appears to be actively trying to split the Philippines from the rest of ASEAN in order to strengthen its bargaining position. The Philippines, on the other hand, appears to be pairing its legal strategy with a concerted effort to win over international public opinion, even reaching out to journalists to make its case.⁸²

The United States, though not a member of UNCLOS, has traditionally supported a multilateral framework for dispute resolution in Asia and is likely to continue to do so for three reasons. First, multilateral approaches maximize the leverage of smaller U.S. partners, who are the weaker parties in any bilateral dispute with Beijing. Second, they signal respect for the region's traditional way of doing things and avoid antagonizing other Asian countries by appearing to take only one country's side on sovereignty claims. Third, they minimize the risk that a country like the Philippines could embroil the United States in a conflict with China. Beijing is already prone to seeing its disputes with U.S. allies (such as Japan) as Washington's responsibility, and it

⁸⁰ Ian Storey, "Manila Ups the Ante in the South China Sea," Jamestown Foundation, China Brief, February 1, 2013.

⁸¹ Albert del Rosario, "Statement by Secretary of Foreign Affairs Albert del Rosario on the UNCLOS Arbitral Proceedings against China to Achieve a Peaceful and Durable Solution to the Disputes in the WPS," *Official Gazette*, January 22, 2013, <http://www.gov.ph/2013/01/22/statement-the-secretary-of-foreign-affairs-on-the-unclos-arbitral-proceedings-against-china-january-22-2013>.

⁸² Carl Thayer, "To Isolate Philippines, China Woos ASEAN," *Diplomat*, October 1, 2013; and Shannon Tiezzi, "The Philippines' UNCLOS Claim and the PR Battle Against China," *Diplomat*, April 1, 2014.

is in the United States' interest to avoid framing these as U.S.-China disputes. U.S. officials characterize their desired approach as one of moderation and confidence, but not emboldenment.⁸³

Domestic Limitations on Philippine Foreign Policy

The Philippines' efforts to expand and modernize its armed forces to meet the changing external security environment in Southeast Asia are likely to face domestic political constraints. These limitations are of three types: competition between external security needs and internal security demands that will draw resources and attention, as discussed above; overall resource constraints on the Philippines' defense modernization efforts; and political constraints imposed by Philippine institutions and political culture.

The first issue is finding sufficient resources to support the Philippines' modernization ambitions. As one analyst commented, since 1965 "successive Philippine governments have been unable or unwilling to invest in a credible external defense capability."⁸⁴ Even after the U.S. withdrawal in 1992 ended the Cold War's long-standing division of labor between U.S. forces and the AFP, the Philippines did not invest in conventional defense capabilities; the last defense modernization program—also spurred by Chinese maritime encroachments in the mid-1990s—was shelved with the 1997 Asian financial crisis. In 2003 the Bush and Arroyo administrations developed the Philippine Defense Reform Program and a capabilities upgrade program for the AFP. U.S. assistance, however, remained relatively limited, and on the Philippine side, modernization was hampered by a cumbersome bureaucracy, an inefficient procurement process, and a lack of support from the Philippine Congress.⁸⁵

The result was summarized by President Aquino in July 2010, when he noted in his state of the nation address that the Philippines—an archipelago of seven thousand islands and over 36,000 miles of nautical coastline—had only 32 boats, most of them as old as General Douglas MacArthur.⁸⁶ Assessments by the Philippine Department of National Defense and the AFP have concluded that the Philippine Navy has insufficient patrol ships (only 15) to protect its maritime waters and exclusive economic zone, and that the Philippine Air Force lacks modern air-defense, surveillance, air-lift, and ground-attack capabilities. Under the Aquino administration's Long-Term

⁸³ Author's interview with a U.S. government official, June 2013.

⁸⁴ Fisher Jr., "Defending the Philippines," 1.

⁸⁵ De Castro and Lohman, "U.S.-Philippines Cooperation in the Cause of Maritime Defense."

⁸⁶ Benigno S. Aquino III, "State of the Nation Address of His Excellency Benigno S. Aquino III, President of the Philippines, to the Congress of the Philippines," *Official Gazette*, July 26, 2010, <http://www.gov.ph/2010/07/26/state-of-the-nation-address-2010-en>.

Capability Development Plan, Defense Secretary Gazmin has accelerated the modernization program envisioned under Arroyo, with the goal of quickly achieving territorial defense capabilities. Despite its heavy weighting of naval and air capabilities, however, Aquino's modernization program is beginning from a low baseline, and a lack of funding has continued to hamper the program. Even with the announcement of supplemental funding in 2013, the reforms are aimed more at border patrol and defense than advanced naval warfighting.⁸⁷

The changes required for defense reform within the armed forces are not only structural but cultural. As the AFP builds out its new capabilities, it will need to rethink its force structure and base locations, which it is already doing to some extent.⁸⁸ The AFP must also consider the role of the Philippine Army and cultivate a military culture that places more emphasis on air and naval capabilities. This will be especially imperative as police forces in Bangsamoro are formed and the Philippine National Police takes a stronger role in domestic policing elsewhere in the country.⁸⁹ Yet developing the procedures and training to achieve effective interservice coordination of assets will take time, even after the new capabilities are fully in place.

Other domestic constraints involve the Philippines' broader political climate and institutions. The Philippines does not typically release a document outlining its defense policy or national security strategy; the last defense white paper was issued in 1998. Long-term strategic planning is hampered by a presidential system with a single six-year term, making it difficult to predict Manila's strategic direction and willingness to invest resources to match its articulated goals beyond the next presidential election. This system also contributes to the difficulty of maintaining momentum and continuity in the reform process. Moreover, the Philippine legislature has typically focused more on patronage politics than on the development of strategic expertise and oversight capacity; it has electoral incentives to direct the land-heavy AFP toward domestic public works projects and public goods provision.⁹⁰ According to Filipino analysts, significant reforms are still needed to tackle such bureaucratic inertia and corruption.

⁸⁷ De Castro and Lohman, "U.S.-Philippines Cooperation."

⁸⁸ "Philippines May Move Warships to Subic," Agence France-Presse, July 29, 2013.

⁸⁹ Author's interview with a U.S. government official, June 2013; and author's interview with two Philippine National Police officials, Manila, November 2011.

⁹⁰ For further discussion of the impact of domestic politics on Philippine foreign policy, see David Wurfel, "Philippine Foreign Policy," in *The Political Economy of Foreign Policy in Southeast Asia*, ed. David Wurfel and Bruce Burton (London: Palgrave MacMillan, 1990); Evan Medeiros et al., *Pacific Currents: The Responses of U.S. Allies and Security Partners in East Asia to China's Rise* (Santa Monica: RAND Corporation, 2008); and Aileen S.P. Baviera, "The Influence of Domestic Politics on Philippine Foreign Policy," S. Rajaratnam School of International Studies (RSIS), RSIS Working Paper, no. 241, June 5, 2012, <http://www.rsis.edu.sg/publications/WorkingPapers/WP241.pdf>.

Conclusions and Challenges

Philippine security perceptions are evolving, and so is the U.S.-Philippine alliance. External and internal changes to the security environment have catalyzed a fundamental strategic reorientation of the Philippine armed forces, from internally focused and land-oriented to externally focused and maritime-oriented. This shift will require significant changes within the AFP and tough political choices as Philippine leaders confront trade-offs imposed by resource constraints.

Alongside these developments, there is increased interest in reformulating the Philippines' security partnership with the United States to fit the Philippines' new environment and thinking. This presents both countries with new opportunities to advance cooperation in areas of mutual interest. A number of domestic political factors on both sides, however, could inhibit cooperation, and policymakers should assess these factors realistically in crafting their efforts.

On the Philippine side, long-standing nationalist and leftist sensitivity to potential violations of sovereignty by foreign military forces remains an issue. Although the EDCA appears to have avoided some potential flashpoints, policymakers in both countries will need to continue to tread cautiously. One way to do so is for the United States to continue to emphasize HADR cooperation.⁹¹ This provides visible, demonstrable benefits to the Filipino people and is easier for politicians to support, since it aligns with their own electoral incentives and lacks the sensitivities that accompany a more traditional U.S. military presence. HADR cooperation also emphasizes the unique capabilities of the United States and its security partners, which provided far more personnel and financing to assist in the relief effort after Super Typhoon Haiyan/Yolanda than either China or ASEAN.⁹² The United States can also emphasize capacity-building in areas that are needed for HADR but that might have secondary benefits for maritime defense, such as maritime awareness, communications, and logistics. Finally, Washington can emphasize its interest in the welfare of the Filipino people by supporting the Aquino administration's efforts to protect OFWs, either by highlighting

⁹¹ Greitens, "Obama's Visit to Asia."

⁹² Japan, for example, sent one thousand personnel and provided a \$67 million aid package, whereas China initially offered only \$100,000 in aid, though it raised its contribution to \$1.6 million and sent a hospital ship after receiving international criticism. Australia and South Korea pledged \$10 million and \$5 million, respectively. "Phl to Get \$67.26 Mil Grant from Japan," *Philippine Star*, March 25, 2014, <http://www.philstar.com/headlines/2014/03/25/1305157/phl-get-67.26-m-grant-japan>; Daniel Baltrusaitis, "China's Revealing Typhoon Haiyan Response," *Diplomat*, November 14, 2013, <http://thediplomat.com/2013/11/chinas-revealing-typhoon-haiyan-response/>; and Walter Lohman, "What Typhoon Haiyan Taught Us about China," *National Interest*, November 18, 2013, <http://nationalinterest.org/commentary/what-typhoon-haiyan-taught-us-about-china-9417>.

the issue in an international forum or by quietly assisting with repatriation efforts where OFWs may be threatened by global instability and conflict.

At the same time, Washington and Manila must acknowledge that they are unlikely to ever perceive the value and ideal focus of the alliance identically and may have different preferences for the scope of cooperation. Even in a realm like maritime security, where the overlap of interests is substantial, it is possible, even probable, that the Philippines will emphasize intra-archipelago concerns while the United States will adopt a much more geographically dispersed outlook. This is not unlike the debate within the U.S.–South Korea alliance over whether U.S. forces in South Korea should be focused on peninsular contingencies or be available on a more flexible basis for regional operations. Some disagreement over the alliance's focus, as well as over the implications for burden sharing, should be interpreted as a normal part of alliance management rather than as an indication of impending disaster.

Both sides must also be aware of and realistic about the resource constraints that shape their own policy choices and those of the other alliance partner. Sequestration, budget cuts, and partisan divisions in Washington may have a long-term impact on the United States' ability to assist in external balancing and provide diplomatic support for Asian allies. Capacity building is seen as a key tool for the United States to help offset these constraints, but it is unclear how close even the strongest push for capacity building in the Philippines will actually get to creating the kind of complementarity the United States is seeking from its allies. The United States must also be aware of the potential for a redirection in Philippine foreign policy depending on the outcome of the next presidential election, scheduled for May 2016.

Washington can also encourage the Philippines' current emphasis on a foreign policy that pursues both bilateral cooperation with the United States and broader security cooperation with a range of countries in the Asia-Pacific. In part because of worries about overdependence on the United States, Philippine foreign policy has oscillated throughout the country's history between emphasizing the bilateral relationship with the United States and seeking to enmesh the Philippines in a web of regional and multilateral security arrangements. Broadening Manila's security ties will lessen concerns about overdependence, as well as allow the alliance to benefit from the comparative advantages of other security partners.

Finally, the United States must strike a balance between supporting a long-standing ally in the face of Chinese encroachment and encouraging restraint and de-escalation in a potential crisis. On the one hand, Washington needs to be realistic about the growing perception in Asia that the rhetoric of the rebalance has not been matched by concrete actions and firm

commitments. A combination of factors—including U.S. policies in Syria and Crimea, the stalling of TPP negotiations, budget cuts, a perceived lack of senior officials focused on Asia policy, and administration officials’ partial acceptance of China’s rhetoric about a “new model of great power relations,” which regional powers fear will take the shape of a U.S.-China condominium—has exacerbated uncertainty about the United States’ commitments.⁹³ Although in Manila President Obama stressed Washington’s “ironclad” commitment to the defense of the Philippines, analysts were quick to note that the MDT and EDCA provide only for consultation, not automatic assistance, in the case of attack. These analysts unfavorably compared the U.S. commitment to the Philippines with the U.S. commitment to Japan, under which President Obama explicitly included the disputed Senkaku/Diaoyu Islands.⁹⁴

On the other hand, some uncertainty in Manila may be not only expected but desired on the part of the United States. Washington’s position toward territorial disputes in East Asia has long been that the United States is neutral on questions of sovereignty but not neutral on the use of force, and that its fundamental interest is in ensuring that these disputes are resolved peacefully rather than in ensuring one specific outcome over another.⁹⁵ The United States must therefore address legitimate Philippine concerns about the inequality of commitments within the U.S. alliance structure, while also avoiding overly broad security guarantees that could incentivize allies to behave provocatively based on aggressive interpretations of sovereignty in disputed areas as well as mistaken assumptions about the inevitability of U.S. support.

As the Philippines, the United States, and the regional security environment develop, changes in the U.S.-Philippine alliance will continue as well. What the United States and the Philippines decide to do with respect to arms sales, the nature of the military footprint in the archipelago (and in East Asia more broadly), and the alliance’s combination of security and economic policies will set the stage for the success or failure of U.S.-Philippine cooperation. Washington and Manila must be aware of each other’s legitimate interests and goals, as well as domestic restraints, and acknowledge that some divergence will occur even in the strongest alliance. They must share

⁹³ Victor Cha et al., “Obama’s Trip to Asia,” CSIS, April 21, 2014, <http://csis.org/publication/president-obamas-trip-asia>; and Green and Cooper, “Revitalizing the Rebalance.”

⁹⁴ Richard Javad Heydarian, “Will the U.S. Help the Philippines against China?” Yahoo News, June 23, 2014, <https://ph.news.yahoo.com/blogs/learning-curve/will-the-u-s--help-the-philippines-against-china--095507083.html>; and Manuel F. Almario, “U.S.: Unequal Treaties,” *Philippine Daily Inquirer*, April 26, 2014, <http://opinion.inquirer.net/73941/us-unequal-treaties>.

⁹⁵ Alan D. Romberg, “American Interests in the Senkaku/Diaoyu Issue, Policy Considerations” (unpublished paper, 2013).

responsibility for building an alliance partnership to meet each side's evolving needs, while also improving relationships with other regional actors and employing all tools available to create the appropriate balance between reassurance and restraint. Although achieving these goals will not be easy, the U.S.-Philippine alliance can make important contributions to peace, stability, and prosperity in the Asia-Pacific for years to come.