



Background

Executive Summary

No. 1255

February 22, 1999

REBUILDING THE U.S.–PHILIPPINE ALLIANCE

RICHARD D. FISHER, JR.

During the Cold War, the military alliance between the United States and the Philippines, embodied in the 1951 Mutual Defense Treaty, was instrumental in deterring the spread of Soviet communism in Asia. This once-strong relationship, however, has been essentially moribund since U.S. air and naval forces departed their bases in the Philippines in 1992. The lack of defense cooperation between old allies has created a power vacuum that China has been exploiting. Since 1995, for example, with little reaction from the Clinton Administration, China has built and expanded structures on Mischief Reef in the Spratly Island chain, about 150 miles from Philippine territory but over 800 miles away from the Chinese mainland. The Clinton Administration needs to tell China clearly that such actions undermine peace in Southeast Asia. It also needs to exercise leadership to ensure that the U.S.–Philippine alliance serves both Philippine and U.S. security needs. One way to do this is to prepare to assist the Philippine military's re-equipment program in the context of renewed U.S.–Philippine alliance cooperation.

CHINA'S CREEPING OCCUPATION

Since the mid-1970s, China has been seizing long-disputed territories and resources of the South China Sea: islands in the Paracel group and

the Spratly group to the south. It is clear that over the next decade China intends to develop facilities in this area that could assist military operations. China already has a large airstrip on Woody Island in the Paracels that places current and future combat aircraft within striking distance of the Philippines and Spratlys. And in the Spratlys, as seen most recently on Mischief Reef, China is building larger outposts that could support helicopters and ships. China's air and naval forces already are superior to those of the Philippines, and in the not-too-distant future could challenge U.S. naval forces as well.

This poses a challenge to a critical U.S. interest: maintaining freedom of the seas. About 70 percent of Japan's and South Korea's petroleum passes through the sea lane between Mischief Reef and the Philippines. The loss of access to this sea lane could damage these economies, which, in turn, would threaten the economic health of Asia and the United States.

Produced by
The Asian Studies Center

Published by
The Heritage Foundation
214 Massachusetts Ave., N.E.
Washington, D.C.
20002-4999
(202) 546-4400
<http://www.heritage.org>



U.S.-AIDED VACUUM

China's recent assertiveness has been encouraged by a power vacuum for which the United States and the Philippines share responsibility. The United States has long held to a strictly neutral stance regarding the conflicting claims to the South China Sea. Even in the face of provocative Chinese actions, the United States has not been critical. U.S.–Philippine military cooperation, moreover, has fallen into abeyance since the 1992 departure of U.S. forces from their Philippine bases, and during most of the ensuing years there has been insufficient interest in the United States or the Philippines in exploring the question of rebuilding defense cooperation.

The Philippine view has evolved significantly, however, following the election last year of Joseph Estrada to the Presidency. Although Estrada voted to end the U.S. bases as a Senator, he has campaigned recently to convince the Philippine Senate to pass a Visiting Forces Agreement (VFA) that is necessary to establish the legal rights of U.S. forces operating in the Philippines. Especially in the wake of China's growing presence on Mischief Reef, Estrada shows commendable leadership in taking steps toward rebuilding an old alliance.

REBUILDING U.S.–PHILIPPINE DEFENSE TIES

A key priority for the Clinton Administration this year should be the rebuilding of defense cooperation with the Philippines, mindful of previous mistakes in the U.S.–Philippine military relationship. Future defense cooperation needs to be grounded in common goals and also has to avoid creating new Philippine dependency on U.S. aid. The U.S. goal should be to offer initial aid in the form of surplus defense equipment to help the Philippines to build a self-defense capacity it can afford to support. To rebuild defense cooperation with the Philippines, the United States should:

- **Seek agreement on security goals.** When the governments in Manila and Washington did not share strategic goals in the past, the result was erosion of political support for their

defense relationship. To rebuild military ties, it is critical that each side recognize the other's needs. The Philippines needs some help in re-equipping its defenses, while the United States needs access to Philippines bases in order to respond to potential threats in Asia and the Persian Gulf.

- **Declare that China's activities in the disputed islands represent a threat to regional security.** Although the Clinton Administration need not change the long-standing U.S. policy of not recognizing any one of the conflicting claims to the South China Sea, it can and should identify China's actions as a threat to stability and to a peaceful resolution of the disputed claims. The Administration should call on China to dismantle its structures on Mischief Reef.
- **Assemble a military aid package for the Philippines.** The Philippines is in serious need of help in the task of re-equipping its defense forces. It is in the interest of the United States to assist in this process. With a respectable self-defense capability, the Philippines is more likely in the future to be an effective U.S. partner in defending Asian sea lanes. Should the Philippine Senate approve the VFA, the Clinton Administration should quickly assemble a package of surplus U.S. combat aircraft, surveillance aircraft, ships, and radar to offer the Philippines. This aid should not result in any significant new costs for U.S. taxpayers if it is stipulated that the Philippines will pay for maintenance and operating costs.

Following the departure of U.S. forces in 1992, the U.S.–Philippine defense relationship grew moribund. Inattention to this relationship has been costly: A power vacuum has been created that China is exploiting. The United States and the Philippines should recall their much longer heritage of sacrifice for the defense of freedom and begin to rebuild a sustainable defense relationship that can better deter conflict in Southeast Asia.

Richard D. Fisher, Jr., is Director of The Asian Studies Center at The Heritage Foundation.



Backgrounder

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During the Cold War, the military alliance between the United States and the Philippines, embodied in the 1951 Mutual Defense Treaty, was instrumental in deterring the spread of Soviet communism in Asia. This once-strong relationship, however, has been essentially moribund since U.S. air and naval forces departed their bases in the Philippines in 1992. The lack of defense cooperation between old allies has created a power vacuum that China has been exploiting. Since 1995, for example, with little reaction from the Clinton Administration, China has built and expanded structures on Mischief Reef in the Spratly Island chain, about 150 miles from Philippine territory but over 800 miles away from the Chinese mainland. The Clinton Administration needs to tell China clearly that such actions undermine peace in Southeast Asia. It also needs to exercise leadership to ensure that the U.S.–Philippine alliance serves both Philippine and U.S. security needs. One way to do this is to prepare to assist the Philippine military's re-equipment program in the context of renewed U.S.–Philippine alliance cooperation.

China's activities on Mischief Reef threaten a key U.S. security interest in Asia: maintaining the freedom of the seas. Since November 1998, China's outposts have grown into large concrete structures that will allow the placement of naval, and possibly air, forces within reach of the sea-borne

commerce that travels through the Palawan Strait. About 70 percent of Japan's and South Korea's oil resources flow through this key sea lane. The economies of these countries, in turn, support regional commerce that helps to sustain U.S. exports to Asia, which support about 4 million jobs in the United States. China has built several large structures elsewhere in the disputed Spratly Island chain as well and is completing new structures on Mischief Reef to bolster its claims to most of the territory of the South China Sea. Most countries of Southeast Asia have protested China's actions and have sought a diplomatic settlement to conflicting claims, but they have been rebuffed by China.

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China's aggressiveness has been encouraged in part by a long-standing U.S. policy of neutrality toward competing claims in the Spratly group. U.S. inattention toward the Philippines since the end of the bases relationship has emboldened

China further. But after years of its own indifference toward the United States, the view in the Philippines is evolving. President Joseph Estrada, who voted to end the U.S. bases agreement in 1990, now supports passage in the Philippine Senate of a Visiting Forces Agreement (VFA) that would clear the way for renewed U.S.–Philippine military cooperation. The United States should be ready to welcome passage of the VFA by offering a range of excess U.S. aircraft and ships to begin to rebuild the Philippine air force and navy. In addition, the United States should modify its neutral stand toward the contending claims in the Spratly group by identifying China's actions as a threat to stability and encourage all claimants to pursue a multilateral settlement.

AN OLD ALLIANCE IN DISREPAIR

For most of the past 20 years, the U.S.–Philippine alliance has suffered from the strains of divergent political-military goals and from the weight of historical resentments. This was not always the case, however. For most of this century, Filipinos and Americans have cooperated to defend freedom in Asia. Filipinos and Americans fought to resist Japan's 1941 invasion of the Philippines and, after defeat, cooperated in guerrilla resistance. Some 300,000 Americans returned to help to liberate the islands in October 1944. All told, the war in the Philippines cost the lives of 1 million Filipinos, over 17,000 Americans, and

about 350,000 Japanese.¹ Philippine army units fought with U.S., South Korean, and allied forces in the United Nations effort to repel North Korea's 1950 invasion of South Korea. And a Filipino civil action team performed non-military tasks in conjunction with U.S. forces in South Vietnam.

From 1898 to 1992, U.S. military forces had bases in the Philippines. From the beginning, when U.S. forces suppressed Filipino independence fighters in a bloody 10-year war and made the Philippines a U.S. colony, their presence was resented by many Filipinos. After the Philippines gained independence in 1946, a large U.S. military presence continued, generating great debate among Filipinos.² But the Philippines benefited a great deal from its relationship with the United States. U.S. advice and military material aid was instrumental in helping Philippine President Ramon Magsaysay to defeat the Philippine communist "Huk" guerrilla movement in the 1950s.³ In the 1980s, large-scale U.S. economic and military material assistance allowed the weak government of President Corazon Aquino to pursue economic development and combat a more powerful indigenous insurgency led by a new Communist Party of the Philippines.⁴ And while the Armed Forces of the Philippines (AFP) were occupied with fighting communists, U.S. aircraft from Clark Air Base and ships from Subic Naval Base helped to deter formidable Soviet forces in Northeast Asia and in Vietnam.⁵

1. The Manila American Cemetery contains the remains of 17,206 U.S. servicemen, the largest U.S. military cemetery outside the United States.
2. There is a rich literature of Philippine nationalist criticism of the U.S. military presence. A good scholarly example is Patricia Ann Paez, *The Bases Factor, Realpolitik of RP-US Relations* (Manila, The Philippines: Dispatch Press, 1985).
3. One excellent perspective on such assistance is found in the memoir of Major General Edward Geary Landsdale, *In The Midst Of Wars* (New York, NY: Harper and Row, 1972). General Landsdale was the principal U.S. adviser to Ramon Magsaysay. For many others, General Landsdale personified U.S. power over the Philippine elite to protect U.S. over Philippine interests.
4. The Communist Party of the Philippines emerged from the defeated Huk movement, but was led by younger intellectuals that rejected the Huk's pro-Soviet stance. This movement developed into a large guerrilla force that controlled much territory and led a political movement that infiltrated all aspects of Philippine society. It built an active international support network, mainly among Western leftists, but in its later stages sought Soviet help. It declined in the later 1980s due to its own poor strategy, cruel excesses and political as well as economic reforms that made the Philippine government more attractive. See Richard D. Fisher, Jr., "Philippines," in Richard F. Staar, ed., *Yearbook on International Communist Affairs, 1989, 1990, 1991* (Stanford, CA: Hoover Institution Press, 1989, 1990, and 1991).

Political Estrangement

The new generation of leaders that came to power with President Aquino did not fully support larger U.S. strategic goals, even though most Filipinos favored the U.S. military presence and close ties with the United States. The new leaders were more concerned with righting long-ago wrongs while ensuring that generous U.S. economic and military aid continued. They largely faulted the United States for its support of President Ferdinand Marcos, who had suspended Philippine democracy for most of his 20-year rule. President Marcos had suppressed both communist and non-communist political opponents and wrecked the Philippine economy

For Marcos and his successor, Aquino, the U.S. military presence was more of a lever for U.S. aid, which many viewed as “rent,” than a contribution to regional or Philippine security. President Aquino’s second Foreign Secretary, Raul Manglapus, had long opposed the presence of U.S. military forces but used the bases to demand aid—and criticized the United States when its assistance failed to reach promised levels. Secretary Manglapus and U.S. Ambassador Richard Armitage completed a new Bases Treaty in August 1991, however, that provided for \$200 million annually in aid for 10 years. Only then did President Aquino campaign to support the U.S. presence. But it was too late: On September 16, 1991, the treaty failed in the Philippine Senate by one vote.

Militaries Grow Apart

During the 1980s, the AFP also grew increasingly estranged from their U.S. counterparts. In the late 1950s and early 1960s, Philippine air and naval forces exercised with U.S. and other friendly Asian militaries under the old Southeast Asia Treaty Organization (SEATO).⁶ By the 1970s, such cooperation had become infrequent as the Philippine air and naval forces fell into obsolescence and disrepair, and as funding priorities shifted to emphasize fighting communist guerrillas. The United States encouraged this shift to respond to the growing communist threat and to promote political reform in the AFP, which were becoming a tool of repression for President Marcos. In the later years of the Marcos regime, rebel factions developed within the military. In February 1986, some of these factions joined armed forces chief of staff General Fidel Ramos in a coup that resulted in the formation of the Aquino government; soon afterward, the younger rebel officers began plotting to overthrow Aquino herself.⁷ Unfortunately, the Philippine military’s preoccupation with combating both communist rebels and rebels within its ranks gave Philippine military leaders little opportunity or resources with which to cooperate with U.S. forces. This contributed to growing distance between the U.S. and Philippine military establishments. By the end of the 1980s, the AFP was not enthusiastic or politically able to support publicly the U.S. military presence.

U.S. Frustration

By the end of the 1980s, the United States had begun to lose patience with the Philippines

5. The Soviet Pacific Fleet once was a formidable force with vertical takeoff aircraft carriers, about 120 nuclear submarines, and scores of cruisers and destroyers. The Soviet air and naval presence in Vietnam included an early 1980s average of 15 ships, Tu-16 medium bombers, and visits of Tu-95 heavy reconnaissance aircraft.
6. President Magsaysay was a key organizer of SEATO, otherwise known as the Manila Pact, which included Australia, France, New Zealand, Pakistan, the Philippines, Thailand, Great Britain, and the United States. For a description of active U.S.–Philippine military cooperation under the aegis of SEATO, see August C. Miller, Jr., “SEATO—Segment of Collective Security,” *U.S. Naval Institute Proceedings*, February 1960, p. 50.
7. Philippine military rebels made several major coup attempts, and almost succeeded in December 1989. The U.S. decision to offer and then dispatch jet fighters from Clark Air Base dissuaded rebel pilots from making air attacks. The U.S. intervention, plus urgent U.S. advice to President Aquino to help save her government, resulted in a nationalist backlash against the United States, however, which caused many in the U.S. Congress to question support for the Philippines.

because of constant tensions caused by fractious politics and requests for assistance. In 1986, a consensus emerged in the United States to give a large amount of assistance to President Aquino to help her fragile government to strengthen democracy and rebuild an economy damaged by President Marcos's misrule. But despite generous U.S. aid—over \$3.4 billion during President Aquino's term alone⁸—her government did not stabilize quickly. In addition, Secretary Manglapus and other officials would note that the U.S. presence did not contribute to Philippine security because the country faced no real external threats. In fact, as U.S. forces gathered in the Persian Gulf in late 1990, Ambassador Armitage had to criticize Philippine negotiators for “concentrating on how quickly U.S. forces can be removed from their country.” After the Mount Pinatubo volcano erupted in June 1991, causing great damage to Clark Air Base and Subic Naval Base, the United States withdrew from Clark and lost much of its desire to remain at Subic. When attempts to negotiate a shorter-term access agreement failed in the wake of the Philippine Senate vote, the United States accepted a Philippine notice to leave, and the remaining U.S. forces departed Subic in August 1992.

Cooperation Fades

Since 1992, officials in both the United States and the Philippines repeatedly have reaffirmed the 1951 Mutual Defense Treaty but have not been able to fashion a new and mutually acceptable defense relationship. Although Aquino's successor as President, Fidel Ramos, was personally popular in Washington, the top priority of his government was promoting free-market economic reforms and economic growth. He was not eager to expend political capital on a still-controversial military

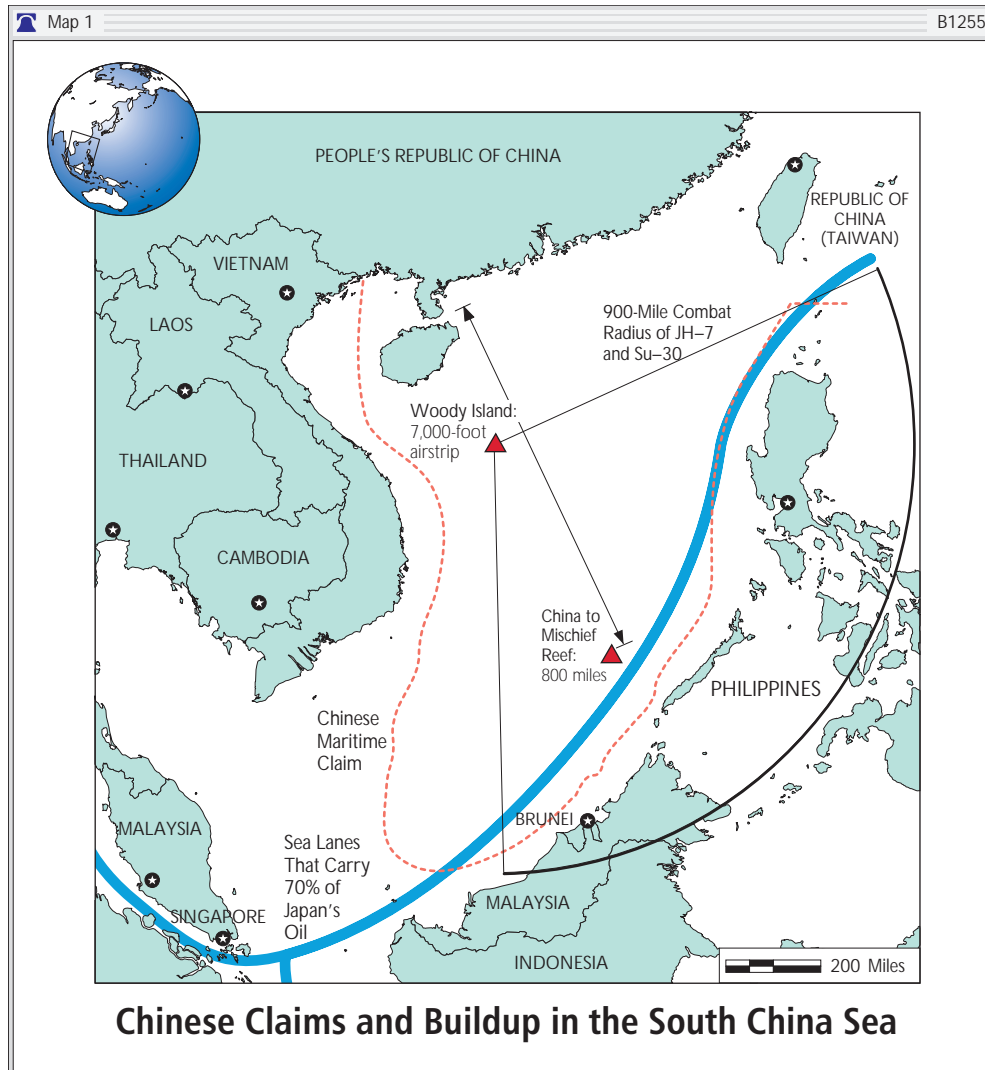
relationship with the United States. Beyond the set-piece exercise called *Balikatan*, in which U.S. and Philippine Marines practice infantry operations and then conduct civic action activities, there has been little U.S.–Philippine defense cooperation useful to both sides.⁹ There have been no air exercises and just a few naval exercises.

In fact, exercises on Philippine territory have been suspended since December 1996 after the Philippine Supreme Court rejected the Ramos government's proposed extensions of a pre-existing Status of Forces Agreement (SOFA).¹⁰ Such an agreement was needed to establish the legal status of U.S. forces when in the Philippines. For most countries, a SOFA is merely an executive agreement, but the Philippine Constitution requires that it be approved by the Senate like a treaty. A new SOFA, since renamed the Visiting Forces Agreement, was completed in January 1998. Despite continued vocal nationalist opposition, there is a new attitude in the Philippines toward the United States. President Joseph Estrada and his Defense Secretary, Orlando Mercado, both voted against the 1991 bases treaty as senators; today, however, both are leading a campaign to achieve Senate approval for the VFA. This change in Philippine attitudes is due in large part to China.

CHINA EXPLOITS A POWER VACUUM

The Philippines today has a much different attitude toward security concerns because of the discovery in early 1995 of Chinese buildings on an atoll called Mischief Reef. At the east end of the Spratly Island group, Mischief Reef is about 150 miles from the Philippine island of Palawan but over 800 miles away from the Chinese mainland.¹¹ China very likely decided to build those structures in part to take advantage of the regional

8. Author's estimate, in “Can U.S.–Philippine Relations Improve After Aquino Departs?” Heritage Foundation *Asian Studies Center Backgrounder* No. 122, May 1, 1992, p. 7.
9. *Balikatan*, means “shouldering the load together” in Filipino. Following the departure of U.S. naval forces from Subic Bay, these exercises were held in late 1993, 1994, and 1995.
10. Barbara Opall, “Legal Disputes Hinder U.S.–Philippine Defense Ties,” *Defense News*, May 19–25, 1997, p. 16. In August 1998, to avoid restrictions created by the lack of a SOFA/VFA, U.S. and Philippine ships exercised in international waters. See Kathryn Y. Yap, “War Games Held in Int'l Waters, Erap Tells Critics,” *Business World* (Manila), August 7, 1998.



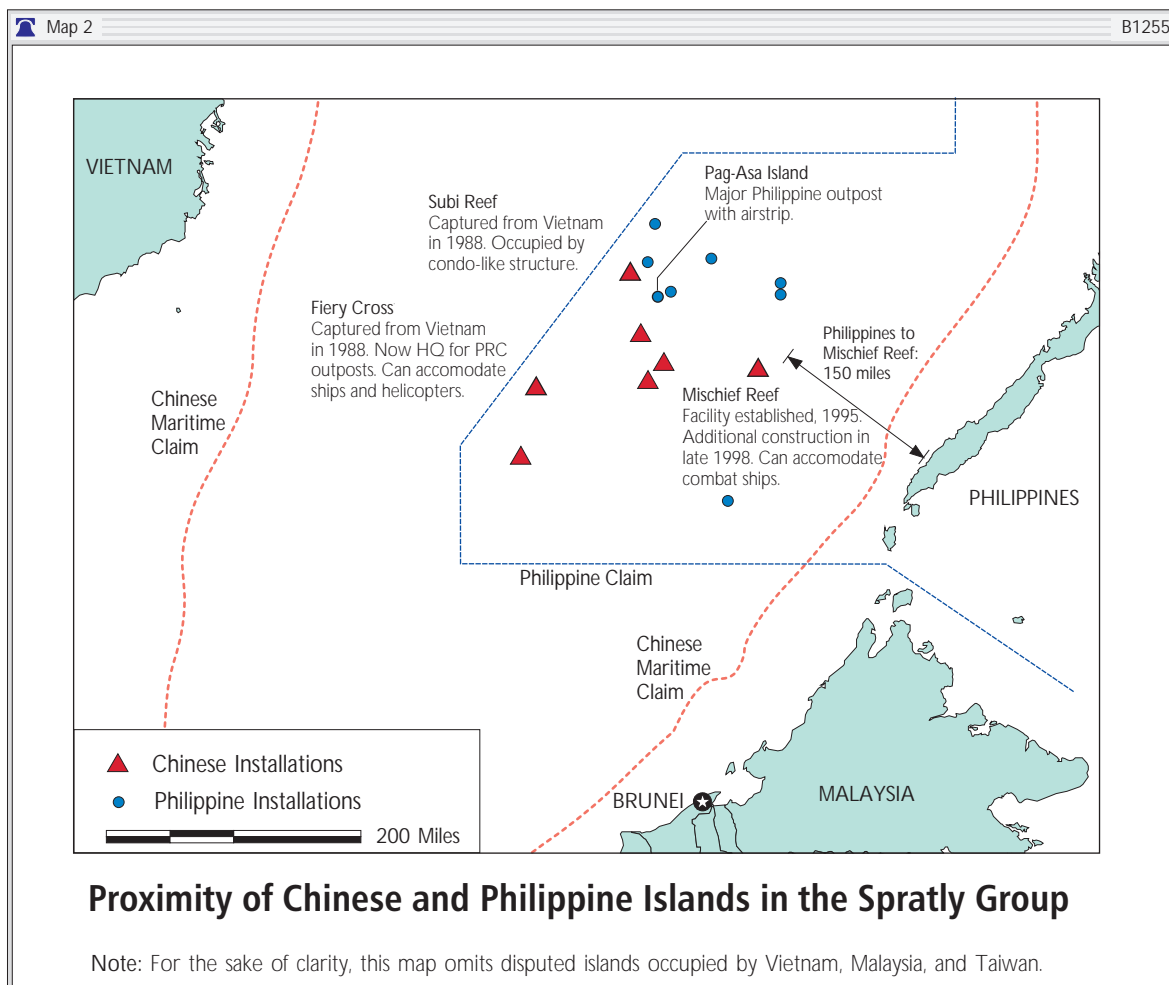
power vacuum created by the breakdown in U.S.–Philippine military cooperation and the parlous state of the Philippine air force and navy. Despite repeated protests from the Philippines and most other countries in Southeast Asia, China refuses to pursue a reasonable negotiated settlement to long-standing conflicting claims to the South China Sea. Perhaps due to the persistence of a power vacuum in 1998, China started a new round of construction on Mischief Reef in October, completing permanent structures there in January 1999.¹²

Long-Simmering Conflict

China's actions serve to highlight a long-simmering conflict over the territory and resource rights to the South China Sea. Malaysia, the Philippines, and Vietnam claim pieces of the area, while China and Taiwan claim most of the South China Sea.¹³ All claimants have occupied islands in the Spratly group, while China occupies all of the Paracel Islands. China and Taiwan date their claims back to the Sung Dynasty (A.D. 960). Nationalist China began sending periodic troop

11. The Chinese structures were reported first to Philippine authorities by fishermen. See "Islands of Discord," *Asiaweek*, February 24, 1995, p. 26. It has been reported that the United States was not aware of China's activity at that time.

12. In late 1998, Southeast Asian states reacted less strongly to China's latest construction because their attention was focused on the current economic crisis in the region. See Rigoberto Tiglao, Andrew Sherry, Nate Thayer, and Michael Vatikiotis, "Tis the Season," *Far Eastern Economic Review*, December 24, 1998, p. 18.



expeditions to the area in 1946, and Taiwan has had a presence in the Spratlys since 1956. That same year, a private Philippine group established a presence to set the basis for a Philippine claim. Underlying these claims is the competition for possible petroleum resources. Modest amounts of oil have been found near the Philippines and Vietnam, but expectations of large reserves have yet to be fulfilled as exploration continues. Anticipation of future expanding energy needs, particularly China's, serve to drive continued assertions of claims. Long-running diplomatic and legal attempts to settle conflicting claims so far have been unsuccessful. The U.N. Law of the Sea Treaty, ratified by all claimants, guarantees each a 200-mile maritime economic exclusion zone (EEZ). Within the Association of Southeast Asian Nations

(ASEAN), Indonesia has long led unofficial and official diplomatic efforts to foster negotiations.

Grab and Talk

China's approach to the disputed region has long been described as "grab and talk," referring to periods of territorial expansion followed by diplomatic activity. In 1974, China exploited U.S. and South Vietnamese preoccupation with the war against North Vietnam to chase South Vietnamese troops off a few islands in the Paracel Group. Later, in March 1988, China established a foothold in the southern Spratly group by fighting pitched battles with Vietnamese troops and evicting them from several islets.¹⁴ Then followed a period of diplomatic conciliation. In 1991, China's Premier, Li

13. For a brief review of the historical basis for conflicting claims, see Richard D. Fisher, Jr., "Brewing Conflict in the South China Sea," *Heritage Foundation Asian Studies Center Backgrounder* No. 17, October 25, 1984, pp. 3-4.

Peng, proposed joint development for the area, setting aside the question of sovereignty, and China joined a declaration made in Indonesia that the claimants seek a peaceful settlement of their claims. But in 1992 China passed a law that formalized its claims to territorial and maritime jurisdiction of the Paracel and Spratly Islands and authorized the use of military force. In 1993 China authorized the U.S. oil company Crestone to explore for oil just west of the Spratlys in an area that overlapped Vietnam's 200-mile EEZ. China's construction of facilities on Mischief Reef during late 1994 and early 1995 also was followed by a series of seemingly conciliatory gestures, such as an expression of willingness to address the Spratly question at the 1996 ASEAN Regional Forum, an informal body to promote dispute settlement.

But by early 1999 it had become clear that China would continue to build and talk. The structures on Mischief Reef have evolved from four temporary shelters on metal stilts to two concrete buildings on concrete platforms that could serve as docks for ships. It appears that these structures will be expanded because the reef has been dredged to allow several warships to enter and remain. Chinese-built concrete "fortresses" now exist on Johnston Reef, Chigua, Subi, and Fiery Cross.¹⁵ The latter is almost two acres in size and has an area that could hold a helicopter. It is the headquarters for China's activities in the Spratlys.

China's Growing Power

A critical element that will drive China's approach to the South China Sea is its ongoing military modernization. As its navy and air force become increasingly capable, China's leaders may become only more assertive of their South China Sea claims.¹⁶ At the November 1998 Zhuhai Air

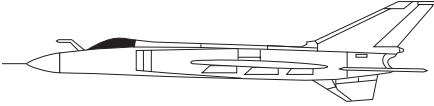

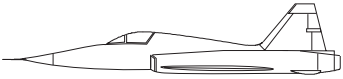
Show, China revealed its C-701 helicopter-launched anti-ship missile. With a range of nine miles, this missile has the potential to turn helicopter-capable structures like that on Fiery Cross into anti-ship bases.

Growing air and naval forces also will give China greater flexibility to enforce its claims in the not-too-distant future. In the early 1990s, on Woody Island in the Paracel group, China built a 7,000-foot airstrip—long enough to accommodate jet fighters and bombers—and recently added fuel storage facilities to this base.¹⁷ This island could serve essentially as an aircraft carrier. It could carry modern strike fighters, like the indigenously produced Xian JH-7, soon to enter production, or the Russian-made Sukhoi Su-30 attack fighter, which China may begin to purchase this year. Both fighters could carry supersonic KR-1 anti-ship missiles that China is co-producing from a Russian missile design; these missiles would be very difficult to defend against. The fighters could be guided by radar warning-and-control aircraft like the Chinese Y-8 transports now being outfitted with 200-mile-range British Racal Searchwater radar purchased in 1995. China has relative naval superiority over many of its neighbors, and its ships are becoming increasingly more capable. A 1,500-ton *Jianghu*-class frigate that was observed in the Spratly area in January carries four anti-ship missiles. The *Luhai* destroyer will join China's navy soon. This 6,000-ton ship carries 16 modern C-802 cruise missiles, two helicopters, and a range of modern electronic systems.

The Philippine air force and navy are completely outclassed by those of China. Current defensive air power consists of 8 to 12 F-5A fighters that first entered Philippine service in 1965. These fighters lack sophisticated combat systems

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14. In the battle for Johnston Reef, over 70 Vietnamese were killed. These battles led to China's occupation of reefs at Chigua, Fiery Cross, and Subi.
15. See Tiglao et al., "Tis the Season," for a picture of Fiery Cross. The Philippine Department of Defense has shared photos of these facilities with The Heritage Foundation; these are available on the Internet version of this report.
16. Eric Hyer, "The South China Sea Disputes: Implications of China's Earlier Territorial Settlements," *Pacific Affairs*, Spring 1995, p. 46.
17. Bill Gertz, "China Makes Upgrades to Island Base," *The Washington Times*, February 11, 1999, p. A1.

China's Current Military Superiority Over the Philippines

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|  <p>People's Republic of China</p>  <p><i>Jianghu-Class Frigate.</i> 1,500 tons, 4x C-201 43-mile range anti-ship missiles, and 4x 100mm guns. In January 1999 a frigate of this class was observed near Mischief Reef.</p>  <p>J-8D Fighter. Naval air force version of J-8 fighter, but with aerial refueling probe to extend combat radius to 632 miles. PLA navy has 24. Carries short- and long-range air-to-air missiles.</p> |  <p>Republic of the Philippines</p>  <p><i>Peacock-Class Gunboat.</i> 690 tons; main armament is one 76 mm gun. Three of these were acquired from Hong Kong in 1997. Most modern ship in the Philippine navy.</p>  <p>F-5A Fighter. A 1960s vintage fighter with a 500-mile combat radius. The Philippines has only 12 of these fighters and has difficulty maintaining them. Can carry only short-range air-to-air missiles.</p> |
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Sources: *Jane's Fighting Ships*; press reports; author interviews.

and are not supported by ground-based radar coverage. The most modern ships in the Philippine navy are three small gunboats purchased from Hong Kong in 1997. A World War II-vintage tank-landing ship that was used in mid-1995 to ferry journalists to Mischief Reef broke down and had to be towed back to Palawan. In late 1996, the Philippine Congress approved a \$3.3 billion military re-equipment program. The government has identified requirements for a multi-role combat aircraft like the U.S. F-16, a maritime patrol aircraft, off-shore patrol vessels, radar, and anti-aircraft missiles. The 1997 Asian financial crisis, however, has made it difficult for the government to appropriate the funds it needs to carry out this program. The failure by early 1999 to select a new fighter aircraft indicates that Philippine officials need to adopt a far more serious attitude about the defense of their country.

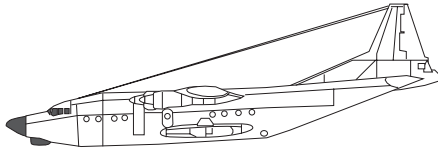
U.S. Neutrality

In the late 1970s, the Philippines tried to extend the 1951 Mutual Defense Treaty with the United States to cover its claims in the Spratlys. Since that time, the United States has made it clear to the Philippines that it would refuse to recognize any one claim to this area. Despite recent Philippine frustration with this stand in the wake of the Mischief Reef incident, the Clinton Administration has not seen fit to modify its policy substantively. In May 1995, almost four months after the incident, the Administration issued a statement that affirmed U.S. neutrality but also emphasized that "Maintaining freedom of navigation is a fundamental interest of the United States."¹⁸ The importance of freedom of navigation hardly can be exaggerated: Up to 70 percent of Japan's oil transits the sea lane between Mischief Reef and Palawan. This sea lane is critical to the economies of

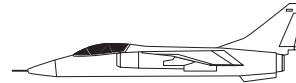
Chart 2

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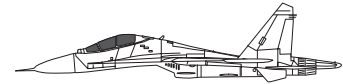
Weapons China Soon Will Acquire and Could Use in the South China Sea



Y-8/Searchwater AEW. In 1996 China purchased 6-8 British Racal Searchwater airborne radar with about a 200-mile range to put on Y-8 transport aircraft. These will be China's first AWACS aircraft, able to guide offensive and defensive air and naval operations. Prototype now in testing.

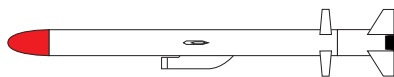


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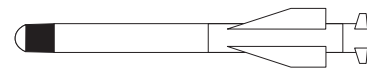


Su-30

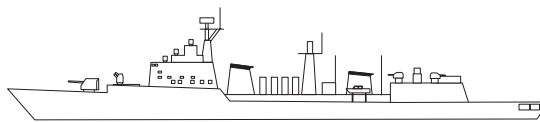
Naval Attack Aircraft. China is seeking to procure up to 35 indigenous-designed JH-7 attack aircraft, but they need British-made engines. China also is close to buying 20-50 Russian-made Su-30 fighter-bombers. Both aircraft can carry a range of anti-ship missiles and both have a 900-mile combat radius.



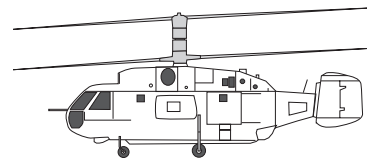
YJ-22 Land Attack Cruise Missile. With an estimated 240-mile range, this GPS-guided, potentially very accurate cruise missile could enter the PLA navy and air force early in the next decade. (Notional configuration.)



C-701 Anti-Ship Missile. Possesses a 9-mile range, may be carried by Chinese Z-9 navy helicopters, which are based on the French Dauphin. Could give air power to Spratly outposts. First revealed at 1998 Zhuhai Airshow in China.



Luhai-Class Destroyer. 6,000 tons, 16x C-802, 70-mile range anti-ship cruise missiles, 2 helicopters. First of two ships just entering service, may be sent to South Sea Fleet. Currently the PLA navy's most advanced combat ship.



Ka-27 Anti-Submarine Helicopter. China plans to buy 8-12 of these modern Russian-made naval helicopters that carry long-range radar, sonar, torpedoes, and anti-ship missiles.

Sources: *Jane's Fighting Ships*; press reports; author interviews.

Japan, South Korea, and Taiwan, which, in turn, propel Asian economic activity that allows the sales of enough U.S. goods to generate jobs for about 4 million Americans. The Administration's stand, however, does not sufficiently promote the interest of the United States in preventing conflict in this area or in advancing a peaceful resolution of the contending claims.

HOW TO REBUILD U.S.-PHILIPPINE ALLIANCE COOPERATION

The potential threat to maritime traffic caused by China's aggressive construction in the South China Sea and its ongoing military modernization make it essential that the Clinton Administration

18. Statement by the U.S. Department of State, May 25, 1995.

review its policy toward the disputes in the South China Sea. In addition, the United States should bolster deterrence by rebuilding defense cooperation with the Philippines. As the two long-time allies take steps to rebuild their alliance, they should be guided by three lessons of history:

Lesson #1: A strong U.S.–Philippine alliance contributes to the security of both countries.

The Philippines sits astride sea lanes critical to U.S. and Asian commerce and economic growth, and is positioned midway between potential crisis zones in Northeast Asia and the Persian Gulf. During World War II and throughout the Cold War, the U.S.–Philippine alliance proved instrumental in defending freedom in Asia. New threats require renewed defense cooperation. In early 1996, a U.S. Navy carrier task group from the Persian Gulf paid a brief visit to Manila Bay on its way to deter dangerous Chinese military threats to Taiwan. This kind of activity, in addition to normal alliance cooperation like exercises, can strengthen deterrence and security in Southeast Asia. Potential aggressors, especially China, will take notice: When U.S.–Philippine military cooperation was strong, China stayed away from Mischief Reef. Only when U.S.–Philippine cooperation faltered did China assert its claims so close to the Philippines.

Lesson #2: U.S. and Philippine alliance goals must not diverge.

When U.S. and Philippine alliance goals have diverged, the partnership fell into disrepair. The alliance was strong in the 1950s and for most of the 1960s because U.S. and Philippine leaders agreed on most external challenges they faced in Asia. They agreed as well on the need to help the Philippines to counter communist-inspired internal threats. When U.S. and Philippine leaders used the alliance to pursue divergent goals in the 1970s and 1980s—for the United States, counter-Soviet deterrence; for the Philippines, leverage to gain economic aid from the United States—political support for the alliance in both

countries declined. For the future, military cooperation must flow from agreement on threats and on the level of desired cooperation. The United States should consider the pressing need of the Philippines for help in meeting defense equipment needs. But the Philippines also should consider future U.S. requirements for access to Philippine bases to respond to military crises, both near and far from the Philippines, that also might affect Philippine security.

Lesson #3: Unnecessary dependency should be avoided.

When the Philippines depended on the United States to excessive degrees, in terms of economic and military aid and in terms of providing external defense, an unintended result was the creation of resentment. In the late 1980s, Americans were angered that Filipinos did not appreciate the U.S. contribution to their security; Filipinos were resentful that they could not provide for their own defense and that U.S. aid came with so many policy requirements. It therefore is in the interest of the United States to help the Philippines to rebuild a capacity for self-defense, but to do so in a way that avoids creating new dependencies.

Keeping these lessons in mind, to rebuild security cooperation with the Philippines, the United States should:

- **Seek agreement on security goals.** Perhaps the most critical aspect of reviving military cooperation between the United States and the Philippines is agreement on threats to security in Asia and what functions each partner will undertake to help to meet the other's needs. Previous security cooperation faltered in part because Philippine and U.S. leaders did not agree on the sources of Asian insecurity. The United States should recognize immediate Philippine self-defense needs; however, Manila should acknowledge that it can play a role in fostering greater security in Asia by gradually allowing U.S. forces useful access to Philippine bases. In this way, the Philippines would help

the United States to deter conflicts that also could threaten Philippine economic and security interests.

- **Declare that China's activities in the disputed islands represent a real threat to regional security.** The United States should not change its consistent policy of refusing to recognize any of the competing territorial claims in the South China Sea while encouraging the peaceful settlement of those claims. The Clinton Administration should state that China's actions in that region represent a real threat to stability, however, as well as a potential threat to freedom of navigation. The Administration's muted response to China's actions on Mischief Reef since 1995 has frustrated Filipinos needlessly and has created the impression that the United States has little interest in responding to China. This is wrong. China's buildup of facilities on Mischief Reef has potential security implications for the critical sea lanes between Mischief Reef and the Philippines. The Administration should call on China to dismantle its facilities on Mischief Reef, and the U.S. Department of State should take the lead in encouraging both governmental and nongovernmental proposals from Southeast Asian countries that promote an eventual settlement of conflicting claims.
- **Assemble a military aid package for the Philippines.** In anticipation that the Philippines will ratify the VFA, officials of the U.S. Department of Defense should quickly study current Philippine military requirements and available U.S. surplus defense articles to assemble a military assistance package for the armed forces of the Philippines. It is in the direct security interest of the United States that

the Philippines build a self-defense capability that can better deter China. It also is in the interest of the United States that there be commonality with U.S. military equipment to facilitate better joint operations. Before the end of 1999, the Clinton Administration should be ready to offer the Philippines a range of combat aircraft, ships, and other systems like radar and missiles. These should include highly capable weapons like F-16 or F/A-18 fighters or less-capable but still useful aircraft like the F-5E and T-38.¹⁹ Naval systems should include the FFG 7-class frigate, excess Coast Guard cutters, and reconnaissance aircraft like the long-range, radar-equipped Hu-25 Guardian surveillance jet.²⁰ The Administration also should offer surplus helicopters, radar, and missiles for air-defense, air-to-air and anti-ship missions.

The U.S. goal should be to offer equipment that the Philippines can afford to maintain and support. In some cases, available U.S. systems may not be the first choice for the Philippines; but the United States should make clear that the weapons are being offered at little or no cost, provided that the Philippines accepts the responsibility to support maintenance and operations. Furthermore, such U.S. aid should not be open-ended; the United States should stress to the Philippines that it should increase defense spending to support new air and naval forces.

CONCLUSION

China's unyielding diplomacy and continued expansion of facilities in the South China Sea pose a threat to security interests of both the Philippines and the United States. It imperative that the two

19. Although it is clear that the Philippines would require a fourth-generation combat aircraft like the F-16 to meet the threat posed by China's modern fighters, it is possible that Manila may not yet be able to afford to maintain such aircraft, which is the reason the United States must offer lower-cost alternatives. All the weapon systems listed currently are declared excess or are in unused storage in the United States.

20. The U.S. Coast Guard purchased approximately 40 Hu-25 Guardians, which are based on France's Falcon business jet, in the 1980s, but these currently remain unused in storage. These aircraft were outfitted with radar and low-light cameras to assist in patrol and counter-narcotics smuggling operations. Making a small number available to the Philippines would increase Manila's ability to monitor the Spratlys and to counter its own serious narcotics trade problem.

allies begin to re-establish effective defense cooperation that serves the needs of both countries.

Although resentments remain in the Philippines and the United States from the rancorous departure of U.S. forces from their Philippine bases, it is important to recall a longer history of shared democratic values and allied sacrifices in defense of freedom. Recent mistakes can be avoided in order to build a sustained level of support for future cooperation. Both the United States and the Philippines now should consider how best to help one

another to meet respective security needs. Should the Philippine Senate pass the Visiting Forces Agreement now being considered, the United States should respond by offering a range of surplus defense weapons to help the Philippines in its much-needed military re-equipment program. It now is time for Americans and Filipinos to join in deterring future challenges to security in Southeast Asia.

—*Richard D. Fisher, Jr., is Director of The Asian Studies Center at The Heritage Foundation.*