

Background

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U.S.–Philippines Partnership in the Cause of Maritime Defense

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Abstract: *Events in the South China Sea this year illustrate once again the urgent need for the Philippines to shift its focus from internal security to maritime defense. The U.S.–Philippines Mutual Defense Treaty, the Visiting Forces Agreement, deeply embedded consultation mechanisms, and a century of friendship, cooperation, and mutual sacrifice provide the framework for the U.S. to assist its ally. Close U.S.–Philippine maritime partnership is in both nations’ interests.*

On March 2, 2011, in the South China Sea, two Chinese patrol boats confronted a survey ship commissioned by the Philippine Department of Energy to conduct oil exploration in the Reed Bank, just 80 nautical miles west of the Philippine island of Palawan.¹ The survey ship was in the process of identifying sites for possible appraisal wells to be drilled for the next phase of a contract with the Philippine Department of Energy, when it was accosted. According to Philippine sources, the Chinese boats moved dangerously close to the Philippine vessel twice, as they ordered it to leave the area.² Then, the Chinese boats maneuvered straight toward the survey vessel two times, apparently threatening to ram it, but turned away in time.³ The unarmed survey vessel radioed for assistance to the Armed Forces of the Philippines (AFP) Western Command in Palawan, and the Philippine Air Force (PAF) dispatched two reconnaissance planes to fly over the area. The Chinese patrol boats, however, had left the area before the aircraft arrived.

Talking Points

- Since February 2011 there have been at least nine incidents in the South China Sea involving Chinese intrusions into disputed areas.
- According to Philippine government assessments, its navy lacks the ships necessary for active maritime patrols to prevent or deter intrusions.
- Official Philippine assessments of its air force conclude that it does not have any modern air-defense, surveillance, air-lift, or ground-attack capabilities.
- Philippine President Aquino has committed to make the Philippines’ territorial defense a priority.
- The 1951 U.S.–Philippines Mutual Defense Treaty obliges the U.S. to act to meet the common danger embodied in an attack on the territory of the Philippines or “its armed forces, public vessels or aircraft in the Pacific.”

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Two days later, the Philippine government filed a protest with the Chinese embassy in Manila, seeking an explanation for the incident. The Philippine government stated that “the incident happened in an area within Philippine maritime territory. Specifically, it happened in the Reed Bank, which is not part of the Spratly group of islands...”⁴ A Department of Foreign Affairs spokesperson commented that “The Philippines is (simply) seeking an explanation for the incident.”⁵ Brushing aside the Philippine complaint, Chinese embassy officials in Manila insisted that China has indisputable sovereignty over the “Nansha Islands” (Spratlys) and their adjacent maritime territory. Despite the Chinese embassy’s defiant response, Philippine President Benigno Aquino III said that he wanted to defuse the tension between the two countries. He announced that an unarmed Philippine Coast Guard patrol craft would be deployed to protect the survey ship conducting oil exploration at the Reed Bank.

This incident—and at least eight others since February 25—underscores the sensitivity of the territorial dispute in the bilateral Philippines–China relationship; highlights broader tensions in the South China Sea, which is claimed in whole or part by China, the Philippines, Vietnam, Malaysia, Brunei, and Taiwan; and starkly points to the continued relevance of the obligations embodied in the 1951 U.S.–Philippines Mutual Defense Treaty. History has arrived sooner than anyone expected. The People’s Republic of China has apparently discarded its brilliant “charm offensive” of the past decade in favor of a more aggressive policy. The series of provocative actions and statements about sovereignty in disputed waters over the past two years

has galvanized the Aquino administration’s interest in its long-delayed plan of shifting the focus of the AFP from internal security to territorial and maritime defense. The U.S. should do everything possible to help the Aquino administration make the change.

The U.S.–Philippines Recent History of Cooperation

Crisis has a way of reminding security partners of their mutual interest and the utility of their commitment. The decade of China’s charm offensive roughly coincided with an era of American relative inattention to the broader Southeast Asian region. Today, China’s aggression in the South China Sea is reminding Filipinos of the utility of the alliance with the U.S. In the U.S., it was 9/11 and the Global War on Terrorism that spurred a new, intense interest in U.S.–Philippine security cooperation. In 2003, the George W. Bush Administration and that of Philippine President Gloria Macapagal Arroyo, building on an extensive review of the AFP reform and capability requirements, formulated two programs vital to bilateral military cooperation: the Philippine Defense Reform (PDR) program, and the AFP’s Capability Upgrade Program (CUP). The former is focused on the software, or reform, in 10 priority areas ranging from defense planning and operational management to capability upgrades to the adoption of information management in the defense organization.

The CUP is a declaration of the AFP’s long-term goal to develop its external defense capability, in consonance with the concept of “retooling the force” as stipulated in the Philippines’ 2001 National Military Strategy.⁶ The program stipulates an 18-year

1. Alastair McIndoe, “Philippines Stirs Waters Off Spratlys,” *McClatchy-Tribune Business News*, March 31, 2011.
2. Jerome Aning and Norman Bordadora, “China Snubs PH Protest,” *The Philippine Daily Inquirer*, March 5, 2011, pp. 1, 11.
3. *Ibid.*, p. 11.
4. Simone Orendain, “Philippines Says China Harassed Oil Exploration Vessel,” *Voice of America News*, March 5, 2011, p. 2. Prior to this incident, British-based Forum Energy—in a joint exploration venture with its Philippine partner Philex Mining—announced its completion of a geographic survey of a potential gas field near the Reed Bank off the western island of Palawan.
5. *Ibid.*, p. 2.
6. Rey Ardo, “The Military Dimension of National Security,” in *Peace and Development: Towards Ending Insurgency*, ed. by Raymond Quilop (Manila: PerfectColor Prints, 2007), p. 16.

defense acquisition and resource management period divided into three phases:⁷

1. First phase (2006–2011)—acquisition and upgrade of equipment for enhancing the AFP's conduct of the internal security operation (ISO);
2. Second phase (2012–2018)—the transition phase from ISO capability-building to territorial defense;
3. Third phase (2019–2024)—acquisition geared for territorial defense and peacekeeping operations.

The CUP, however, is hampered by an onerous procurement process for military hardware. As of 2008, the AFP has been able to acquire only 34 percent of the intended arms acquisition projects under the CUP. The delay in the CUP's implementation is attributed to shifting AFP priorities, the changing guidelines on procurement, the lack of financial resources, and the inappropriate re-organization of the various departments that oversee arms acquisition with the military.⁸ The *2007 AFP Annual Report on the AFP Modernization* candidly admits: "Even with priority given by the national leadership, project implementation still continues in a slow pace... The slow pace of equipment acquisition is mostly the result of the cumbersome procurement process, which starts from Circular Requirements (COR) formulation to contracting phases."⁹

In 2007, President Gloria Arroyo directed the Department of National Defense and the AFP to speed up the procurement of the necessary military hardware for internal security operations. As a result, the defense establishment formulated the Reprioritized Capability Upgrade Program (RCUP). The program details the Philippine government's agenda of expediting the acquisition of defense materiel under the CUP and realigning the procurement process with the AFP's mission.¹⁰ Interestingly, the RCUP states the need for the AFP to consider foreign military sales or government-to-government transaction in the procurement of equipment since this enhanc-

es the efficiency of acquiring the required defense materiel for the CUP.¹¹ The program's immediate goal is to restore at least 70 percent of the Philippine military's critical capabilities in conducting internal security operations; while the long-term goal is to finally realize the overall goal of the AFP modernization program since the 1990s: territorial defense.¹² Even with this revised program, however, the AFP finds itself back at the drawing board when it comes to arms procurement—due specifically to the tedious process of arms acquisition as provided by the Implementation Guidelines of the 1995 Armed Forces of the Philippines Modernization Law (Republic Act 7898) and the perennial lack of financial support from the Philippine Congress.¹³

Plagued by the limited investments in military hardware, the Philippine military saw the U.S. interest in assisting its counterterrorism and counterinsurgency campaigns as nothing less than an answered prayer.

In light of the AFP's ordeal in procuring military hardware for the CUP, the Pentagon provides the Philippine military with essential materiel, such as spare parts for V-150 and V-300 armored fighting vehicles and UH-1 helicopters, assorted rifles and squad machine guns, combat life saver (CLS) kits, communication equipment, ammunition for small arms and artillery pieces, night-vision devices, armored vests, and even training manuals for combat operations. Notwithstanding this long list of material assistance, U.S. security assistance to the AFP is predominantly instructive (trainings, technical knowledge, etc.), consultative, and advisory in nature. It is focused on combating terrorism in particular, and other internal security challenges (insurgencies and crimes) in general. U.S. military assistance to the Philippines has increased from \$10.5 million in 2001 to \$48.2 million in 2007.

7. "Capabilities and Weapons System Division," *The AFP Capability Upgrade Program* (Camp Emilio Aguinaldo, Quezon City, Philippines: Office of Plans and Program, February 28, 2007), p. 2.
8. Raymond Jose G. Quilop, "The Arduous Road Towards Modernization," *Digest: A Forum for Security and Defense Issues* (4th Quarter 2008), p. 2.
9. AFP Capability Development Board, *Annual Accomplishment Report 2007* (Quezon City, Philippines: AFP Capability Development Board, 2008), p. 32.

(U.S. military assistance to the AFP for fiscal year 2011 amounts to \$40 million.)¹⁴

Plagued by the limited investments in military hardware, the Philippine military saw the U.S. interest in assisting its counterterrorism and counterinsurgency campaigns as nothing less than an answered prayer.¹⁵ American military assistance has been deemed more important than the planned modernization program in terms of refurbishing the AFP's materiel needs because shipped American second-hand equipment could be cannibalized for spare parts to address the AFP's pressing logistics requirements. As one Filipino defense analyst readily admits:

EDA (Excess Defense Articles) transfers remain relevant to the conduct of ISO (Internal Security Operations). Tens of thousand of rifles would ensure the fire-power of individual soldier and make up for write-offs due to combat or wear and tear. Countering insurgents and terrorists also requires increased mobility, which to some extent has been enhanced by the provision through EDA of trucks, planes, and helicopters... Moreover, the EDA transfers fit the AFP's development-oriented approach which requires assets useful in operations other than war.¹⁶

The focus on internal security, although effective, has meant prioritizing army material needs over the other services, leaving the other services in critical need of equipment to meet their natural duties in territorial defense.

Southeast Asia's Naval and Airpower Laggard

In the mid-1970s, the Philippines deployed its marines to occupy six atolls in the Spratlys and consolidate its territorial claims over some of these South China Sea islands. In the early 1990s, protecting the Philippine's territorial claim in the Spratly group of islands and suppressing lingering local insurgencies in the main Philippine islands became the AFP's immediate security concern.¹⁷ Philippine defense planning was focused on acquisition of essential naval and aerial materiel to protect the country against external threats and to develop limited power-projection capabilities in the South China Sea. During this period, the AFP drew up an ambitious force modernization program to transform the Philippine military into a conventional armed force comparable to most Southeast Asian militaries.

In 2008, the AFP developed Defense Plan Aguila (Hawk), a unilateral security plan that provides for the defense of the country and its administered territories such as the Kalayaan Island Group (KIG) and Scarborough Shoal in the South China Sea.¹⁸ Anticipating a territorial clash in the Spratly Islands, the plan provides for a vigorous and active AFP response in the form of joint air and naval counterattacks to delay or deter hostile claimant states from penetrating the Philippine-held islands in the South China Sea. It also calls for the AFP units to launch an instant defense against the hypothetical foes' com-

10. AFP Capability Development Board, *Annual Accomplishment Report 2006* (Quezon City, Philippines: AFP Capability Development Board, 2007), p. 25.

11. *Ibid.*, p. 25.

12. *Ibid.*, pp. 24, 25.

13. Quilop, "The Arduous Road Towards Modernization," p. 3.

14. Strategic and Special Studies Division, "Philippine-US Security Relations in the 21st Century," *Digest: Strategic and Special Studies*, Vol. 16, No. 1 (1st Quarter 2011), p. 50.

15. Rosalie Arcala Hall, "Boots on Unstable Ground: Democratic Governance of the Armed Forces Under Post 9/11 U.S.-Philippine Military Relations," *Asia-Pacific Social Science Review*, Vol. 10, No. 2 (2010), p. 32.

16. Joseph Raymond S. Franco, "Military Assistance: Bane or Boon?," *Digest: A Forum for Security and Defense Issues* (2nd and 3rd Quarter 2007), p. 12.

17. Department of National Defense, *The AFP Modernization Program Annual Accomplishment Report 2008* (Quezon City, Philippines: Department of National Defense, 2010), p. 1.

18. Details of the plan were provided to the author during an interview with anonymous middle-ranking AFP officers,

mand and control and communication center and support elements when necessary. It designates the Philippine navy (PN) and PAF as the “first responders” against this hypothetical enemy.

However, the defense plan has one major flaw. Nobody in the AFP believes that the plan is feasible simply because of the deplorable state of the military’s territorial defense capability or, as one analyst puts it, “the lack of it.”¹⁹ The termination of U.S. military assistance in the early 1990s, the AFP’s myopic focus on internal security, and the use of equipment for territorial defense for counterinsurgency have all caused the dramatic degradation of the Philippine military’s conventional capabilities. The *2007 AFP Capability Assessment* succinctly summarizes the PN’s and PAF’s inadequacies:²⁰

- The PN lacks the ships necessary for active maritime patrols over the country’s territorial waters, EEZ (exclusive economic zone), and claims in the South China Sea. It has only 15 patrol vessels capable of operating in these waters.²¹ Furthermore its vessels have neither anti-aircraft capability nor the capability to conduct anti-submarine and mine-sweeping operations.
- The PAF does not have any modern air-defense, surveillance, air-lift and ground attack capabilities. Its current air assets do not have the range to conduct and sustain patrol operations in the country’s EEZ and they simply lack the lethality and survivability in operating over the country’s territorial waters and EEZ. In 2005, the PAF decommissioned its two squadrons of aging F-5s. Now it is simply using trainer planes like the S-211s and piston-engine T-41 B planes to conduct territorial defense missions.²²

Given the dismal state of the PN and PAF, the AFP is essentially a ground force. Current defense

spending is used for counterinsurgency and counterterrorism operations and for the Philippine army’s incremental upgrade since a huge capital outlay is needed to develop the navy and the air force. Considerable resources are required to finance the AFP’s shift from internal security to territorial and maritime defense. Unfortunately, the Philippine Congress is reluctant to allocate the necessary budget for a major military overhaul. The *2007 AFP Capability Assessment* candidly admits that “the AFP’s overall capability to defend the country against external threats in the maritime and air environment remains inadequate. This situation is nowhere more manifest than in the Kalayaan Island Group wherein the AFP is unable to prevent or respond to intrusions into our EEZ or shows our resolve in defending areas we are claiming.”²³

The Call for Territorial Defense

On the heels of the March 2, 2011, Reed Bank incident, the AFP announced that it would soon begin repairs on the deteriorating runway on one of the nine islands it occupies in the Spratlys.²⁴ The AFP also revealed that it will boost its military presence on the country’s western flank near the disputed South China Sea islands. AFP chief-of-staff Major General Eduardo Oban said that Php 8 billion (U.S. \$190 million) will be earmarked for the acquisition of naval and air assets needed to patrol the country’s maritime borders. In a speech during the U.S.–Philippine military joint exercise Balikatan 11 (Shoulder-to-Shoulder) in early April 2011, President Aquino increased this amount to Php 11.9 billion (U.S. \$283 million) for a three-year gestation period for the procurement of new patrol craft, gunboats, and ground radars for the Philippine military. According to Aquino, the money for this weapon acquisition will come from the AFP

Foreign Service Institute, Department of Foreign Affairs, September 17, 2010.

19. Kathleen Mae M. Villamin, “Defending Philippine Territorial Integrity in the 21st Century,” *Digest: A Forum for Security and Defense Issues* (1st and 2nd Quarter 2009), p. 7.

20. Office of Plans and Programs, *AFP’s Capability Assessment*, presented during the National Defense and Security Review Module Priming Session (Camp Emilio Aguinaldo, Quezon City, Philippines: National Defense College of the Philippines, September 3–6, 2007), p. 25.

21. *Ibid.*, p. 8.

22. *Ibid.*

23. Office of Plans and Programs, *AFP’s Capability Assessment*, p. 25.

modernization program allocation (Php 3 billion, or U.S. \$71.2 million), and from the earnings of the Malampaya natural gas extraction wells in Palawan (Php 8 billion or U.S. \$190 million). President Aquino also stressed the importance of the Philippine–U.S. alliance to the AFP’s capability upgrade when he noted: “We’re building up the capability of the Armed Forces in many different ways and you’ll see in the coming months that we’re taking efforts to acquire equipment with the help of our friends in the U.S.”²⁵

The development of a comprehensive Philippine border protection system is hampered by the perennial problem of lack of funds.

Since assuming office in July 2010, President Aquino has vigorously pursued the AFP modernization program in the face of new security challenges. His newly appointed Department of National Defense (DND) Secretary Voltaire Gazmin vowed to fast-track the long-overdue AFP modernization program. He quickly initiated ways to source the resources needed by the ill-equipped Philippine military.²⁶ During the welcome ceremony for the incoming AFP chief-of-staff General Ricardo David, President Aquino reiterated his commitment to the long-overdue AFP modernization plan.²⁷ He ordered DND Secretary Gazmin to ensure that the plan becomes truly the “instrument” to strengthen the country’s military capability. In fact, in his first

state-of-the-nation address in July 2010, he proposed to lease the PN’s idle military reservations to private commercial developers in order to generate \$100 million for the purchase of four new patrol vessels as part of the PN’s fleet modernization program.²⁸

Taking the cue from the new president’s priorities and articulated time frame, a joint DND–AFP task force formulated the AFP Long-Term Capability Development Plan.²⁹ The plan calls for the AFP’s immediate shift from internal security to territorial defense on a three-year timetable (2011–2013). It is also more ambitious in terms of objectives compared to the Arroyo administration’s 2006 Capability Upgrade Program. The Arroyo program projected a transitory stage characterized by a final buildup of its internal security capabilities and an incremental shift toward developing its territorial defense capabilities in 2011.³⁰ It required the PAF to acquire 17 UH-1H transport and six attack helicopters since the military needs new defense materiel for counterinsurgency before shifting into territorial defense. The Aquino administration’s AFP Long-Term Capability Development Program, however, pushes for the *immediate* development of a modest deterrent capability to protect the country’s vast maritime borders and its territorial claim over some islands in the Spratlys. It allots Php 426 billion (U.S. \$10 billion) for a long-term capability upgrade with the lion’s share of the budget going to the PAF and PN instead of the Philippine army. It appropriates nearly Php 200 billion (U.S. \$4.75 billion) for the PAF’s

24. McIndoe, “Philippines Stirs Waters Off Spratlys.”

25. Johana Paola D. Poblete, “Aquino Promises Php11 Billion in Military equipment Upgrade,” *Business World*, April 14, 2011.

26. Jaime Laude and Alexis Romero, “New DND Chief Vows to Fast Track AFP Modernization,” *The Philippine Star*, July 1, 2010.

27. Delon Porcalla, “Noy to AFP: Defend Democracy,” *The Philippine Star*, July 3, 2010.

28. Edith Regalado and Jaime Laude, “Navy Lots for Lease to Business Groups,” *The Philippine Star*, July 29, 2010.

29. Office of the Deputy-Chief-of-Staff for Plans (J-5), *DND-AFP Thrust for Capability Upgrade: The AFP Long-Term Capability Development Plan* (Quezon City, Philippines: Camp Aguinaldo, 2010).

30. Formulated during the Arroyo administration, the 2006 Capability Upgrade Program (CUP) is designed to improve and maximize the AFP’s operational capacity as a military organization. The CUP is a declaration of the AFP’s long-term goal to develop its external defense capability, in consonance with the concept of “retooling the force” as stipulated in the 2001 National Military Strategy. The program stipulates an 18-year defense acquisition and resource management period divided into three phases: a) First phase (2006–2011)—acquisition and upgrade of equipment for enhancing the AFP’s conduct of ISO; b) Second phase (2012–2018)—the transition phase from ISO capability-building to territorial defense; and c) Third phase (2019–2024)—acquisition geared for territorial defense and peacekeeping operations. See Capabilities and Weapons System Division, *The AFP Capability Upgrade Program* (Camp Emilio Aguinaldo, Quezon City, Philippines:

acquisition of multi-role and lead-in fighter planes, surface-attack aircraft, and long-range reconnaissance planes. The PN is expected to receive Php 134 billion. It also envisions the PN obtaining multi-role attack vessels, off-shore patrol craft, and even surface-to-surface and surface-to-air missiles. Specifically, it involves the upgrade of the PN's materiel for "joint maritime surveillance, defense, and interdiction operations in the South China Sea."³¹ Clearly, the AFP Long-Term Capability Plan projects a three-year period "transition from full mission capable ISO (internal security operation) to territorial defense capabilities."³²

Beyond counterinsurgency operations, U.S–Philippine operational ties are underdeveloped.

The need for the AFP to shift from internal security to territorial maritime defense is highlighted as well in the 2010 AFP Internal Peace and Security Plan (ISP)—Oplan Bayanihan (Operational Plan Community Spirit). The plan acknowledges the AFP's lack of capabilities to perform its mandated task of guarding the Philippines' extensive maritime borders and ensuring its security from even the remotest possibility of external aggression.³³ It also provides for a three-year transition period when the Philippine military will move from its single-minded focus on internal security, and develop capabilities for territorial defense necessary to undertake unilateral defensive operations against external armed aggression.³⁴ The government's long-term goal for Philippine territorial defense entails the development of a modest but "comprehensive border pro-

tection program." This program is anchored on the establishment of surveillance, deterrence, and border patrol capabilities of the PAF, the PN, and the Philippine Coast Guard that will extend from Philippine territorial waters to its contiguous and exclusive economic zone (EEZ).³⁵

Nevertheless, the development of a comprehensive border protection system is hampered by the perennial problem of lack of funds. Late in 2010, the PN announced its plan to acquire seven vessels—three patrol craft, three multi-role attack craft, and a landing utility craft—to enable it to conduct patrols in the waters around the Malam-paya natural gas field offshore near Palawan and to conduct relief operations during natural disasters. With 70 percent of the PN's annual budget eaten up by personnel salaries, maintenance, and operating expenses, the planned purchase has been delayed since 2007 due to the unavailability of funds.³⁶ Then AFP chief-of-staff, General Ricardo David, urged the Philippine Congress to allocate funding for a "minimal credible force" to patrol the islands claimed by the Philippines in the South China Sea.³⁷ However, with limited funds from the state coffers, the PN has adopted the government's scheme of public-private partnerships in a desperate effort to raise funds for its ship acquisition program.³⁸ These ventures entail the leasing of the PN's unused military reservations to private companies. AFP officials justified this commercial arrangement believing it will enable the military to procure military equipment without using the annual modernization budget from the Philippine Congress. A Malaysian company recently submitted a proposal for the lease of the PN's 33 hectare property in Fort

Office of Plans and Program, February 28, 2007), p. 2.

31. Office of the Deputy-Chief-of-Staff for Plans (J-5), *DND-AFP Thrust for Capability Upgrade*, p. 8.

32. *Ibid.*, p. 9.

33. AFP General Headquarters, Armed Forces of the Philippines, *Armed Forces of the Philippines Internal Peace and Security Plan* (Quezon City, Philippines: Camp General Aquinaldo, 2010), p. 8.

34. *Ibid.*, p. 13.

35. National Security Council, *National Security Policy 2011–2016* (Quezon City, Philippines: National Security Council, April 2011), p. 39.

36. "Philippine Navy Plans to Acquire Seven Vessels in 2011 to Acquire Capabilities," *BBC Monitoring Asia-Pacific*, December 29, 2011.

37. "Philippines Boosts Spratlys Outposts amid Chinese Assertiveness," *BBC Monitoring Asia-Pacific*, October 10, 2010).

Bonifacio in Metro Manila. Philippine navy officials are still determining the amount of funds to be generated from this business venture.³⁹

21st Century U.S.–Philippine Alliance

Since 2001, U.S. security assistance to the AFP has been primarily instructive, consultative, and advisory in nature. It is focused on combating terrorism in particular, and other internal security challenges (insurgencies and crimes) in general. From 2002 to 2004, Washington provided the AFP a C-130 transport aircraft, two *Point*-class cutters, a *Cyclone*-class special-forces landing craft, 28 UH-1H Huey helicopters, and 30,000 M-16 assault rifles.⁴⁰ To the Philippine military, renewed American military assistance is seen as transitional, but nevertheless important, in sustaining its overall combat capabilities while it waits for a full sustainable modernization.⁴¹ U.S. security assistance has not only improved the AFP's counterterrorism and counterinsurgency capabilities against the Abu Sayyaff Group (ASG) and other insurgent movements qualitatively, but it has also exponentially boosted the Philippine military's capacity for civil–military operations in Mindanao with U.S. funding for humanitarian and reconstruction activities.⁴² Unlike U.S. defense relations with the better equipped and more capable Australian, South Korean, and Japanese armed forces, U.S.–Philippine operational ties, beyond counterinsurgency operations, are underdeveloped. However, these potential security ties, like other American bilateral alliances in the region, are now accentuated by security challenges posed by China's aggressiveness in the waters off the Philippines coast.⁴³

With its booming economy, increasing political self-confidence, and rapid military modern-

ization, China has been asserting its sovereign claims along what it calls its “near seas” to a point that it negates all its diplomatic gains and generates tension between itself and its neighbors. This increasing assertiveness is backed by the People's Liberation Army Navy's (PLAN) growing fleet of Russian-made diesel-electric *Kilo*-class submarines and *Sovremenny*-class destroyers, along with several types of indigenously built destroyers, frigates, and nuclear-powered attack submarines. This year will witness the launch of the PLAN's first aircraft carrier—the *Shi Lang*. This renovated Soviet aircraft carrier will be the largest and grandest ship in the PLAN that presages the rise of a blue water Chinese navy, which has significant implications for the balance of power in the Asia-Pacific region.⁴⁴

China's maritime presence and assertiveness in the South China Sea have caused trepidation within the U.S.–Philippine Mutual Defense Board (MDB), the liaison and consultative body that oversees the Philippine–U.S. defense posture against external threats. During the MDB annual meeting on August 18, 2010, the two countries discussed perennial security issues, such as terrorism, domestic insurgency, and maritime security concerns, as well as potential flashpoints like the long-drawn and contentious territorial dispute in the South China Sea.⁴⁵

The two allies also took steps to develop interoperability between their armed forces, and to enhance the AFP's territorial defense capabilities with tangible U.S. security assistance.⁴⁶ In late January 2011, the first Philippine–U.S. Bilateral Strategic Dialogue was held to affirm the alliance and discuss new areas for cooperation. During this dialogue, Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell told his Filipino counterparts that “the Obama Administration was committed

38. William B. Depasupil, “AFP Eyes Private Partnership,” *McClatchy-Tribune Business News*, April 21, 2011.

39. “Philippine Navy Plans to Acquire Seven Vessels in 2011 to Acquire Capabilities,” p. 2.

40. *Business Monitor International: The Philippine Defense and Security Report Q2 2006* (London: Mermaid House, 2006), p. 25.

41. Franco, “Military Assistance: Bane or Boon,” p. 12.

42. Hall, “Boots on Unstable Ground,” p. 26.

43. Robert Karniol, “Pacific Partners,” *Jane's Defense Weekly*, Vol. 44, No. 17 (August 25, 2007), pp. 20–23.

44. Richard A. Bitzinger and Paul T. Mitchell, “China's New Carrier: Shape of Things to Come?” *RSIS Commentaries 74/2011*, May 6, 2011, p. 1.

45. Interview with mid-level AFP Officers, Foreign Service Institute, Department of Foreign Affairs, September 17, 2010.

to boost[ing] the Philippine military's capacities to patrol its waters as part of a larger goal of keeping Asian sea lanes open."⁴⁷ During a press conference in Washington on February 2, 2011, Campbell reiterated his point when he promised the Philippines "the provision of equipment through excess defense sales, training of elements of their coast guard and navy and deeper consultations at a strategic, political, and military level."⁴⁸ Also in the aftermath of the first bilateral strategic dialogue, the allies agreed to establish working groups to explore cooperation in the rule of law and law enforcement, economics and trade, global diplomatic engagement, and territorial defense and maritime security.⁴⁹

With its booming economy, increasing political self-confidence, and rapid military modernization, China has been asserting its sovereign claims along what it calls its "near seas" to a point that it negates its diplomatic gains and generates tension between itself and its neighbors.

In the midst of the current standoff in the South China Sea between the Philippines and Vietnam on one side and China on other, Secretary of State Hillary Clinton declared that "Washington was determined and committed to support Manila," even if it meant providing "affordable" material and equipment that would assist the Armed Forces of the Philippines "to take the steps necessary to defend themselves."⁵⁰

Current U.S. security assistance includes the transfer of three former U.S. Coast Guard *Hamilton-*

class cutters to the Philippine navy through the Foreign Military Sales credit.⁵¹ One of these cutters is already on its way to Manila, while two more (subject to availability) will be delivered to the PN over the next two years. Once transferred to the Philippines, these cutters will be the largest vessels in its inventory, replacing the PN's vintage World War II submarine chasers still used for patrolling the high seas. Consequently, they will also be the most modern ships in the PN inventory and could be used to protect the country's oil exploration ventures and territorial claims in the South China Sea.⁵² Interestingly, this transfer fits into Manila's plan of enhancing its capability for internal security operations, disaster response, and effective long-range patrol of the country's maritime borders, but not for naval warfare or expeditionary operations.⁵³ "Big-ticket" security assistance from the U.S. is the continuing Coast Watch South (CWS) project in the southern Philippines. This project involves the construction of listening and communication stations along the coast of Mindanao linked to the PAF's aircraft and the PN's patrol craft operating in the Sulu and Sulawesi Seas. This year, the U.S. finished building 11 of 17 planned Coast Watch South radar stations in the Southern Philippines. Once completed, this network of radar and communication installations will allow the Philippine military to keep watch on the South China Sea and monitor maritime movements in the Sulu Sea.

The Role of the Philippine–U.S. Alliance

The Aquino administration's current efforts to shift the AFP's focus from internal security to ter-

46. *Ibid.*

47. Sheldon Simon, "Dismay at Thai–Cambodia Skirmishes," *Comparative Connection*, May 31, 2011, p. 3.

48. *Ibid.*

49. Co-Chair's Statement, "Philippines-United States Bilateral Strategic Dialogue," United States Embassy in Manila, January 27–28, 2011.

50. Bemice Camille V. Bauzon, "U.S. Ready to Arm Philippines," *Tribune Business News*, June 27, 2011. For details on the current diplomatic spat in the South China Sea, see Edward Wong, "Beijing Warns U.S. about South China Sea Disputes," *The New York Times*, June 23, 2011.

51. "PHL Navy to Acquire Largest Ship in Inventory," GMA News, January 23, 2011, at <http://www.gmanews.tv/print/211298> (August 1, 2011).

52. Simon, "Dismay at Thai–Cambodia Skirmishes."

53. P. Ervin A. Manalo, "A Multi-Purpose Vessel for the Philippine Navy: Options and Prospects," *Digest: A Forum for Security and Defense Issues* (4th Quarter 2008), p. 15.

ritorial defense have a very modest strategic objective—the development of a comprehensive border patrol system, not an aggressive naval war-fighting capacity. The PN's and PAF's capabilities for early warning, surveillance, and command, control, and communication are designed for “joint operations” in maritime defense and interdiction operations.⁵⁴ Because of financial constraints, the PN is in the process of acquiring multifunctional vessels that can be used for sea patrol, command, and amphibious operations, not naval war-fighting roles. Thus, it merely complements the naval war-fighting deterrence provided by U.S. forward naval deployment and bilateral alliances in East Asia. As one AFP study admits: “Boosting the maritime capacity of the Philippines to patrol WPS [Western Philippine Sea or South China Sea] and the very substantial water domain of the Philippines will serve to advance more the U.S.'s primacy/leadership in the region and counter-balance China's assertiveness in the contested waters [in the South China Sea].”⁵⁵

The U.S. can assist the AFP's challenging transition from internal security to territorial and maritime defense by:

1. Engaging the Philippine Department of National Defense and the Armed Forces of the Philippines in a thorough and comprehensive assessment of the current state of the Philippine Defense Reform (PDR), Capability Upgrade Program (CUP), and even the Long-Term AFP Capability Development Program. The Pentagon and the Pacific Command with the Department of National Defense/AFP should review the implementation and planned phasing of these three reform initiatives with an eye to meeting Manila's compressed time frame and ever more acute need. The U.S. Congress should authorize a joint U.S.–Philippine committee to assess the extent of the PDR reforms; the level of support given to the CUP stages (specially the transition period from internal security to territorial defense); how prepared the AFP, the DND, the Office of the President, the Philippine Con-

gress, the U.S. Department of Defense, and other U.S. allies are in accelerating the transition from internal security to territorial defense; and what must be done to fully prepare them.

- 2. Redistributing and augmenting U.S. security assistance to achieve an appropriate balance between ISO/Counter-Terrorism to Territorial/Maritime Defense.** Post-9/11 U.S. military assistance to the AFP has been designed to develop doctrines, organization, capability, material, and logistics for counterinsurgency and counterterrorism operations. Programmed U.S. military assistance should be directed for territorial and maritime security with specific focus on the PAF and PN. Projects for military assistance should include purchase of equipment that can be used for both internal and territorial and maritime security, such as a multi-role vessel for the navy that has surveillance and limited anti-surface warfare capability, multi-role aircraft capable of air-to-air (interception) and air-to-surface (ground attack) capability, and radar/communication system for maritime surveillance. The U.S. and the Philippines should work together to fully meet the hardware needs of the Philippines territorial defense on an accelerated timetable. This will also require continuing progress, review, and monitoring on the software side to make sure that the Philippine strategic and operational planning can accommodate and integrate the rapid increase in military hardware.
- 3. Giving the Philippines first priority for available excess defense articles.** The process for acquiring excess defense articles—including the *Hamilton* coast guard cutters that the Philippines hopes to receive over the next two years—is a competitive one. The Philippines—by virtue of its treaty alliance with the U.S. and its major non-NATO ally status—should be given first priority as material becomes available.
- 4. Supporting the AFP's Public-Private Partnership.** The Pentagon and the U.S. Navy can encourage an American, Japanese, or Korean

54. Office of the Deputy-Chief-of-Staff for Plans (J-5), *DND-AFP Thrust for Capability Upgrade*, p. 8.

55. Strategic and Special Studies Division, “Philippine–U.S. Security Relations in the 21st Century,” *Strategic and Special Studies*, Vol. 16, No. 1 (1st Quarter 2011), p. 47.

shipbuilding or repair company to engage the AFP in a joint venture to modernize the Philippine navy's shipyard in Cavite City. This modernized shipyard can then service and repair PN as well as U.S. Navy ships on a commercial basis.

- 5. Exploring the possibility of a broad lend-lease agreement of U.S. excess military hardware for use by the PAF and PN.** With its huge inventory of mothballed frigates, fast-attack craft, fast-patrol craft, long-range reconnaissance planes, and fighter planes, the Pentagon can immediately engage the AFP in a lend-lease arrangement as a stopgap measure to provide the PN and PAF with used platforms and enable the Philippine military to mount a modest territorial and maritime defense. The program can begin by the provision of two missile-armed frigates and a squadron of A-4 Skyhawks or F-16s A or B.
- 6. Encouraging other U.S. allies, such as Japan, South Korea, and Australia to extend military and security assistance to the Philippines.** Washington can form an ad hoc committee of U.S. East Asian allies in Washington to coordinate these countries' military and even economic assistance to the Philippines.

Although a rapid acceleration in the Philippines acquisition and planning process will enable the Philippines to confront an aggressive China in the South China Sea, in the final analysis, the Philippines' territorial defense posture is predicated on U.S. resolve and capability to assert itself as a Pacific nation and to remain the predominant power in the Pacific. This entails the Pentagon, the U.S. Pacific Command (PACOM), and the U.S. Navy undertaking the following measures:

- 1. Increase ship and aircraft visits in the Philippines.** In the first few months of 2010, U.S. Navy ships conducted a total of 63 port visits all over the country, including in the westernmost Philippine island of Palawan that faces the Spratly Archipelago. The U.S. Navy should look into the prospect of increasing the number of ship and plane visits and more joint exercises with the PN and the PAF in the near future. The U.S. Navy can also study the possibility of deploying joint (with the PN) weather monitoring and hospital

ships that can be used in both in the Philippines and the region for weather forecasting and relief operations during natural calamities.

- 2. Develop Cooperative Security Locations (CSLs) in the Philippines.** Since 2005 the Pentagon has established temporary and small forward operating bases (FOBs) in the southern Philippines and has developed potential cooperative security locations (CSLs) in the strategic parts of the country that can be used by American forces in any security crisis in East Asia. CSLs are heavy infrastructure bases located inside an allied country's existing military facilities that can accommodate U.S. forces for training and combat deployments. They can be outfitted with supplies and equipment and linked with large and heavy infrastructure bases in other allied countries. The U.S. Navy and U.S. Air Force can look into the possibility of establishing CSLs in a number of AFP bases, such as Fort Magsaysay, Camp O'Donnell, Crow Valley, and Clark Air Field for the U.S. Air Force, and Sangley Point Naval Base, Cubi Point, and some PN and PAF facilities in the Palawan.
- 3. Explore new areas of cooperation at Subic Freeport.** Consistent with the Philippine constitution and the continued predominant commercial role for the port, there may be new alliance applications for Subic. Among the possibilities: berthing a U.S. carrier on a "places, not bases" basis, joint maritime surveillance and sharing of associated intelligence, home-porting hospital ships for humanitarian purposes, storage of ordinance, and aircraft maintenance. Increased service to U.S. Navy ships could be accommodated by an expansion of U.S. military contractors' presence.
- 4. Reiterate the application of the 1951 Mutual Defense Treaty's security guarantee to Philippine military ships and planes and "public vessels" deployed in the Pacific, to include the South China Sea.** In the face of increasing maritime confrontations in the South China Sea between Philippine and Chinese forces, Washington should be clear with the Chinese that, while the U.S. is indifferent to the legal issues surrounding the Philippine claim on the Kalay-

an Island Group (KIG), its 1951 Mutual Defense Treaty with the Philippines covers “armed forces, public vessels or aircraft in the Pacific” as stipulated clearly in the treaty language and reaffirmed in 1999. Thus, any attack on Philippine sea vessels and planes in the South China Sea will be deemed “dangerous to its [America’s] own peace and safety.”

Conclusion

Recent developments in the South China Sea illustrate the urgent need for the Philippines to shift its focus from internal security to maritime defense. Internal security will continue to be important to the Philippines, as active insurgencies are not yet

securely behind it. But the Philippines can and must find a way to perform both missions adequately. It is in the United States’ interest that it be able to do so. The U.S.–Philippines Mutual Defense Treaty, the Visiting Forces Agreement, deeply embedded consultation mechanisms, and a century of friendship, cooperation, and mutual sacrifice give the U.S. the framework to assist its longtime ally. It need only be fully employed.

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