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PHILIPPINE-U.S. SECURITY RELATIONS

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Summary

In 1999, the Philippines and the United States reached agreements to revive the security relationship, which had declined following the U.S. withdrawal from military bases in 1992. The two governments concluded a Visiting Forces Agreement that will allow U.S. military personnel to enter the Philippines for joint training and other cooperative activities. The two governments also agreed to formulate a new U.S. military support program for the Philippines. The future of the security relationship will be affected by several issues such as the Philippine-China dispute in the South China Sea, the Muslim insurgency in the southern Philippines, and by the degree of effectiveness of the Philippine's own defense buildup program. U.S. policy decisions related to these issues will include the size and scope of a military support program, the role of the South China Sea in the U.S. defense commitment to the Philippines, and the scope of U.S. diplomacy concerning the Philippines' security problems. This report will be updated periodically.

Until 1992, the Philippines and the United States had an intimate security relationship based on a 1947 military bases agreement and a 1952 Mutual Defense Treaty. In the treaty, each party promises to "act to meet the common danger" of an armed attack on the other party "in accordance with its constitutional process." The treaty specifies that an armed attack includes "an armed attack on the metropolitan territory of either of the parties, or on the island territories under its jurisdiction in the Pacific, or on its armed forces, public vessels or aircraft in the Pacific."

The security relationship was frayed in 1991 when the Philippine Senate voted to reject ratification of a new U.S.-Philippines agreement to extend U.S. rights to military bases beyond 1992, the expiration date of the 1947 agreement. As a result, the United States withdrew from its bases by December 1992, including its huge naval base at Subic Bay. The security relationship was damaged further by cuts in U.S. military assistance to the Philippines and by a Philippine Supreme Court ruling in December 1996 that executive orders by President Fidel Ramos to continue provisions of the U.S.-Philippine Status of Forces Agreement (which also expired in 1992) were unconstitutional. The ruling ended the legal status of U.S. military personnel in the Philippines, and the Clinton Administration and the Pentagon responded by ending U.S.-Philippine joint military exercises and barring U.S. military personnel from entering the Philippines.

Visiting Forces Agreement and New Military Support Program

U.S. and Philippine responses to the Supreme Court ruling constituted the first step toward restoring a functioning security relationship. They negotiated a Visiting Forces Agreement (VFA), signed on February 10, 1998. The VFA restored a legal status for U.S. military personnel in the Philippines, including the nature of criminal jurisdiction over American military personnel accused of committing crime—a sensitive issue in negotiating the VFA. The Philippine Senate ratified it on May 27, 1999, by a vote of 18 to 5. The first joint military exercise on Philippine soil was held in January 2000.

A second step came in an agreement to begin a U.S. military support program for the Philippines. Secretary of Defense William Cohen and Philippine Secretary of Defense Orlando Mercado announced on October 3, 2000, “an exchange of defense experts to facilitate, coordinate and assist in meeting the equipment requirements of the AFP” (Armed Forces of the Philippines). This “defense assessment team” is to clarify the equipment needs of the AFP and to “set forth priorities” for an American assistance program.¹ It is scheduled to submit initial findings in October 2000.

Issues in a Renewed Security Relationship

The Philippine-U.S. agreements are within the context of at least three related security issues that will require Manila and Washington to make policy decisions in the course of implementing the VFA and the plan for U.S. military support.

The Form and Scope of Any New U.S. Military Support Program. The Philippines’ main motive for seeking U.S. aid was its confrontation with China in the disputed South China Sea. In 1995, China, which claims the entire South China Sea basin, occupied Mischief Reef in the Philippine-claimed area of the Spratly Islands. Since then, the Philippine navy has confronted the Chinese when it appeared that China was seeking to expand its positions in the disputed area. Incidents have occurred in which the Philippine navy has fired warning shots and has rammed Chinese vessels. The Philippine government thus has sought U.S. assistance to strengthen AFP naval and air capabilities in the South China Sea.

The Philippines, however, has competing defense priorities related to the escalation of hostilities with Muslim insurgents in the southern Philippines in 2000. The insurgents seek independence for the Muslim regions of the Philippines. The heavy fighting on Mindanao against the Moro Islamic Liberation Front and the kidnaping of foreigners by Abu Sayyuf, a smaller Muslim group, appears to have shifted Philippine government priorities away from the South China Sea. By spring 2000, the AFP had deployed over 110,000 troops against the Muslims, 60 percent of total AFP strength.²

These defense priorities contrast with the weaknesses of the AFP and the lack of progress of the Philippine government in implementing a 15 year military modernization

¹ Text of Joint Press Conference of Secretary of Defense Cohen and Secretary of National Defense Mercado, October 3, 2000.

² GMA Television (Manila) report, May 31, 2000.

program, which it announced in 1995. The Philippine Air Force's combat assets consist of ten F-5 fighters over 30 years old. Naval vessels date back to World War II except for three gunboats purchased from Hong Kong in 1997. Logistics capabilities to service equipment is viewed by experts as deficient. The modernization program, estimated to cost \$8.2 billion, stalled after 1997 when President Estrada imposed budget austerity measures, including constraints on defense spending. In 1999, the Philippines spent 52 billion pesos (\$1.27 billion) on defense, 8.8 percent of total expenditures.³

The nature of Philippine defense needs and the uncertainty over the Philippine government's commitment to strengthening the AFP appear to create two apparent options in fashioning a U.S. military aid program. One is a program to create a specific naval and air force structure that would give the AFP the capability to carry out defined military missions in the South China Sea. Senator Rodolfo Biazon, Chairman of the Philippine Congress' Committee on National Defense and Security and a respected former Marine General, has recommended this kind of program.⁴ Such a program would be analogous, in a smaller scale, to the U.S.-Japan defense program of the 1980s under which Japan undertook specific anti-Soviet naval and air missions in a geographically defined region in the Northwest Pacific and developed a force structure featuring agreed-upon types of weapons and equipment. Military missions likely would include intelligence gathering and surveillance; moving troops (Philippine Marines) to occupy islands and atolls; mounting a credible show of force at a particular time and place if it appeared that the Chinese were about to occupy another position; and successfully engaging the Chinese navy and air force if China resorted to military force.

Several types of U.S. weapons would be important in building up AFP capabilities to perform such missions: surveillance, strike, and transport aircraft; fast attack patrol naval craft; frigates armed with surface to surface and surface to air missiles; amphibious landing craft; and long range troop carrying helicopters. Such a force would not necessarily have to be large, given the limited number of islands and atolls in dispute and limits on China's ability to deploy military forces hundreds of miles from the Chinese mainland. Nevertheless, it would have to be well armed, well trained, with an effective logistics component. Because of the AFP's deficiencies in all these areas, the United States undoubtedly would have to assist in training for operations and logistics.

The second apparent option is a broader program aimed at a general improvement in all services of the AFP. Such a program would give more emphasis to supplying the Philippine army, the largest of the AFP's services. The program would be orientated more towards the war with Muslim insurgents. U.S. priorities to assist the Philippine army no doubt would include transportation aircraft, troop carrying helicopters, naval supply vessels, armored personnel carriers, infantry weapons, ammunition, and medical equipment. According to informed sources, the AFP is pressing the United States to provide such support. Secretary of Defense William Cohen stated on his trip to the

³ The Philippines. Foreign Military Markets: Asia, Australia, and Pacific Rim, April 2000. Simon, Sheldon. Asian Armed Forces: Internal Tasks and Capabilities. Seattle, The National Bureau of Asian Research, 2000. P. 20-22.

⁴ Manila Urged to Use US Aid Against PRC, Not Insurgents. Philippine Star (internet version), March 14, 2000.

Philippines in September 2000 that the United States could assist the AFP to develop counter-terrorism units.⁵

Unlike option one, the program would not seek to create a new, distinct force structure with the exception of counter-terrorism units. Decisions would be more on an on-going basis depending on the nature of the fighting on Mindanao and the needs of the Philippine army. This program, too, would appear to require a direct role for U.S. military personnel in training and logistics. Knowledgeable U.S. sources emphasized the need of this kind of U.S. role in developing an AFP capability to service and maintain equipment.

The effectiveness of any U.S. military support program will depend on the commitment of the Philippine government and the AFP to support it. According to U.S. officials, the Philippines would have to buy U.S. military equipment either on a commercial basis or on a credit basis through the U.S. foreign military sales program. This would entail a major financial expenditure for the Philippines. Other experts assert that the Philippines could take much greater advantage of the U.S. Excess Defense Articles program and acquire U.S. weaponry, including fighter aircraft and patrol boats and frigates, at no cost or at a depreciated price.⁶ Regardless of the form of acquisition, sizeable Philippine government funds also would be required for training, logistics and maintenance of acquired weaponry, infrastructure, and possibly new military bases. The AFP would need to commit high level, competent officers to administer the program. Philippine priorities and ideas concerning the type of program would be important to dispel perceptions within Filipino political elites that the program was U.S.-imposed. Philippine congressional support for the program would be essential.

The U.S. Defense Commitment. The renewal of the security relationship has raised anew questions concerning the U.S. defense commitment to the Philippines and the U.S. military role in the Philippines. There has been much discussion over whether the 1952 Mutual Defense Treaty (MDT) covers the positions in the South China Sea in dispute between the Philippines and China (Spratly Islands and Scarborough Shoal). Successive U.S. administrations have stated that Article IV of the MDT, calling for responses to an armed attack on either of the signatories, does not cover the Spratly Islands;⁷ but U.S. statements are more vague regarding Scarborough Shoal. U.S. officials, however, have stated that the United States opposes any country taking unilateral actions to assert territorial claims and that the United States would consult with the Philippines “on what action to take” if Philippines military forces in the Spratlys were attacked.⁸ Article III of the MDT provides for consultations if either signatory is threatened by armed attack. Philippine government statements have indicated an acceptance of the U.S. position but

⁵ News Briefing by Secretary of Defense William Cohen, September 14, 2000.

⁶ U.S. Congressional Research Service. Excess Defense Articles: Grants and Sales to Allies and Friendly Countries. By Richard F. Grimmett. CRS Report RS20428. January 10, 2000. P. 4-5. Statistics since 1995 show that the Philippines is not among the numerous countries that have made significant acquisitions of U.S. weaponry under the Excess Defense Articles program.

⁷ Pablo, Carlito. Cohen Says US Defending RP Not Automatic. *Philippine Daily Inquirer*, August 4, 1998. P. 1.

⁸ Ibid. Joint Press Conference of Secretary of Defense Cohen and Secretary of National Defense Mercado, October 3, 1999.

also that the Philippines might invoke the MDT in case of a Chinese attack in the South China Sea in order to activate Article III regarding consultations.⁹

Statements regarding the defense commitment and U.S. military activities in or near the South China Sea also appear aimed at deterring Chinese aggressiveness. The first U.S.-Philippine military exercise after Philippine ratification of the VFA took place on Palawan, a main Philippine island near the disputed area in the Spratlys. Admiral Joseph Prueher, Commander of U.S. Pacific Forces, stated in February 1999 that the U.S. navy would make “a little bigger show of our presence there [South China Sea] than we have in the past.”¹⁰ At that time, U.S. military intelligence officials began to disclose publicly details of Chinese military activities in the South China Sea and provided this information to the Philippine government.¹¹ The Palawan exercise and these other U.S. activities have drawn Chinese attention. Chinese officials criticized the Palawan exercise, and they have warned Southeast Asian countries against strengthening military cooperation with the United States.¹²

The MDT does not cover insurrection within the Philippines. However, longstanding U.S. policy supports the territorial integrity of the Philippines, and past U.S. military aid has been used against Filipino communist and Muslim insurgents. Current U.S. policy opposes worldwide Islamic terrorist groups; Philippine military intelligence claims that such groups are supporting the MILF and Abu Sayuyuf. A more direct U.S. role in the southern Philippines thus appears possible even if the intention is to avoid it. A U.S. military support program that assists the AFP in the South would heighten the danger of Muslim terrorist attacks against American targets in the Philippines, pointed up in August 2000 by the kidnaping of an American by Abu Sayyuf. Attacks against Americans, in turn, could raise debate and issues in Washington regarding a more direct U.S. military involvement.

U.S. Diplomacy. A renewed security relationship also raises the policy issue of the role of U.S. diplomacy in the South China Sea dispute. The Clinton Administration did not give the South China Sea a priority in U.S. diplomacy until 1999. The Administration stressed only the right of free navigation. It did not raise this issue extensively in the U.S. bilateral dialogue with China. Moreover, it did not get involved in the negotiations since 1995 over concluding a code of conduct for the contesting countries in the South China Sea. Those negotiations, within the Association of Southeast Asian Nations (ASEAN) and between ASEAN and China, have focused on the types and scope of aggressive behavior that a code of conduct would prohibit. The Philippines has pressed its ASEAN partners

⁹ Atienza, Derick. U.S. Defense of Philippines Could Apply to Spratlys. Kyodo News Agency (Japan) report, June 4, 1999. Estrada: U.S. Defense Pact Does Not Cover Spratlys. *Philippine Daily Inquirer* (internet version), February 14, 1999.

¹⁰ Halloran, Richard. Reading Beijing. *Far Eastern Economic Review*, February 25, 1999. P. 28.

¹¹ Gertz, Bill. China Makes Upgrades to Island Base. *Washington Times*, February 11, 1999. P. A1. Manila Reports on More PRC Military Buildup in Spratlys. *Philippine Star* (internet version), April 16, 1999.

¹² Khumrunroj, Sa Nguan. PRC Official Warns ASEAN Against Boosting US Military Ties. *The Nation* (Bangkok, internet version), March 15, 2000.

since 1998 to draft a code of conduct that would prohibit any claimant from seizing additional islands and atolls.

At the meeting of the ASEAN Regional Forum (ARF) in July 1999, U.S. Secretary of State Madeleine Albright did not endorse a code of conduct (in contrast to the Australian Foreign Minister, who argued for one), but she did warn that “we cannot simply sit on the sidelines and watch” if a cycle were “to emerge in which each incident leads to another with potentially greater risks and graver consequences.”¹³

Diplomacy over a code of conduct faces two challenges. One is whether the ten members of ASEAN can present a unified proposal as tough as proposed by the Philippines. The second is whether China would accept such a code of conduct that specifically prohibited seizures of islands and atolls. It is argued among U.S. experts on Southeast Asia that a more assertive U.S. diplomacy would bolster ASEAN in its dealings with China. The Philippines favors a more assertive U.S. diplomacy. Other experts believe that ASEAN is too fragmented to be effective, and they warn against the United States making the South China Sea a contentious issue in U.S.-China relations.¹⁴

A failure of the code of conduct initiative could have serious implications for U.S.-Philippine security relations. In 1999, Malaysia, another claimant and ASEAN member, occupied two islands in the Spratlys. This intensified debate within the Philippine government over whether the AFP should occupy key positions in the Philippine-claimed area in the Spratlys. The Philippine Defense Ministry has proposed such action; but the Foreign Ministry opposes it, arguing that diplomacy should be given a further opportunity.¹⁵ A collapse of the code of conduct initiative could tilt the debate in favor of the Defense Ministry. A move by the AFP to occupy positions in the Spratlys would create new issues and decisions for the United States in terms of the degree of U.S. security support for Manila. A collapse of the code of conduct initiative also could produce a chain reaction in which all the claimants moved to occupy islands and atolls. Either a singular Philippine reaction or a chain reaction could escalate the danger of military clashes in the South China Sea.

¹³ Kyodo News Agency report, July 26, 1999. Pathan, Don. US Urges ARF to Ease Military Tension in South China Sea. *The Nation*, July 27, 1999. P. 1.

¹⁴ McDevitt, Michael. China and the South China Sea: A Conference Summary Report. *PacNet*, April 16, 1999.

¹⁵ Espina, Rene. Foreign Policy Reviewed. *Manila Bulletin* (internet version), June 27, 1999. Tiglao, Rigoberto. Seaside Boom. *Far Eastern Economic Review*, July 8, 1999. P. 14.