

In Defense of the Philippines: Assessing the Factors Affecting the Country's External Defense Environment

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Introduction

This paper attempts to provide an assessment of the factors that combine to create the external security environment of the Philippines, a response to which requires the involvement of military force. The data presented in this report can be useful in determining the defense requirements of the Philippines. Publicly available documents, particularly the New AFP Modernization law, are examined to determine how the defense environment of the country is appreciated and how this influences decisions for defense planning.

Historical Overview

The Philippine geo-strategic environment has both persisted and changed since the country gained political independence in 1946. The end of the Second World War saw the emergence of an international order dominated by the superpower

rivalry of the United States and the Soviet Union. At the same time, political independence did not put an end to the country's defense relationship with the former as it entered into a number of defense arrangements with the United States. This relationship could be seen as influencing the appreciation of the Philippines of its strategic environment with its emphasis on the growing threat of communism.

During the Cold War era, the country's political leaders enlisted the Philippines in anti-communist groupings, such as the PATO (President Diosdado Macapagal's Pacific Alliance Treaty Organization) and the SEATO (Southeast Asia Treaty Organization). Post-colonial relations embroiled the country in competing assertions of sovereignty due to historical factors that had been suppressed by colonial interests. These included a claim to sovereignty over Sabah, made during the Macapagal administration, and the assertive geo-strategic posturing in the 1970s following Tomas Cloma's purported decision to "cede" Freedomland to the Philippine government. These claims, while becoming a part of the strategic calculations of the Philippines, remained secondary considerations in an environment dominated by the concern over global communism and its domestic agents throughout the Cold War era.

The end of the Cold War led to a change in that strategic appreciation as trade and economic concerns figured more prominently than ideology, and triggered the paradoxically cooperative yet competitive "gold war." In 2002 the Arroyo Administration renewed the Philippines' partnership with the United States via the "global war on terror" and the "coalition of the willing." Philippine participation in the US-led consortium spun a mix of complex outcomes, from the US involvement in Philippine anti-terrorist campaigns to the imbroglio arising from the Angelo dela Cruz hostage-taking. It also led to a continuing re-examination of whether aligning with American global interests enhances or undermines Philippine national interests.

Philippine defense capability has declined over the years. The AFP's inability to move personnel and materiel rapidly to the areas affected by Typhoon Yolanda in no small way contributed to the misery experienced by those whose lives were devastated in the typhoon's aftermath. It is enough to make one wonder about what could happen when facing an outright aggressor. The range of military options at the beck and call of the country in conditions where military force is or might be

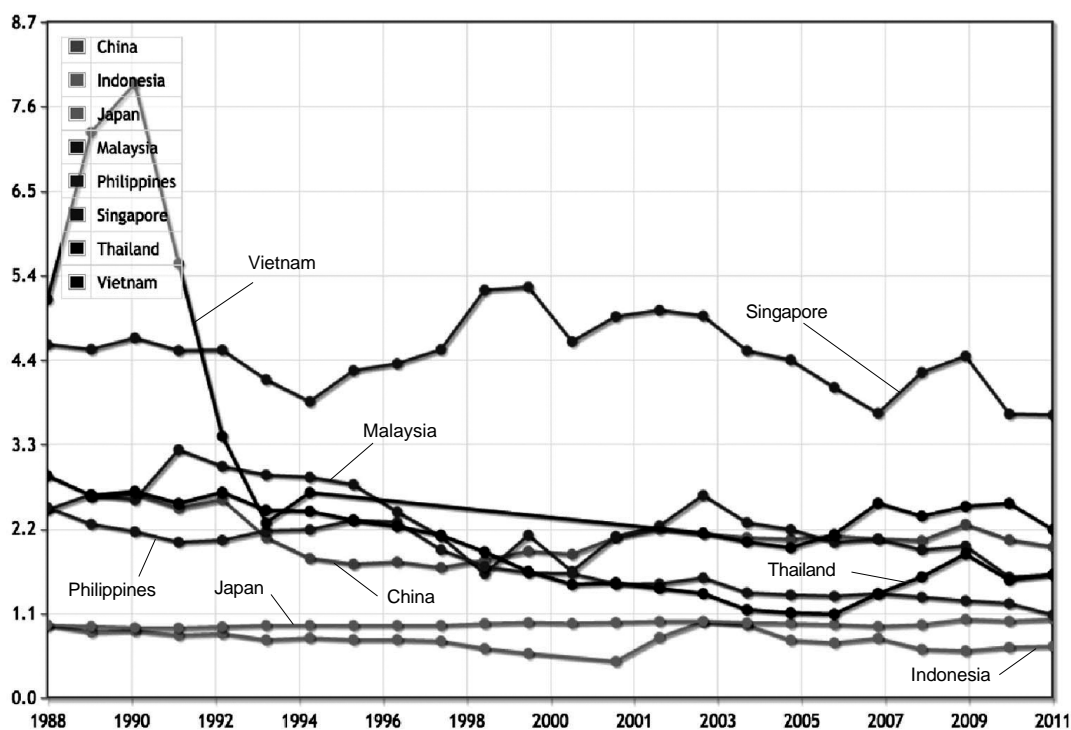


Figure 1: Comparative military expenditures as percent of GDP (select countries), 1988-2011.¹

Source: *Index Mundi*.

necessary in responding to a challenge is extremely limited. There are a number of reasons given for this current state of affairs.

First is the argument that the country, as a developing nation, has had to concentrate on state formation in the period following independence necessitating a focus on the consolidation of power against internal challenges. Defense had effectively become nothing more than a matter of extended and extensive police action.² Rico T. Jose argued that in the aftermath of the Second World War much of the war materiel transferred by the US to the Philippines was suitable mainly for internal security and certainly less powerful than those received by China and Japan.³ The continuing focus of AFP warfighting capability on anti-insurgency is arguably largely a by-product of this tradition.

Second, it has also been argued that this focus on internal security was buttressed by the security umbrella provided by the United States of America based on the Mutual Defense Treaty of 1951 and anchored on the presence of US military bases. The resulting security dependence made it less urgent to develop an independent external defense capability. And yet it was precisely after US forces left their bases in the Philippines that the external defense capability of the AFP atrophied to the point of near helplessness. In 1995 the country sent six aging fighter jets to Palawan in response to the discovery of Chinese structures on Mischief Reef. This constituted half of the entire intercept capability of the Philippine Air Force at that time. In 2005 the last of these jets were demobilized for lack of spare parts and sheer obsolescence.

A third and more important case can be made for the fact that there has never been any clear assessment of the defense needs of the country principally because of the lack of any *political* consensus on what strategic concerns the country must respond to or how to strategically think out the external defense situation of the country. This is not mutually exclusive with the two factors cited above and may in fact supplement them. The overall effect, however, is that defense decisions (particularly equipment purchases) have been largely reactive and opportunistic in nature, responding principally to perceived immediate threats—not necessarily to the country but certainly to the existing political order—and the availability of relatively inexpensive weapons systems (mostly from the United States). Thus military expenditures have never been a great priority in the country's public spending. The Philippines has consistently allocated one of the smallest share of GDP to defense expenditures among the countries in the region (see figure 1). Even analyses of the corruption associated with attempts at defense modernization also point to the lack of any strategic basis for deciding on the acquisition of weapons systems.⁴ The process of defense planning and weapons systems acquisition should consider a fundamental reassessment of what the Armed Forces of the Philippines is supposed to protect.

Modernizing the AFP: Doing It Right⁵

The AFP Modernization Act was passed in 1995. This was four years after the Philippine Senate voted not to ratify an extension of the Military Bases Agreement between the Philippines and the United States. It was also the year when Chinese structures were built on top of Mischief Reef. The guiding policy was the development of an armed forces that would allow it to “effectively and fully perform its constitutional mandate to uphold the sovereignty and preserve the patrimony of the Republic of the Philippines.” Perhaps its most important section dealing with the force structure development of the Armed Forces can be found in Section 5, which is entitled “Development of AFP Capabilities.” In this section, the Philippine Navy and Philippine Air Force are given the primary responsibility for protecting the country from external threats. Thus they are tasked with the development of capabilities that would allow them to patrol and monitor those maritime domains that adjoin Philippine territory and to take action against cases of illegal intrusion and passage. The Modernization Act provided for a fifteen-year program that was supposed to be financed by a separate budget item from those that were regularly appropriated for the operations of the AFP. This was to be sourced, among others, from the sale and lease of military reservations and camps. This was the first multi-year program for national defense that had been put into place since the martial law regime. Yet very little had been accomplished by the time the program was supposed to have been completed in 2010. The program bogged down for a number of reasons, including corruption, the complexity of the procurement system, the weakness of civilian oversight, and the lack of strategic planning. As far as the AFP itself was concerned, its capacity for external defense further declined as equipment and weapons systems aged and were poorly maintained.

In 1998 then-Secretary of National Defense Orlando Mercado asked for an assessment of the defense relationship between the Philippines and the United States. This was accomplished through the Joint Defense Assessment (JDA) conducted by both countries through the Joint Defense Board. A key feature of this assessment was a determination of Philippine defense needs, and a key result was the Philippine Defense Review (PDR), arguably the most comprehensive assessment of the Philippine defense situation. The Department of National Defense put

together an outline for the implementation of reform policies in a *PDR Strategic Road Map* (see Figure 2).

The *PDR Roadmap* outlines the response to the findings of the JDA. A handbook on the PDR noted that the JDA had come to the conclusion in 2003 that

the AFP's capability to execute its missions was rated as generally Minus (-) Partial Mission Capable, a vital indicator of the critical condition of the Philippine military's capability to perform its various mandates. Failure to effectively carry out AFP missions was largely attributed to systemic deficiencies found within the defense and military establishment. Generally, due to systemic gaps in policy planning and development, personnel management and leadership, budgeting and resource management, and defense acquisition, the AFP has found it difficult to sustain efforts that will finally resolve threats to national security. Ad hoc decision making by military leaders failed to maximize scarce resources, and exacerbated the inability to implement complex plans and complicated operations.⁶

The problem is systemic and should be addressed systemically, which is what the PDR is all about. The difficulties associated with this systemic transformation can only be emphasized by the fact that the scheduled completion of the program was 2011. The face off at Scarborough Shoal happened in 2012. Even as the escalation of the situation was rightfully being avoided, a stronger, more capable, and responsive AFP would have given the country more "bark and bite" in that situation.

The PDR has brought out a much-needed appraisal of what needs to be done in terms of the support systems for the upgrade of AFP capability. What needs to follow is a more direct appraisal of the kinds of capabilities that the AFP needs to develop in order to perform its mandated function. A policy to guide operational decisions, including the modernization of the AFP, was needed.

A year from its assumption of office, the Aquino administration released the National Security Policy 2011-2016 (NSP), a landmark document that filled a persistent void in Philippine national security leadership. In his introduction, President Simeon Benigno Aquino III asserted that the NSP is meant "to provide the overarching framework that shall promote the people's welfare and for the

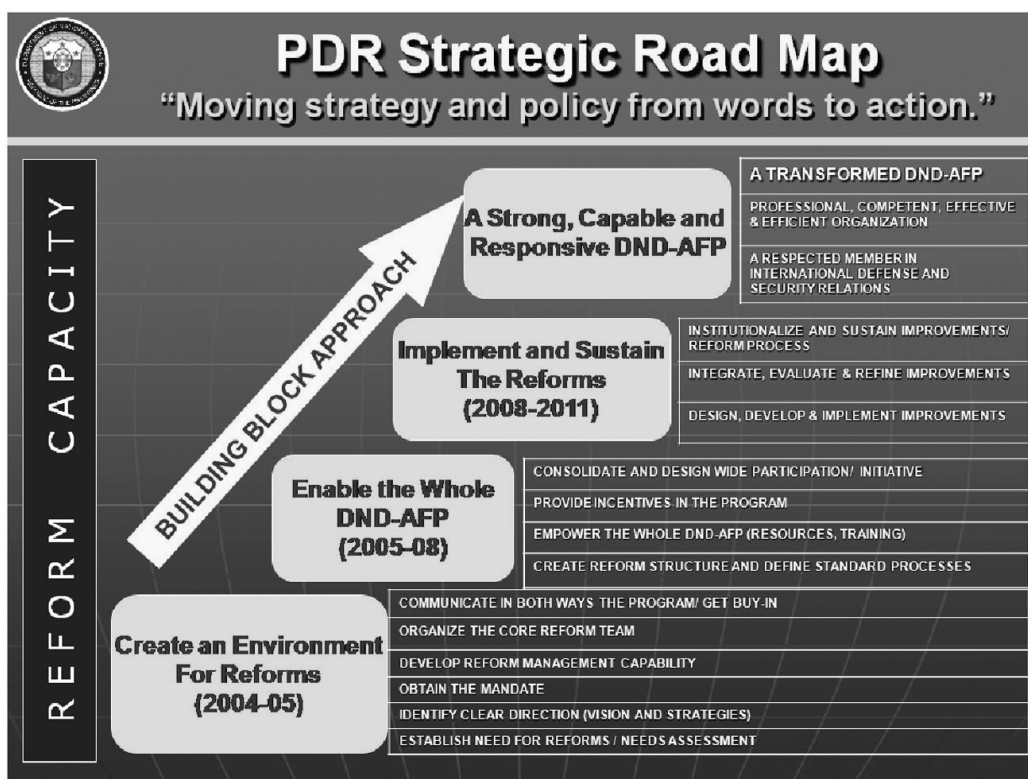


Figure 2: PDR Strategic Road Map

Source: Department of National Defense. The Philippine defense reform program.

posterity of our nation.”⁷ Its preambular segment, however, intimates an apparent slip in the NSP itself as it propounded that it is

a statement of principles that should guide national decision-making and determine courses of action to be taken in order to attain the state or condition wherein the national interests, the well-being of our people and institutions,⁸ and our sovereignty and territorial integrity are protected and enhanced.

Yet, two paragraphs afterwards, the same document underscores the postulate that the

formulation of the National Security Policy is a task that is reposed in the President. As Head-of-State, Head-of-Government, and Commander-in-Chief of the Armed Forces of the Philippines, the President is primarily responsible for the management of our national security and the decision making attendant thereto.⁹

The disconnect is that the NSP is supposed to be the President's distillation of national security priorities being the principal of the state, and yet it belabors the point that the NSP should guide national decision making on matters relating to national security. Setting aside this tautological or semantic oversight, the NSP remains seminally important. But then, three years since its issuance and more than halfway through the term of the Aquino administration, no successor or supplemental national security guidance has been released.

A national security policy platform announced at the start of a term is no full-proof, all-weather guard to the vicissitudes of the international and domestic environs. An overarching framework, or statement of principles as the NSP maintains, may not necessarily change overnight. However, "the environmental scan ... (which) contains threats and challenges that became the basis of the National Security Policy"¹⁰ requires review and adjustments. It is imperative to continually assess the policy in relation to obtaining conditions. Process-wise, the making and review of the NSP must solicit inputs from the broad spectrum of stakeholders in the polity.

Since the NSP was issued, "new normal" complexities have taken place in the country's political and security environments. At the home front, Chief Justice Renato Corona was unseated; Typhoons Sendong and Pablo pummeled Mindanao and Typhoon Yolanda ravaged the Visayas; affiliates of Nur Misuari attempted to seize Zamboanga City; the Kirams reignited the Sabah issue; a massive quake shattered Bohol; the PDAF and DAP controversies erupted and continue to beleaguer the administration; the Mindanao peace process pressed on with guarded optimism; and questions persist on government competence, corruption, and political will.

Perhaps of greater significance to the defense situation of the country is the unprecedented turbulence that has marked the international environment. Great power dynamics has re-emerged as a defining frame of regional security with the US re-balancing strategy and China further reinforcing its major power status. Further

emphasizing the end of the post-Cold War optimism of an increasingly more peaceful international system were the crises created by and emerging from the Arab Spring; WikiLeaks and Snowden openly yet separately challenging the convention on classified information, while raising privacy concerns; Russia annexing Crimea; Syria plunging into civil war; and ISIS emerging and supplanting al-Qaeda and clearly establishing that the US Global War on Terror did not end with the death of Osama Bin Laden.

In light of these developments—be they continuities, changes, or composites—national security demands a continuing re-assessment of the external and internal threats to the country. The US issues periodic national security and defense reviews (national security guidance, national intelligence estimates, and quadrennial defense reviews). Australia also regularly publishes and updates its national security strategy and defense white paper. Japan has released a succession of national security policy and strategy documents, including its national defense program guidelines. The Philippines should adopt a similar practice.

In much the same way that the AFP Modernization Act was passed in the aftermath of the Mischief Reef situation, an amendment to it was passed on September 19, 2012, following the Scarborough Shoal case. Republic Act 10349 is intended to give a new impetus to the bogged down Modernization Law and allocated new funding, as well as additional guidelines to the modernization of the AFP. The amendment gave the Modernization Program an additional 15 years of life.

In the interim, the DND has adopted a “minimum credible defense posture”¹¹ as a conceptual guide to the development of the country’s military capability.¹² This was explained by DND spokesman, Dr. Peter Paul Galvez, as the “establishment of an effective force present inside the Philippines and its exclusive economic zone with exhibited competence to defend the country and protect its national interests if the need arises.”¹³ Towards this end, the government acquired two reconditioned US Coast Guard-decommissioned Hamilton-class cutters, named BRP Gregorio del Pilar and Ramon Alcaraz, for PHP450 million. It also acquired new attack helicopters and is set to buy 12 FA-50 fighter jets from South Korea.¹⁴ For the Philippine Coast Guard, it expects 10 brand new and multi-role patrol boats from Japan financed by a US\$184 million soft loan from the Japan International Cooperation Agency (JICA).¹⁵

These acquisitions, however useful they may be in the short term, need to be seen in the context of the country's overall defense needs. Again, this requires an assessment of the strategic situation faced by the Philippines. Doing it right is about going back to basics.

The Geographic Context of the Philippines

The Philippines stands out as one of the major archipelagic states in the world. It is subdivided along major island groups: Luzon, Visayas, and Mindanao. The archipelago consists of an estimated 7,107 islands covering some 300 thousand square kilometers of land area.¹⁷ Eleven of the largest islands cover about 94 percent of the total land area. It is bordered on the north by the Bashi Channel, and on the south by the Celebes Sea. It resembles an elevated block bounded by the South China Sea on the west, and by the Pacific Ocean on the east. The Philippine coastline, spanning about 36,289 kilometers, is reputedly one of the longest in the world.¹⁸ No less than 80 percent of the country's 81 provinces have coastal features. More than half of the municipalities in the country are along the coast. An estimated 60 percent of the population lives in the coastal areas.¹⁹

The country's insularity translates into limited exposure to land boundary disputes with neighbors. This, however, has not spared the Philippines from disputes arising from historical, legal, or maritime claims. Conversely, the archipelagic nature of the country exposes the Philippines to the complexities of exercising sovereignty and sovereign rights vis-à-vis its neighbors. On one hand, the waters surrounding the country provide a buffer, a safe distance separating it from a potential aggressor. On the other hand, waters north, west, and south of the country comprise vulnerable points against poachers, traffickers, smugglers, illegal aliens, and adventurous neighbors. Once breached, these connect with interisland waters that allow easy access to the interior. Thus the Philippines faces a great challenge in securing the extensive coastline and maritime zones from anyone who might exploit the permeability of the archipelago.

Historically, the security of the country and its vulnerabilities has been a function of these geographic realities. Without making an argument for geographical

determinism and permanency of geographic conditions, it is nonetheless a basic consideration that has to be included in any calculation on how to defend the country from external exigencies. The need to respond to the fact of our country's archipelagic nature can be gleaned from the National Defense Act (No. 1) of then President Manuel L. Quezon who advanced the theory that, due to the insularity of the Philippines, the logical defense system to be stressed was a strong navy. The issue of economic calculations that rationalizes the policy of not putting too much emphasis on external defense was even then a major factor in the defense considerations of the country. Quezon emphasized the fact that a strong navy would be too expensive—that we could not afford it economically. He maintained further what proved to be false hope that foregoing the establishment of a strong navy would convince the country's neighbors that we had no intention to invade them.²⁰ And yet, as with most archipelagos, the emphasis on maritime security goes hand in hand with the need to respond to exigencies in different parts of the country, and shift forces where needed in a swift and timely fashion. The case of Typhoon Yolanda and other similar natural disasters highlight the fact that the Philippines lacks even this basic requirement.²¹ By and large the concerns emanating from the Philippines' geo-strategic context has persisted in a number of ways.

The Philippines at the Center of Heavy Traffic: Geography and Economics

The archipelago is sustained as a single geographic and political unit largely through maritime trade. Domestic trade necessarily requires transport through the inter-island waters. Inter-island trade links the disparate island economies by allowing unfettered access to diverse people, goods, and services. Commerce flows mainly through a network of larger ports in the major metropolitan areas (such as Manila, Cebu, and Davao) connected to smaller city and municipal ports spread out across the country (see figure 3). About 98 percent of domestic trade, comprising 80 million tons of cargo every year, travels through inter-island shipping routes between these ports. On a day to day context, inter-island and international trade activities highlight this issue further.

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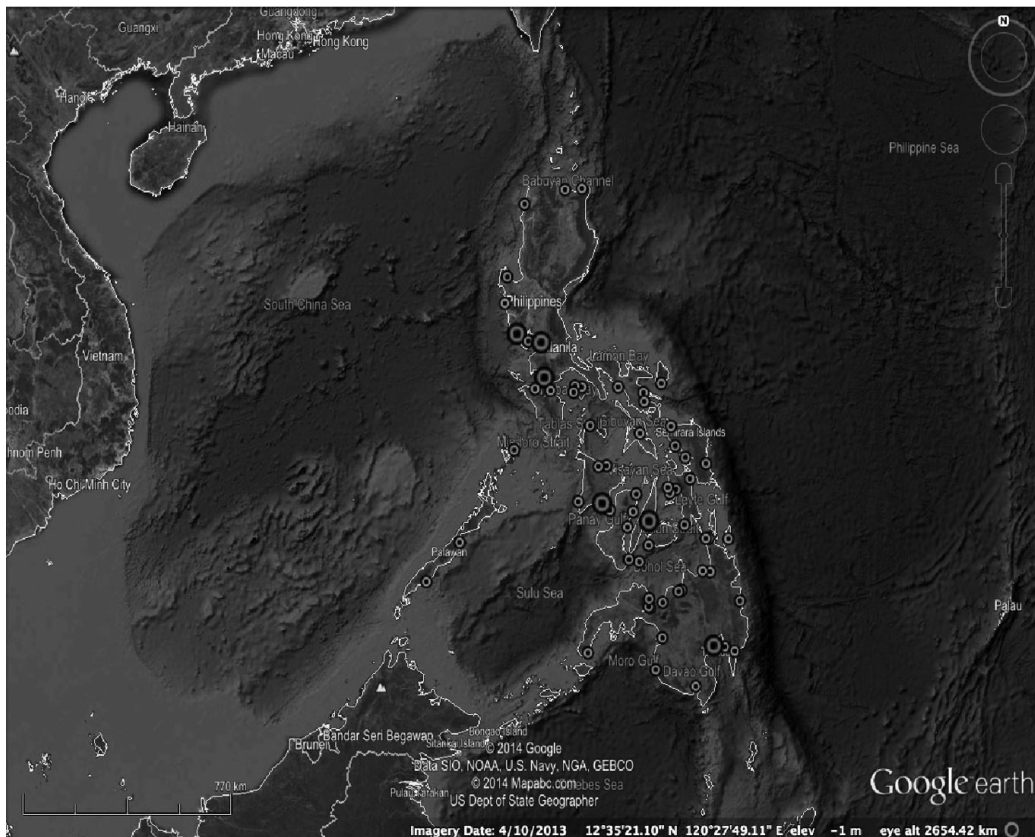


Figure 3: Map of the Philippine port system, with the largest ports of Manila, Subic, Batangas, Iloilo, Cebu, and Davao indicated among the many smaller regional and city ports.

The Philippines relies greatly on international trade as it is located astride strategic waterways traditionally used for international navigation since ancient times. Over 60 percent of the world's maritime trade passes through or along Philippine waters,²³ primarily through East-West routes between the South China Sea and the Pacific Ocean, and North-South routes that connect Northeast Asia to Southeast Asia and Oceania (see figure 4). The routes traversing the South China Sea have long been known to represent vital energy trade flows, carrying petroleum from the Middle East to East Asia and the Americas. Some of these international routes converge or intersect with domestic navigation routes within the archipelago.

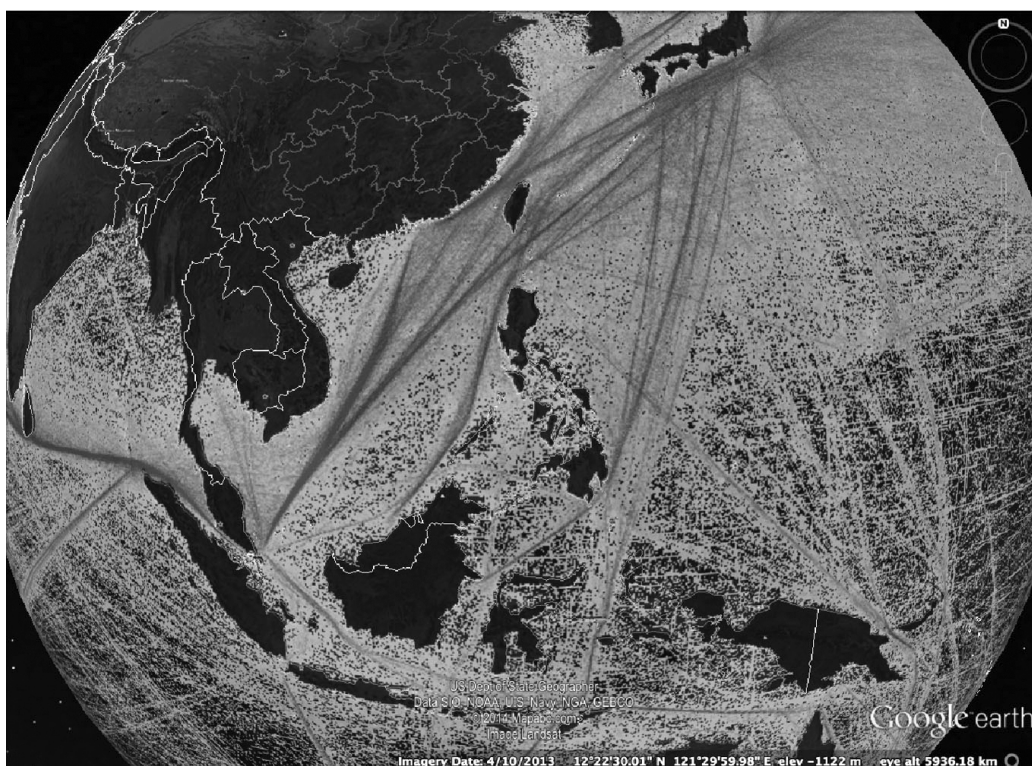


Figure 4: Maritime traffic around the Philippines and within the surrounding region, with the most frequently used routes in red.

Similarly, air traffic through and around the Philippines is dense, though mainly due to the country's own needs for airways. The major airports in Manila, Cebu, and Davao carry the bulk of the passenger trade, but the opening of smaller international airports as part of tourism promotion has also begun absorbing a higher proportion of domestic air travellers. International routes connecting with destinations on the Asian continent traverse the airspace mainly on the western and northern side of the country (figure 5). The Philippines currently has limited open skies agreements with two ASEAN countries (Vietnam and Thailand) and two non-ASEAN countries (China and the US). The latter two, however, are not reciprocally beneficial: while China and the US have unlimited access to Philippine airports, China restricts Chinese airspace, and the US allows unlimited Philippine access to only five US airports.²³

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Figure 5: Air traffic routes connecting the major destinations in the Philippines and surrounding region.

International Trade

As a member of ASEAN, the Philippines is included in the ASEAN-China free trade area established by agreement in November 2002. This was the culmination of a decade of ASEAN and Chinese economic cooperation begun in 1991, and cemented by China's role in providing a financial anchor to stabilize the Asian Financial Crisis of 1997 by maintaining the value of the renminbi.²⁵ Trade between China and ASEAN has been steadily increasing since then. (See table 1 and figures 6 and 7). It is notable that the overwhelming bulk of such trade is in manufactured goods; raw materials, such as agricultural products and fuels or minerals, are comparably much lower by value even though they may be considerably larger by volume. ASEAN exports more raw materials to China, and China exports more

manufactured goods to ASEAN. This indicates the development of a relatively symbiotic, even though still unbalanced, trade relationship between them.

TABLE 1. The top 5 trading partners of the Philippines and select countries in the region

Exports					Imports					
	1	2	3	4	5	1	2	3	4	5
Brunei	Japan	Indonesia	S. Korea	Australia	USA	Malaysia	Singapore	Japan	EU	USA
China	EU	USA	HongKong	Japan	S. Korea	EU	Japan	S. Korea	Taiwan	USA
Malaysia	China	Singapore	Japan	EU	USA	China	Singapore	Japan	EU	USA
Philippines	Japan	USA	China	EU	Singapore	Japan	USA	China	Singapore	EU
Taiwan	China	HongKong	USA	EU	Japan	Japan	China	USA	EU	S. Korea
Vietnam	US	EU	China	Japan	S. Korea	China	S. Korea	Japan	Taiwan	EU

Source: World Trade Organization

ASEAN-China economic interdependence finds China being consistently among the top three trading partners of most Southeast Asian states. This is remarkable considering that the groundwork for such economic relations was laid only twenty years ago, and the framework for free trade was established only in the past decade. As seen from Table 1, the Philippines bucks this trend of having China as the top trading partner and instead remains economically tied to Japan and the US.

Marine Fisheries Production

Fishing activity in the region has been largely concentrated within 50 nm from shore around the South China Sea, particularly off the eastern and southern coast of Vietnam, the Gulf of Tonkin, and the southern coast of China. Philippine fishing, on the other hand, has been concentrated mainly in much closer and smaller confines of the shallow areas in the West Philippine Sea and its archipelagic waters. The absence of available and consistent fisheries statistics make accurate comparison

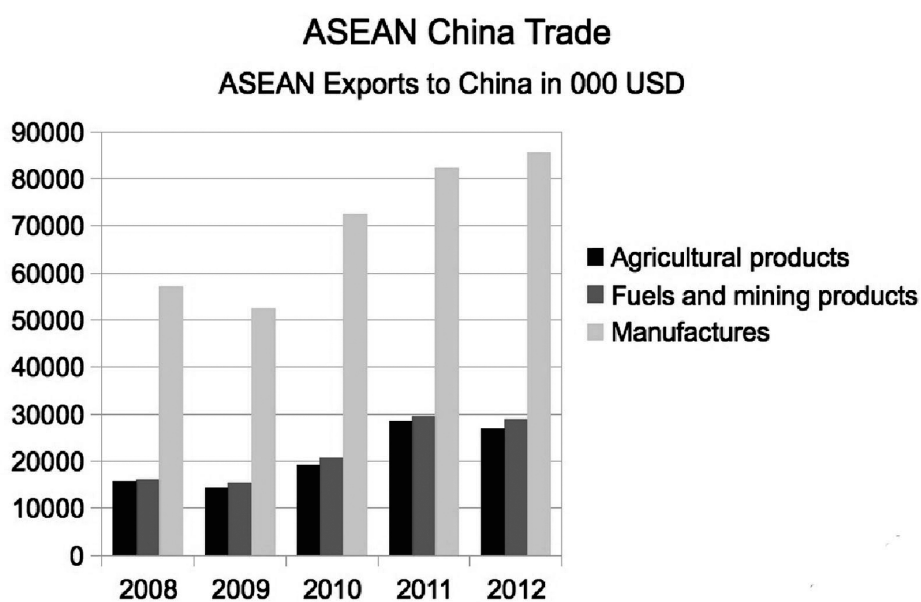


Figure 6: Comparison of ASEAN exports to China, 2008-2012

Source: United Nations Conference on Trade and Development

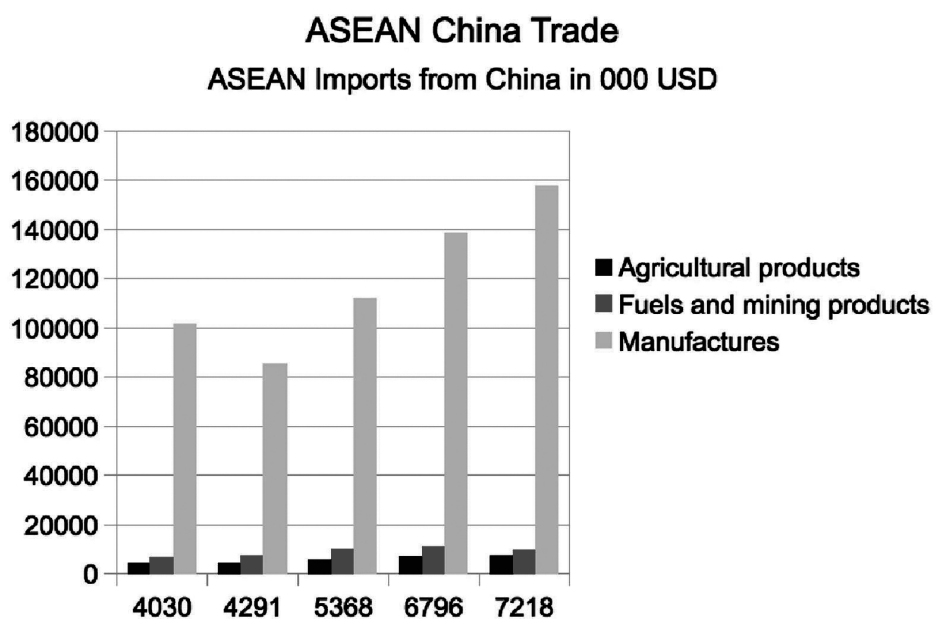


Figure 7: Comparison of ASEAN imports from China

Source: United Nations Conference on Trade and Development

and assessment of capture fisheries activities extremely difficult at best, but if FAO statistics on Fishing Area 71 (which encompasses the South China Sea, Sulu Sea, Celebes Sea, etc., though including a large portion of the Pacific Ocean as well) can be considered as an indicative proxy, then it may be seen that both Philippine and Vietnamese capture fisheries have grown only about 3 to 3.5 percent between 2003-2009, while China's fisheries have expanded at a prodigious 48 percent in the same period (see figure 8). It has been asserted that due to various factors such as over-exploitation, stringent law enforcement, and pending maritime claims, China's fisheries sector is deliberately shifting from inshore to offshore and distant-water fishing, thus triggering incidents at sea and raising the profile of maritime disputes.²⁶

The concentration of fishing activities in the South China Sea points to two important facts that are not often considered in the appreciation of fisheries issues. First, up until recently, fishing has been a mainly near-coastal activity, and has been comparatively less-frequent in most inner areas of the South China Sea. Even the fishing around the Spratly Islands has been relatively low; it appears to have been more frequent in the Paracel Islands and the Gulf of Tonkin. It is, therefore, understandable why the smaller littoral States on the eastern and southern quadrants of the South China Sea (e.g., Philippines, Malaysia, Brunei, Indonesia) perceive the change in the presence and location of fishing vessels from China and Vietnam as a marked change in the status quo. China's highly visible and public promotion of extensive fishing in the Spratly Islands all the more highlights the practical absence of such levels of fishing activity in previous years.

Second, in terms of fisheries management, it is only today that the littoral states are faced with very active and large-scale foreign fishing activities in the areas adjacent to their own coastlines. Prior to the current decade, many foreign fishing activities were small-scale and could arguably be classified as traditional in nature. But now the presence of entire foreign fishing fleets, often accompanied by armed escorts, understandably creates perceptions of an unmitigated grab for fisheries resources.

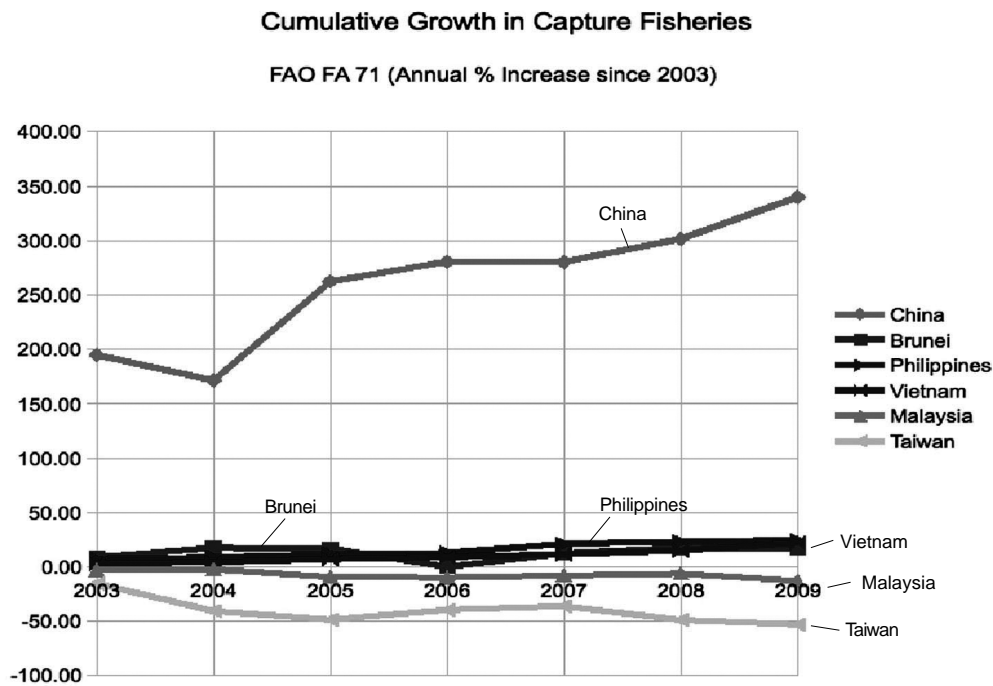


Figure 8: Comparison of fisheries production data from the FAO 71 statistical area

Source: Food and Agriculture Organization, FAOSTAT.

Fishing Activities

Fisheries have been the long-standing interest of the Philippines in its archipelagic waters. Total production was estimated at 4.97 million metric tons in 2011, constituting three percent of the total world production.²⁷ Historically, about half of total fishery production is borne by municipal fishers, or small-scale artisanal fishers using boats of less than three gross tons displacement, which means that much of these fisheries are located in coastal, near-shore, or inter-island waters. Of the other half, about three-quarters is borne by the commercial fisheries sector which uses boats of more than 3 gross tons but also includes distant-water fisheries operating in the high seas and exclusive economic zones of other countries. The remainder represents aquaculture production.²⁸ Statistics show an overall decline in production after peaking in 2010.²⁹

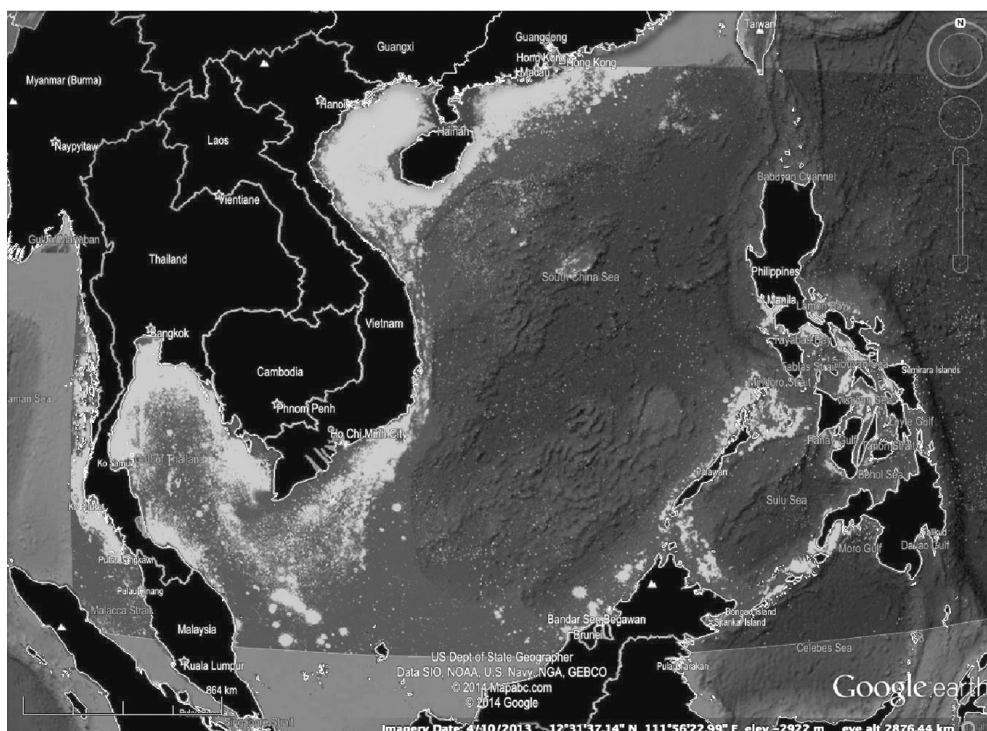


Figure 9: Partial capture of areas of the most intensive fishing activities in Philippine waters and the South China Sea, represented by nighttime lights data from satellite imagery. The image also captures fixed lights from offshore petroleum platforms.

Accurate data on fisheries production by surrounding countries are not readily available and comparable on account of differences in statistical methods, but the Food and Agriculture Organization (FAO) reports that Southeast Asia has exhibited nearly linear growth in marine capture fisheries production for the past four decades. In 2006 total production was already at 15.4 million tons, of which marine capture was 88 percent.³⁰ While Philippine fishing activities mostly stay close to shore and between islands, fishers of other countries in the Southeast Asian region operate further out at sea, sometimes venturing into other countries' waters (see figure 9).

Energy Production

As the region progresses economically, energy consumption increases proportionately to keep pace with the demands of economic production. Comparison

of key statistics from the Philippines and major countries in the ASEAN and China since 2002 reveal accelerating and competitive trends.

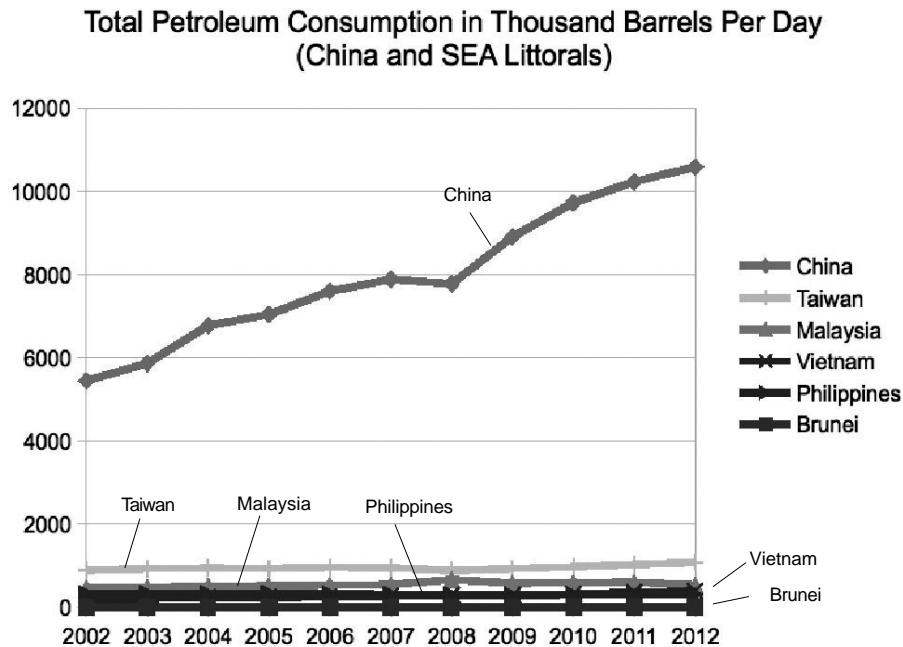


Figure 10: Comparison of total energy consumption of the Philippines, China, and select Southeast Asian States.

Source: United States Energy Information Administration. "Countries: International Energy Statistics."

Available data³¹ on petroleum consumption (see figure 10) and petroleum importation (see figure 11) show that, in absolute terms, China's energy consumption (and, implicitly, its demands) consistently dwarfs and outstrips those of individual Southeast Asian littoral States. China's annual energy requirements alone are at least twice that of all other Southeast Asian States combined.

While this is not surprising given the differences in their respective sizes, the relative annual rates of increase in energy usage, such as the cumulative growth in petroleum and energy consumption (see figure 12), indicate significant differences that fuel competitive behavior, especially in the maritime arena, where all the concerned countries have interest in energy resource extraction and exploitation.

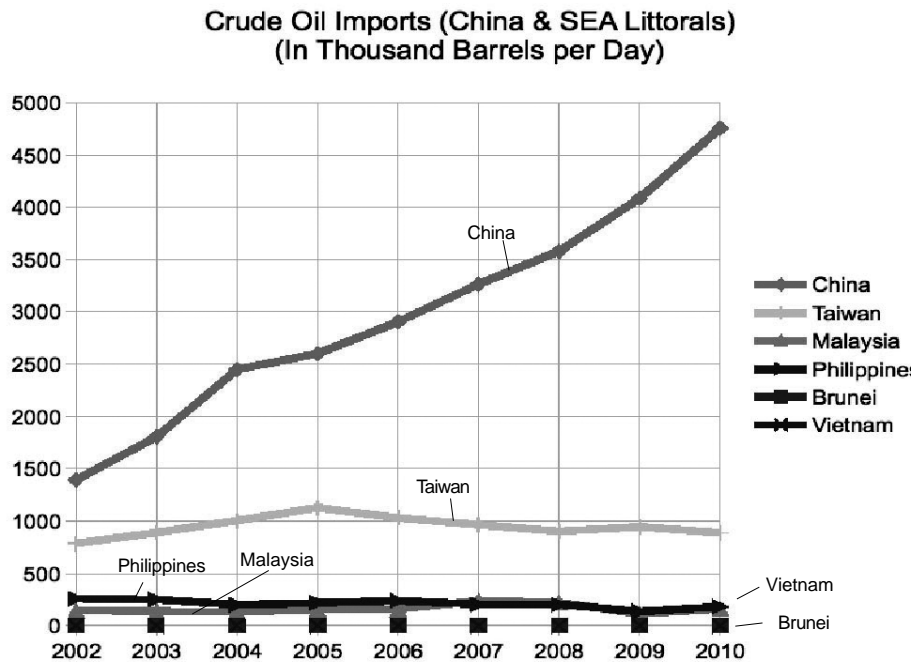


Figure 11 : Comparison of crude oil imports, Philippines, China and select Southeast Asian States

Source: United States Energy Information Administration. "Countries: International Energy Statistics."

The data show that China and Vietnam experience very similar rates of energy consumption growth year-on-year, leading the rest of the region. But, unlike China, Vietnam has experienced parallel growth in this area without becoming a petroleum-importing country, and still maintains its energy independence at present.³² Vietnam has emerged as one of the most important petroleum nations in Southeast Asia, and holds the third largest crude oil reserves in Asia in its continental shelf.³³

Brunei and Malaysia have exhibited downward-sloping trends across all energy indicators. This may be due to the fact that both countries have maintained significant surpluses in production over consumption, both being net petroleum exporters to date.³⁴ While both countries have embarked on expanding offshore production, Malaysia has other offshore acreage outside the SCS, while Brunei's offshore acreage in the South China Sea is relatively small and enclosed by Malaysia's continental shelf.³⁵

In comparison, the Philippines has experienced a generally negative trend in petroleum consumption rates, and, overall, its primary energy production has been

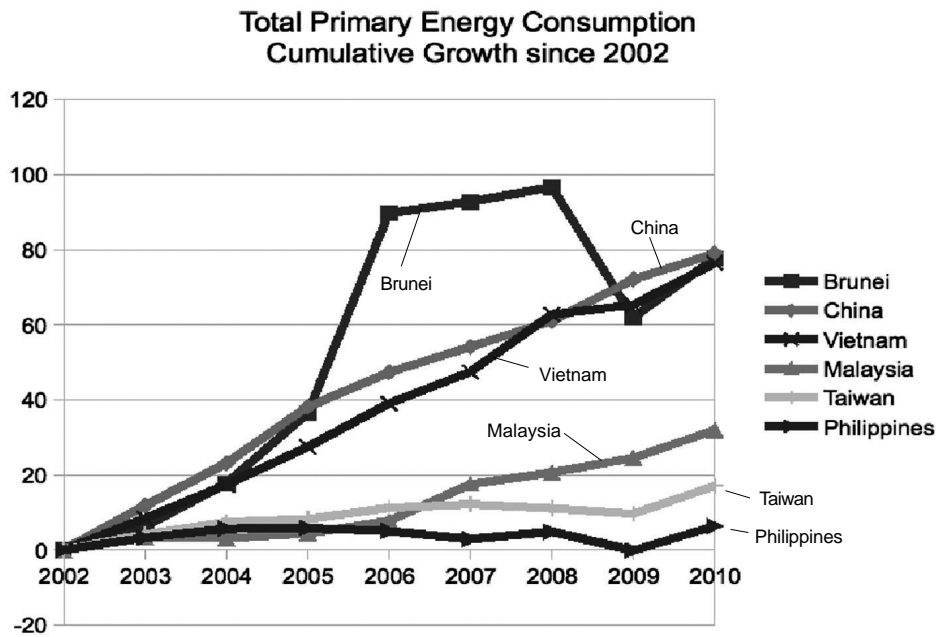


Figure 12: Comparison of cumulative growth in primary energy consumption of the Philippines and surrounding States

Source: United States Energy Information Administration. "Countries: International Energy Statistics."

relatively stable during the same period. However, two factors in its energy production infrastructure account for this. First, the Malampaya Gas-to-Power Project, its first and thus far only major natural gas production platform, came on-stream only in 2001, and since then has accounted for a very significant and relatively stable proportion of national energy production (roughly 20-30 percent), while at the same time reducing dependence on petroleum. Second, additional energy production has been provided by an increase in coal-fired power plants and indigenous coal production, particularly since 2005.

Malampaya is expected to produce natural gas only until about 2021, and to date there is no indication that this is about to change. This provides a natural incentive for the Philippines to expand offshore exploration and development, and all indications point toward the continental shelf in the West Philippine Sea, particularly in Reed Bank, as its most promising hydrocarbon province. However, petroleum exploration in this area has been stymied by the West Philippine Sea disputes, and, generally,

Philippine energy exploration activities have been excruciatingly slow on account of numerous bureaucratic obstacles. It is highly unlikely that an alternative or supplementary source of natural gas can be found in time to take over from Malampaya's eventual exhaustion in the next seven years, much less can the necessary development and production activities be implemented within that timeframe. This means that the Philippines will begin importing natural gas transported by ship by around 2020.

Philippine energy production growth is currently moribund, and current public discourse about the need to grant emergency powers to the Executive in order to solve the looming power crisis is an indication that things are reaching a critical point in the Philippine energy sector. Optimistic forecasts of economic growth in the next five to ten years, supported by higher credit ratings by international financial institutions, can only come into being if the country expands energy exploration and production activities in order to keep indigenous petroleum and coal flowing into its power plants. However, in the absence of new projects at present, the Philippines will have to accept a shift toward heavy import dependence in its energy supplies—whether oil, natural gas, or coal. Such increased dependence on external sources of strategic energy supplies means that, in the near future, Philippine energy security will be greatly dependent on unfettered access to its energy sources through international maritime transportation.

Petroleum Exploration and Development

It has been commonly assumed that the South China Sea hosts significant offshore petroleum reserves, which has been thought to be the main motivation for extended jurisdictional claims by the littoral States. These reserves are expected to be awaiting discovery in the extensive continental shelf areas stretching unbroken from the Asian and Southeast Asian landmasses, particularly off the coasts of Southern China, Vietnam, Malaysia, and Indonesia. On the Philippine side of the South China Sea, the continental shelf is most clearly defined in the south where the archipelago meets the island of Borneo; from the region west of Palawan proceeding northward, it generally breaks up until it meets the area of the Manila Trench, a subduction zone representing the boundary between the tectonic plates of the Eurasian landmass and the Philippine Sea plate.

Information from the US Energy Information Administration identifies the sedimentary basins that are of interest to petroleum companies; in the South China Sea, these areas are mostly located in the shallower continental shelf regions of the littoral States.³⁶ All petroleum concession blocks, whether for exploration or production, have been located within these areas closer to shore, and well within the 200 nautical mile continental shelf established under the UNCLOS (see figure 13).

Relative to the rest of the region, the Philippines lags behind in petroleum exploration activities, but has opened up more areas for petroleum exploration since the early 2000s. There are 29 active petroleum concession areas at present, with more concessions on offer at the 5th Philippine Energy Contracting Round launched by the Department of Energy last May 9, 2014 (see figure 14).³⁷ Included among these contracts is SC 72 covering Reed Bank, which has been the focus of attention on account of Chinese interference with seismic exploration in 2011 in connection with the disputes in the West Philippine Sea.

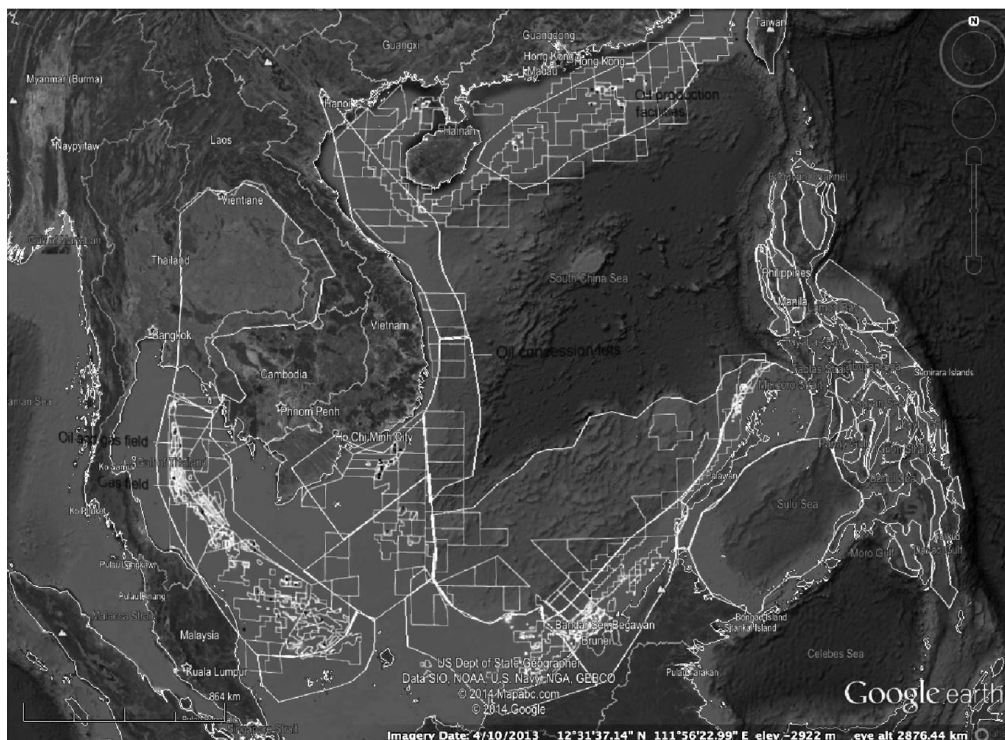


Figure 13: Petroleum interests in the South China Sea region. Sedimentary basins known to be possible petroleum reserve areas are indicated in orange, while petroleum concession blocks as of 2012 are outlined in white.

Sources: US Energy Information Administration, New York Times, and Philippine Department of Energy

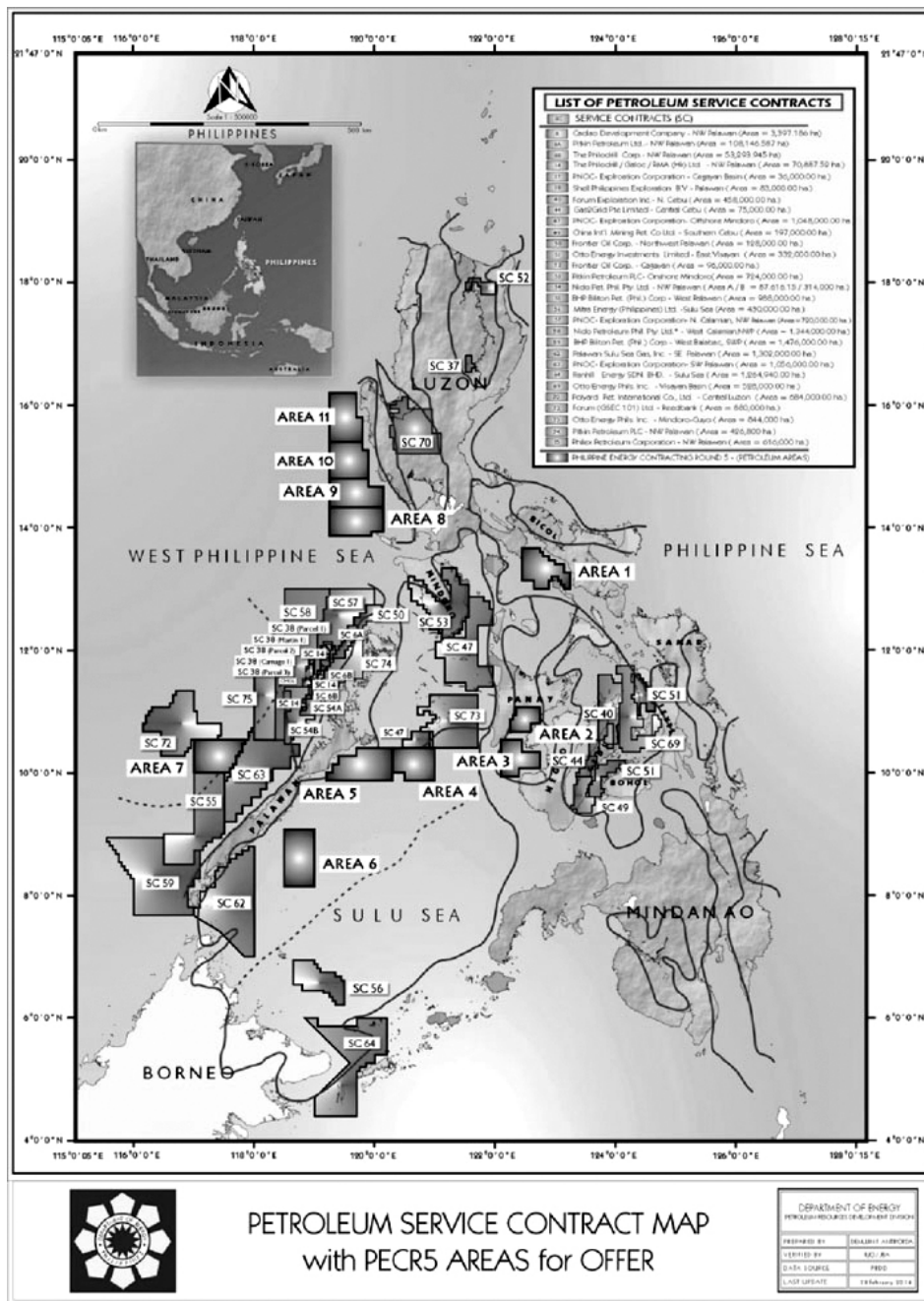


Figure 14: Philippine petroleum service contracts as of 2014, including areas opened for concession bids last May 2014.

Source: Department of Energy. "List of Philippine Service Contracts."

The Vicinal Geography of the Philippines: Who are the People in the Neighborhood?

Outside of the physical parameters of geography, the Philippines is enmeshed in a strategic environment that is largely determined by the policies of great powers, the United States and its allies (especially Japan), and the People's Republic of China. These countries are the biggest economies in the world. The United States, China, and Japan were the three biggest economies in 2013.³⁸ They also account for a significant share of defense spending in the Asia Pacific. The Stockholm International Peace Research Institute (SIPRI) estimated China's military spending in 2012 at US\$157 billion, while Japan's allocation reached US\$59 billion, both at constant 2011 values.³⁹ The United States spent US\$668 billion in 2012, about 40 percent of which was in the Asia-Pacific. This translates to around US\$267 billion.⁴⁰ Both China and the United States are nuclear powers.

The combination of growing economic interests and growing military capability has made the relationship between the United States and China an increasingly competitive one. Of great significance to the Philippines is the fact that this intensifying rivalry is situated geographically in the disputed waters and airspace of the East and South China Seas. While the inevitability of a great power conflict in the region is still being debated, there are concerns about how an unintended and unanticipated event in the disputed areas could slide and escalate into a great power war.

The United States of America

The United States, the largest economy and military spender in the world, has an extensive strategic presence in the Asia-Pacific region. It has collective security agreements with Australia (1951) and New Zealand (1951) in Oceania, the Philippines (1951) and Thailand (1954) in Southeast Asia, and Japan (1960) and South Korea (1953) in Northeast Asia.⁴¹ It also upholds as its policy a resolve "to maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan."⁴²

On November 17, 2011, President Barack Obama of the United States declared before the Australian parliament: “Let there be no doubt: in the Asia-Pacific in the 21st century, the United States of America is all in.”⁴³ In what became known as the US ‘pivot’ to the Asia-Pacific after years of fighting wars in Iraq and Afghanistan, the United States adjusted its strategic and political calculations and adopted policies the highlights of which include:

1. The deployment of a full US marine task force in Australia by 2016, which will entail the deployment of 2,500 US personnel in Darwin, Northern Territory.
2. The enhancement of Defense Cooperation between the United States of American and Japan, including the deployment of modern weaponry and surveillance systems in Japan.
3. Selling the Trans-Pacific Partnership (TPP) which aims to build strong trade linkages among countries in the Pacific Rim, especially Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.
4. The signing of the Enhanced Defense Cooperation Agreement with the Philippines.

The People’s Republic of China

China has increasingly asserted its status as a major political and military player in the region. It has an implicit mutual defense treaty⁴⁴ with Russia, signed in 2001, and a long-standing one with North Korea that was signed in 1961,⁴⁵ and renewed in 1981 and 2001. China is also a member of the Shanghai Cooperation Organization, together with Russia and the Central Asian states of Kazakhstan, Kyrgyzstan, Turkmenistan, and Uzbekistan.

Within the Southeast Asian region, China has been conducting a charm offensive through the Conference on Interaction and Confidence Building in Asia (CICA), and its proposal for the establishment of an Asian Infrastructure Investment Bank (AIIB),⁴⁶ made in Jakarta during the APEC Summit. Also, during that time, Premier Xi Jinping was given the privilege to speak before the Indonesian Parliament, the first foreign leader

to do so. It also pours investments into member countries of ASEAN, which could be seen as a policy to sustain an influence in ASEAN decision making, especially on issues that concern Chinese interests. Its investment in an oil refinery in Brunei was suspected as a reason for Brunei's non-participation in the workshop for claimants of the South China Sea, held in Manila in 2014, which was attended by Vietnam, the Philippines, and Malaysia. It is also a major investor and provider of military technical assistance to Cambodia. It has dangled loans to the land-locked country of Laos for the construction of a network of rail lines that would connect China with Southeast Asia via Kunming, Vientiane, and Yangon, to Bangkok and Singapore. China is making itself closer to states surrounding the Philippines while being increasingly hostile to the country as shown recently when it labelled the Philippines a "quasi-rogue state."⁴⁷ It is aggressively pursuing construction works in the South China Sea, especially in Johnson South Reef, even while the Philippines calls for a moratorium on building activities in the area and the crafting of a binding code of conduct for the South China Sea.

Backing up what has been seen as a more aggressive assertion of its territorial claims to the disputed waters and land features of the South China Sea is a policy of military modernization that has seen the emergence of a strong People's Liberation Army-Navy (PLA-N). China has launched its first aircraft carrier which underwent sea trials near Philippine waters, and developed new classes of nuclear-powered submarines. Many of these are based in Hainan Island and can only move to their patrol stations through the South China Sea.

Japan

Japan, the United States' main ally in the region, has successfully expanded its notion of self-defense contained in Article 9 of its Constitution to include collective self-defense, and even signed a deal to transfer or share its submarine technology with Australia. It is also modernizing its fleet. For instance, it recently introduced the "destroyer-carrier" *Izumu*⁴⁸ into the Maritime Self-Defense Force. It also has access to one of the fifth-generation fighter jets and is considering building its own stealth fighter jet. With respect to the Philippines, Japan will transfer patrol boats to the Philippine Coast Guard starting 2015. Economically, it is also one of the top trading partners of the country.

India

India under Prime Minister Narendra Modi's government is jumpstarting an *Act East* policy which is described as actually establishing closer relations with East Asia, in contrast to the previous *Look East* policy of the Congress party. India has partnerships with Vietnam in oil exploration, and is increasingly modernizing its military and improving its military technology. Overall relations with the Philippines, especially in terms of trade, are not yet as significant as that between China and the Philippines. Nonetheless, the strong expatriate presence of India in the Philippines sets a strong social base for continued relations.

ASEAN

The remaining countries in the Asian region that do not have formal agreements with the US or China are signatories of the Treaty of Amity and Cooperation, led by ASEAN countries like the biggest country in Southeast Asia, Indonesia and its neighbor, Malaysia. There have been concerns, however, over the emergence of a nascent arms race. A number of countries in the ASEAN region have made significant investments in defense spending to acquire military capabilities. Indonesia and Singapore have sought to acquire squadrons of F-15s from the United States, Vietnam got deliveries of Kilo-class submarines, and Malaysia also acquired submarines from France.

An Increasingly Less Predictable Security Situation in the Region

The indications of an emphasis on improving military capability around the region are increasingly symptomatic of increasing concern over the potential for conflict in the region brought about by a changing balance of power, and the increasing concern in the United States over the growing strength of China. East Asian states are increasing their capabilities to defend themselves and, more significantly, even undertake offensive operations.⁴⁹ Given the importance of securing sea lanes and energy sources in the seas, the Philippines is hard-pressed to defend its interest given limited resources for military upgrade and the decrepit state of its existing arsenal and equipment.

In the past few years, but especially during the term of President Aquino, China has shown increasing assertiveness in occupying maritime space in the South China Sea. What used to be a passive and discreet strategy of salami-slicing became aggressive and confrontational. The stand-off over Scarborough Shoal witnessed China's cabbage strategy that led to its de facto control of the shoal in 2012. The same trend could be noticed in the construction of military outposts in the reefs around the West Philippine Sea. In 1995 they justified their activity in the Mischief Reef as the provision of shelter for fishermen. Initial makeshift arrangements, however, gave way to a more permanent military outpost. Nowadays China, despite the Declaration on the Conduct of the Parties in the South China Sea (DOCS), overtly constructs more outposts with military uses, while invoking that they can do whatever they want to do in the South China Sea because of their *undisputed* sovereign rights. It has also unilaterally expanded its air defense identification zones (ADIZs) in the East China Sea. Some provocative acts of China were the use of water cannons against fishermen off Scarborough Shoal, the reclamation of new reefs and possible construction of artificial islands, laws protecting military installations, and preventing a supply vessel from the Philippines from going to the BRP Sierra Madre which is grounded in Ayungin Shoal with its garrison of Philippine Marines.

Beyond assertive actions, China's revisionist interpretation of the extent of control in the exclusive economic zone (EEZ), especially for military and scientific research activities, is worrying as it legitimizes its actions by invoking provisions of international law. While they are clearly in the minority, the United States non-ratification of UNCLOS gives rise to a situation where the country that has the capability to legitimately counter China also does not legally subscribe to the UNCLOS regime.

The geographic constants and conditions which portend a unique set of advantages for the country, paradoxically, are a source themselves of challenges for the country. The Philippines' archipelagic nature begets it a trove of marine and mineral treasures, among others. But it effectuates the need for the Philippines to safeguard its vast maritime area that is a natural attraction to unscrupulous elements—from poachers to pirates to drug traders, and even neighbors who would want to max out their own territorial claims and prey on permeable, ill-defended borders.

Protection of both undisputed and contested territories and attendant maritime entitlements remain an arduous task for the Philippines. Of these, the West Philippine Sea row, especially with China, takes prominence.

Discord on the Western Seaboard

For more than a decade now since the Mischief Reef incident, and more so in the past four years, China has ratcheted up its adventurist projections over its claimed maritime regions, the West Philippine Sea being one of them. Despite calls to refrain from further agitating the already tense situation, China, through its new-found economic, military, and diplomatic prowess, drums up its nine-dash line claim which effectively means control, if not ownership, of almost all of the South China Sea.⁵⁰ It pursues a combination of strong-arm, deceptive, and extortionate measures even as it feigns a willingness to negotiate, insisting on a bilateral modality.⁵¹

Given its sweeping maritime claims, China succeeds in complicating the tenuous situation in the East-Southeast Asian region. ASEAN, for its part, has become a collateral victim in the process as its consensus has been undermined by the debate on what position to take. Using its position as Chair of ASEAN for 2012, Cambodia barred any mention of the disputes in the joint statement that was to be released after the annual ministerial meeting.⁵² It marked the only time in its 45 years that ASEAN did not release a joint statement, and demonstrated the existing faultline in the association. Given its unenviable defense status amidst China's persistent, agitative, and unreasonable posturing, the Philippines has had to count heavily on its diplomatic and defense relationships. Internationalizing the issue and calling the attention of the world to China's intimidation would be inevitable fixtures in its bid to seek support. While it pays to articulate its position in ASEAN, and even other bilateral forums, the Philippines would have to intensify its own capability to uphold its values and interests.

For the Philippines—that our maritime claims overlap with other claimants which are also ASEAN colleagues, like Vietnam, Malaysia and Brunei, and with Taiwan, which identifies closely with the Mainland's nine-dash line claim, but then upholds a pragmatic demeanor—it is imperative to keep a careful and comprehensive tact, and parlay on its good relations in search of a favorable, *ad interim*, if not final,

resolution. It also needs to more thoughtfully read the signs of the times as it relies on the goodwill of other neighbors. The statements and deeds, for example, of Kuala Lumpur and its functionaries would have to be weighed more carefully.

Malaysian Defense Minister Hishammudin Hussein's recent statements should be most instructive. Speaking to Bloomberg sometime in August 2013, Hishammuddin announced that the Chinese navy could conduct patrols off Malaysia's coasts as long as China's "intention is not to go to war," inasmuch as the two countries had "enough level of trust that we will not be moved by day-to-day politics or emotions."⁵³ On the sidelines of meetings with ASEAN and US counterparts, the Defense Minister stated that "just because you have enemies, doesn't mean your enemies are my enemies."⁵⁴

Secession in Muslim Mindanao

Variouslly labeled as an armed incursion, a siege, a standoff, or a humanitarian crisis, the protracted violent exchanges in September 2013 between Philippine government forces and the supposed Sulu State Revolutionary Command (led reportedly by commanders supporting the Moro National Liberation Front's Nur Misuari faction) highlight the intractable nature of the quest for peace in Mindanao. Despite the thorny and indirect path toward a peace settlement in Muslim Mindanao, very notable progress can still take place. The January 25, 2014 GRP-MILF (Government of the Republic of the Philippines-Moro Islamic Liberation Front) signing of the remaining annexes to the Framework Agreement on Bangsamoro (FAB) completes the Comprehensive Agreement on the Bangsamoro (CAB), and leaves to Congress the crafting of the Bangsamoro Basic Law (BBL). It would be naive to think that henceforth the trouble in Mindanao is over, especially as there remains holdouts among the secessionist factions and certain partisan elements that could still disrupt the process for certain myopic, partisan interests.

The Sabah Claim and the Southern Backdoor

For more than half a century now stands the Philippines' unresolved claim over Sabah.⁵⁵ Six Philippine presidents have already passed, and the claim,

figuratively, has either been swept under the carpet or hopscotched. Skirting the issue of disagreement to further cooperation with Malaysia has been the order of the day. The unfinished business, however, remains unfinished until definitive closure is reached. The claim, though apparently sidestepped or buried, will not die on its own. The Sabah claim can be likened to a tinderbox tucked under and interred, but still retaining its explosive potential. Pending its appropriate decommissioning, it can be consciously or inadvertently detonated as it almost was by the Lahad Datu stand off of February 2013.

Supposedly acting on the order of Jamalul Kiram III, one of the claimants to the throne of the Sultanate of Sulu, a group of armed men claiming to belong to the “Royal Security Forces of the Sultanate of Sulu and North Borneo” arrived by boat in Lahad Datu village. They justified their actions in terms of supposedly returning to their ancestral land which they had “rented out” to Malaysia. A stand-off with the Malaysia security forces eventually ended violently with most of the forces claiming allegiance to the Sultanate of Sulu being killed. Tawi-tawi, from whence Kiram III’s followers came, is closer to Sabah than Western Mindanao distance-wise. Cross-border movement among extended families on either side has been a fact of life, an arrangement condoned by naval enforcers of both the Philippines and Malaysia. Consequently, this laxity in border security and the ensuing porosity of borders in the sub-region is exploited by small arms traders, smugglers, fugitives, secessionists, pirates, and terrorist groups.⁵⁶

The Kiram III campaign, though apparently managed well by the Philippine and Malaysian governments, also emphasized the fact that southern Mindanao—by culture, history, trade, and demographics—is delicately intertwined with eastern Malaysia. The on-and-off campaigns against alleged illegal migrants in Sabah,⁵⁷ and the continuing in- and out-flow of people between Sabah and Mindanao will continue to try the mettle of RP-Malaysia relations.

Intensifying Major Power Rivalry

The twenty-first century witnessed the dawning of Chinese power and influence. China’s sustained rise as the world’s second largest economy underpins both its military and political competencies, domestically and internationally. In what has

been described as a unipolar world, China's rise poses a challenge to the hegemony of the United States.

American and Chinese posturings in the South China Sea provide one contextualization of the cooperation and competition between these big actors. China burnishes itself as a different major power, ironically, but does not appear to be differently predisposed in the region. Premier Xi Jinping's "Chinese dream," juxtaposed with Chinese East and South China Sea assertiveness, and China's punitive measures (e.g., against Norway's awarding of a Nobel prize to a Chinese dissident, and tightened phytosanitary standards on Philippine bananas following strong Philippine protestations on Scarborough) evince the conventional power mold of China "where the strong does what it wants, and the weak must bear what it must."

US security interests in the region, especially in view of its "Pivot to East Asia" strategy, and Chinese power projection and perception of US containment together define reasons for competition. While the US has expressed a neutral position regarding the West Philippine Sea/South China Sea (WPS/SCS) claimants, it considers freedom of navigation a major concern. China officials, and even Track 2 participants, have voiced opposition to US involvement in the WPS/SCS, invoking that the issue should be addressed by the relevant actors within the region.

China conveys the idea that it is not in the same mold of traditional powers, claiming it is not out to be a hegemon seeking to carve out its sphere of influence.⁵⁸ Instead it represents itself as a patron of "peaceful development," and cultural, scientific, economic, and humanitarian causes. In its bid to project itself as a different, if not benevolent, power, China has reached out to various countries across the different continents. There is reason, however, to be anxious about China which insists on its own "good neighbor policy," while observing its own version of the "Monroe Doctrine."

Meeting US President Obama in Washington in mid-2013, Chinese President Xi Jinping called for a "new kind of great power relations." He stressed that "when China and the United States work together, we can be an anchor for world stability and the propeller of world peace."⁵⁹ Xi stated that the "Chinese dream is about cooperation, development, peace and win-win, and it is connected to the American Dream and the beautiful dreams people in other countries have."⁶⁰ Actions and practices, however, are a more solid indicator of intent. China's ADIZ issuance, the

standoff in the East China Sea, its actions in the South China Sea, the USS Cowpens incident,⁶¹ and its stalling tactics in hammering out a Code of Conduct with ASEAN belie its claim of beneficence.

Despite all talks of rivalry and containment, the US and China are very interdependent. The US is China's largest market, with an annual trade of US\$202 billion. China is the largest trading partner of the US after Canada. Their bilateral trade in 2011 totaled US\$400 billion with the US running a trade deficit of US\$295 billion.⁶² China is the largest foreign holder of US treasury notes at about US\$1.3 trillion. This makes China the biggest lender to the US outside the Federal Reserve. Codependency and rivalry highlight relations between these two powers.

Trends in Global and Regional Defense Spending

As per SIPRI's latest available report, global military spending in 2012 totaled US\$1753 billion,⁶³ registering a first-ever decline, though slightly, over the past 14 years. This was due principally to major spending cuts by the USA, Western and Central Europe, Australia, Canada and Japan.⁶⁴ Despite the drop, combined global spending remained higher in real terms than the recorded peak near the end of the Cold War. US spending fell by 6 percent in real terms in 2012, albeit it remained 69 percent higher than in 2001.

Military spending in Asia helped offset the decline, with China becoming the second biggest world spender as its expenditure increased by 7.8 percent, or US\$11.8 billion.⁶⁵ China's total spending for 2012 was estimated at US\$166 billion. At the same time almost every country in Southeast Asia is set on "huge military expansion," with defense spending up by 13.5 percent to US\$24.5 billion in 2012.⁶⁶ Estimates indicate a rise to US\$40 billion by 2016. Singapore has become the fifth largest arms importer world-wide. Five ASEAN members (Vietnam, Indonesia, Thailand, Singapore and the Philippines) all registered substantial increases in their spending. Equipment on demand includes advanced defense systems, such as fighter aircraft, military helicopters, armored vehicles, surveillance equipment, warships, and submarines.⁶⁷ While the upward spending pattern parallels the larger Asian region, defense procurements are taking place in the East-Southeast Asian regions with an emphasis on air and naval capability.

Creeping Non-Traditionalism in the Job Description of the AFP

Non-traditional security (NTS) is an area that has increasingly become an important consideration in the capability development of the AFP. While there are varied ways by which NTS is understood, the Centre for Non-traditional Security Studies of the S. Rajaratnam School for International Studies (RSIS) defines its scope to include⁶⁸

challenges to the survival and well-being of peoples and states that arise from non-military sources, such as climate change, resource scarcity, infectious diseases, natural disasters, irregular migration, food shortages, people smuggling, drug trafficking and transnational crime.

These dangers are *transnational in scope*, defying unilateral remedies and requiring comprehensive—political, economic and social—responses, as well as the humanitarian use of military force.

The term was introduced to differentiate these issues from what is referred to as traditional security, i.e., those concerns that revolve around the protection of territory and the people that reside within that territory from external aggression and internal subversion, and the defense of sovereignty, or precisely those issues that have been discussed above and which the Armed Forces of the Philippines is mandated to address. The main point of departure is that, while traditional security concerns are normally addressed through self-help mechanisms, and often lead to suspicions and even conflict, the transnational nature of non-traditional security demands cooperative action. While use of military force in the issue of national defense is normally seen as a matter of self-help, military assets and equipment have been an essential part of the response capability to NTS issues. It must be emphasized, however, that even as these issues (as listed in the RSIS website) may utilize military assets, and these assets may in fact be essential in addressing them, these are nonetheless non-military concerns that require non-military responses. As noted in the RSIS definition, military force is expected to be used only for humanitarian use. In this context, the most obvious context within which the AFP might be utilized in NTS in the Philippines is in humanitarian assistance and disaster and relief (HADR) operations.

The Philippines is a country that is not a stranger to disasters, whether these are man-made or natural. Around 20 typhoons hit the country every year and cause

damage that amount to at least 5 billion pesos annually. All in all, the country shoulders around 10 billion pesos in damages to property annually from the different forms of disasters it experiences. This was the amount needed to cover rehabilitation efforts in the wake of just the three strongest typhoons that hit the country in 2006 alone. In the first 15 days of 2007, different forms of disasters already caused 200 million pesos in damage to infrastructure and affected 86,000 families. Since 2009, these annual figures have ballooned with the devastation caused by typhoons, floods, and earthquakes.

As noted earlier in this report, the Yolanda case illustrated a capability gap of the AFP in terms of its ability to respond quickly and effectively in cases where there is a need to move personnel and supplies to and from different parts of the country. Generally speaking, this capability is inherent in the military needs of the AFP, but is definitely something that can come handy in non-military situations. The AFP can be deputized to assist other agencies in their functions that have to do with national security (which may include non-traditional security issues) or peace and order. Such cases of deputization or assistance, however, do not constitute the principal function of the AFP, and should be seen only as incidental to its reason for being. A military force is for war-fighting, i.e., the defense of Philippine core values and interests through coercive action. The use and utility of military assets for any other purpose is only incidental to war-fighting. A military force is a coercive force, and it is intended to be used against perceived threats that must be and can be “coerced.” This does not detract from the possibility of using assets of the military for purposes other than coercion, but neither does it mean that the force structure of the military should be designed to take on tasks that are not within the primary and core competence of the AFP. Even as there is a difference between using the military and using the military’s assets, those assets are primarily for the purpose of performing the tasks the military was established for.

Analysis, Conclusions and Recommendations

Overall, there is a need to rationalize the country’s security policies, programs, and practices. Our geomorphology calls for a national archipelagic security doctrine and strategy which would address domestic and territorial security, taking into

account specifically, the country's long and porous coastlines, dispersed islands, and maritime entitlements. Our relevant security framework must take into primary consideration the country's overarching archipelagic nature and proceed from this guiding reference point.

Along with the country's archipelagic context, the Philippines must recognize and keep faith with its immediate and larger socio-cultural and politico-economic neighborhood. It is instructive to listen to the voice of noted nationalist and then Philippine Ambassador to London, Leon Ma. Guerrero, who pointed out that

[m]any things shape the life of nations, and some of them have tended to separate us from the rest of Asia. Religion is one. Trade is another. A deep affection and trust in America is a third. But more permanent, more powerful than all these is our geographical position, our race, our love for freedom. These things bind us to our fellow Asians forever.⁶⁹

The Philippines is embedded in Asia, specifically, Southeast Asia. And the ASEAN and its member countries stand more than as a buffer to each other. The region and the association are constants in our horizon. ASEAN members comprise a central core of our locale. Though each may have varying interests to secure and prioritize, it is the key interest of each to press on this evolving sense of shared community. The advancing integration of ASEAN affirms certain common superordinate goals. This includes, among others, parlaying on collective resources, abilities, and good will to derive benefits which a member on its own will not be able to attain. This could mean as well being able to advance a collective and unified front vis-à-vis entities which may try to impose their respective interests over and to the detriment of the interests of ASEAN and its members.

Given the foregoing policy directions and guideposts, the Philippine government may well have to:

1. customize the projection of the Philippine claim in a way that will make ASEAN, international rules and norms, and good neighbor concerns as platforms, with the Philippines itself demonstrating faithful, consistent adherence to them;
2. follow through to its conclusion the arbitration case it lodged at the ITLOS, but prepare the plans and measures under each of the possible scenarios ranging from a most favorable to a least favorable ruling;

3. push for the acceptance and implementation of an agreement that would allow fisherfolk on both sides to responsibly and legally exploit marine resources;
4. seek ways of opening and conducting backchannel talks and senior-level informal dialogues to consult and communicate with ASEAN partners on relevant Philippine action with the end in view of securing their support and understanding, promoting solidarity, and precluding instances when certain well-intentioned initiatives may be unduly misunderstood;⁷⁰
5. tap backchannels and other third parties whose good offices may be useful for shuttle diplomacy, proximity talks, and eventual high-level exchanges with China;
6. press for the adoption of an agreement that addresses measures on how to deal with unintended and dangerous events in the area; and
7. press for the adoption of a binding ASEAN-China Code of Conduct which incorporates adherence to UNCLOS and relevant international laws and practices.

This is of even greater importance at a time when the geopolitical dynamics of great power rivalry and competition is rearing its head in the region once more. It must be recognized that even at a time when competing powers may exploit the present weaknesses in defense capability, it is imperative that the country uphold the morally ascendant position. Philippine profession to generally accepted principles of international law, alongside set core principles, must remain firm and be paralleled by practice that is consistent. *At the same time, it must pursue policies aimed at appropriately enhancing its national security system and military capability.*

The issues facing Philippine external defense requires capabilities that would allow the Armed Forces of the Philippines and other border control agencies to survey maritime domains. Priority should be given to the development of a capacity to monitor and quickly respond to incidents in territories claimed by the Philippines. Aside from the static presence indicated by the small Philippine Marine garrisons in the disputed areas, there should be sustained, mobile presence by both the Philippine Navy and the Philippine Coast Guard. To assist in these general recommendations, the following ideas are also being put forward:

1. The Philippines needs to develop a self-reliant defense industrial base or enter into a partnership with a friendly country in the development of one. It need not be one that is dedicated to defense-based concerns alone. If, in the interest of commercial viability, this might mean developing dual-purpose capacities, then that should be the model to be adopted. The important thing is that support for and maintenance of Philippine defense capability should rely less on foreign sources. This would potentially contribute to our economic development, as well as allow us to focus on our own defense needs without being limited by restrictions made by foreign suppliers.
2. While it has been said in so many other papers and discussions, it should be strongly reiterated that the modernization efforts of the AFP should be concentrated in the strengthening of the navy and the air force. This should include:
 - a. the development of a quick response capacity against low-intensity threats in the West Philippine Sea, including:
 - i. fast and long-ranging, missile-capable boats
 - ii. planes with over the horizon (OTH) weapons capability
 - b. the further development of more advanced mine-warfare capability; and
 - c. the exploration of the development of anti-submarine capability.
3. The Coast Watch system needs to be built up to extend capability to cover the Spratlys area and internal waters on a round-the-clock basis. Of particular interest would be:
 - a. the exploration of the acquisition of unmanned aerial vehicle capability; and
 - b. the acquisition of long-range and –loitering surveillance capability.
4. In the acquisition of equipment and weapons systems, dual-capability potential should be an important consideration in order to address increasing concerns over non-traditional security issues. This is different from acquiring equipment primarily for purposes of addressing these NTS concerns. In the overall scheme of things, these are capabilities that should be the responsibility primarily of civilian agencies rather than the military.

Notes

- 1 Note from SIPRI on expenditure data: “Military expenditures data from SIPRI are derived from the NATO definition, which includes all current and capital expenditures on the armed forces, including peacekeeping forces; defense ministries and other government agencies engaged in defense projects; paramilitary forces, if these are judged to be trained and equipped for military operations; and military space activities. Such expenditures include military and civil personnel, including retirement pensions of military personnel and social services for personnel; operation and maintenance; procurement; military research and development; and military aid (in the military expenditures of the donor country). Excluded are civil defense and current expenditures for previous military activities, such as for veterans’ benefits, demobilization, conversion, and destruction of weapons. This definition cannot be applied for all countries, however, since that would require much more detailed information than is available about what is included in military budgets and off-budget military expenditure items. (For example, military budgets might or might not cover civil defense, reserves and auxiliary forces, police and paramilitary forces, dual-purpose forces such as military and civilian police, military grants in kind, pensions for military personnel, and social security contributions paid by one part of government to another.)”
- 2 Mohammed Ayoob. *The Third World Security Predicament: State Making, Regional Conflict, and the International System*. (Boulder and London: Lynne Rienner Publishers, Inc., 1995). McCoy has argued that the focus on internal security is a tradition inherited from colonial practice. See Alfred W. McCoy. *Policing America’s Empire: The United States, the Philippines, and the Rise of the Surveillance State (New Perspectives in Southeast Asian Studies)*. (Madison, Wisconsin: University of Wisconsin Press, 2009).
- 3 Rico T. Jose, “The Philippines during the Cold War: Searching for Security Guarantees and Appropriate Foreign Policies, 1946-1986,” in *Cold War Southeast Asia*, ed. Malcolm H. Murfett (Singapore: Marshall Cavendish Editions, 2012): 58.
- 4 Glenda M. Gloria et al. *The Enemy Within* (Quezon City, Metro Manila: Newsbreak, 2011): 49-54
- 5 This was the title of the keynote of Senator Edgardo J. Angara at the time this particular fellowship was awarded.
- 6 Quoted in Charles Comer, “Philippine Defense Reform: Are we there yet?” http://fmso.leavenworth.army.mil/documents/Philippine_Defense_Reform.pdf. Charles Comer served as Chief of Office of Defense Cooperation, US Embassy Jakarta (2005-2008) and Army Programs Chief - JUSMAGPHIL (2002-2005).
- 7 See National Security Policy 2011-2016, 1.
- 8 Ibid.
- 9 Ibid.
- 10 Ibid., 6.
- 11 Philippine Information Agency, “Military to Pursue Modernization Plans for Minimum Credible Defense, says Palace Official,” March 23, 2014, <http://news.pia.gov.ph/index.php?article=1751395491851>.

- 12 Zachary Abuza, "The Philippines Slowly Modernizes its Defense Capabilities," *CogitASIA*, June 10, 2014, <http://cogitasia.com/the-philippines-slowly-modernizes-its-defense-capabilities>.
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- 14 Carlo Lorenzo Datu, "Phl Air Force to have new fighter jets beginning 2015- Pnoy," *Philippine Information Agency*, July 1, 2014, <http://r03.pia.gov.ph/index.php?article=561404204175>.
- 15 Jerry Esplanada, "Patrol boats from Japan to Start Arriving in 2015," March 31, 2014, <http://newsinfo.inquirer.net/590453/patrol-boats-from-japan-to-start-arriving-in-2015>.
- 16 Part IV, Article 46 of the UN Convention on the Law of the Sea defines an archipelagic state as "a State constituted wholly by one or more archipelagos and include other islands. Peters and Polius refer to the Philippines as among the "major archipelagic nations" in the league of Japan, Indonesia, Denmark and New Zealand. See Amos C. Peters and Tracy D. Polius, "Do Archipelagic Countries Have Bigger Governments?" in http://ccmfuwi.org/files/publications/conference/2009/papers/6_1-Peters_Polius-p.pdf.
- 17 Figure from the Philippines' National Mapping and Resource Information Authority (NAMRIA). See <http://www.namria.gov.ph/philGeo.aspx>.
- 18 See <http://geography.about.com/library/cia/blcphilippines.htm>.
- 19 Figures here are sourced from Rommel Banloi, *Philippine Naval Modernization: Current State and Continuing Challenges* (Quezon City: PIPVTR, 2012), 24.
- 20 Pedro Baldoria, *Republic of the Philippines Foreign Policy and Diplomacy in the Nuclear Age: Commentary and Documents* (revised edition), (Quezon City: University of the Philippines, 1966), 45.
- 21 Aries Rufo, "Haiyan exposes military's vulnerabilities," *Newsbreak*, November 19, 2013, <http://www.rappler.com/newsbreak/43997-haiyan-exposes-military-vulnerabilities> (accessed October 17, 2014).
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- 23 Delia D. Albert, "The ASEAN Advantage: Opportunities for Germany, A Philippine Perspective," speech delivered on March 4, 2007, Embassy of the Republic of the Philippines, Berlin, http://www.philippine-embassy.de/bln/index.php?option=com_content&task=view&id=293&Itemid=276 (accessed September 1, 2014).
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- 25 Universal Access to Competitiveness and Trade. *ASEAN-China Free Trade Agreement: A Primer* (Makati City: Universal Access to Competitiveness and Trade, no date) 5-6.
- 26 See Zhang Hongzhou, "China's Evolving Fishing Industry: Implications for Regional and Global Maritime Security," Working Paper No. 246, S. Rajaratnam School of International Studies,.

- 27 Bureau of Fisheries and Aquatic Resources. *Philippine Fisheries Profile 2012*, (Bureau of Fisheries and Aquatic Resources: Quezon City, 2012) 8, <http://www.bfar.da.gov.ph/publication>.
- 28 Ibid., 21-22.
- 29 Ibid., 22.
- 30 Lymer, D., et al. Status and potential of fisheries and aquaculture in Asia and the Pacific 2008. RAP Publication 2008/02. Rome: Food and Agriculture Organization, 2010. <http://www.fao.org/docrep/011/i0433e/I0433E00.htm#Contents> (accessed September 1, 2014).
- 31 See US Energy Information Administration (EIA). "Countries: International Energy Statistics," <http://www.eia.gov/countries> (accessed September 2, 2014).
- 32 United States Energy Information Administration, "Vietnam," <http://www.eia.gov/countries/country-data.cfm?fips=VM> (accessed September 2, 2014).
- 33 Ibid.
- 34 United States Energy Information Administration, "Brunei," <http://www.eia.gov/countries/country-data.cfm?fips=BX> (accessed September 2, 2014); United States Energy Information Administration, "Malaysia –Analysis," <http://www.eia.gov/countries/country-data.cfm?fips=MY> (accessed September 2, 2014).
- 35 United States Energy Information Administration, "Philippines," <http://www.eia.gov/countries/country-data.cfm?fips=RP#coal> (accessed: September 2, 2014).
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- 41 United States Department of State website. <http://www.state.gov/s/l/treaty/collectivedefense>.
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- 47 Camille Diola, "China Media: Philippines a 'Quasi-rogue' State," *The Philippine Star* September 17, 2014, <http://www.philstar.com/headlines/2014/09/17/1370088/china-media-philippines-quasi-rogue-state> (accessed October 20, 2014).
- 48 See <http://www.bbc.co.uk/news/world-asia-23594519>.
- 49 The popular press has already reported on this. See, for example, Jack Chang, "Asia arms up to counter growing Chinese might," *Philippine Star*, September 12, 2014, <http://www.philstar.com/world/2014/09/12/1368244/asia-arms-counter-growing-chinese-might> (accessed September 12, 2014). This debate has been discussed quite extensively since the emergence of China as a strong economic power in the region. An excellent early example that discusses the different arguments on this issue is Amitav Acharya, "Will Asia's Past Be Its Future?" *International Security*, 28(3) Winter 2003/04.
- 50 For a discussion on the nine-dashed or -dotted line, please see Li Jinming and Li Dexia, "The Dotted Line on the Chinese Map of the South China Sea: A Note" *Ocean Development & International Law* (34): 287–95, <http://community.middlebury.edu/~scs/docs/Li%20and%20Li-The%20Dotted%20Line%20on%20the%20Map.pdf>. And the Oxford Business Group's brief in <http://www.oxfordbusinessgroup.com/news/territorial-tribulations-disputes-have-delayed-deep-sea-discoveries>. China persists in its unilateral actions, deploying reputedly fishing fleets and maritime surveillance ships, fortifying its claimed features, announcing a fishing ban in the region. As if an implied warning, in explaining its recent declaration of an air defense identification zone (ADIZ) in the East China Sea, Chinese Defence Ministry spokesman Yang Yujun said, "China will establish other Air Defence Identification Zones at the right moment after necessary preparations are completed". (See Dylan Loh Ming Hui, "China's ADIZ over East China Sea: Implications for ASEAN," *RSIS Commentaries*, No. 232/2013).
- 51 China contravened a pledge it made to the Philippines to withdraw its forces in Panatag Shoal/Scarborough. It sustains and deploys purportedly fishing and maritime surveillance vessels in the area. It continues to fortify its facilities in its occupied features. It declared its controversial ADIZ and insists on requiring fishing vessels to secure permits prior to fishing in its claimed area. Much earlier, in summer of 2012, China impounded Philippine bananas and discouraged Chinese tourists from visiting the Philippines. See, for example, "In Philippines, banana growers feel effect of South China Sea dispute" in http://www.washingtonpost.com/world/asia_pacific/in-philippines-banana-growers-feel-effect-of-south-china-sea-dispute/2012/06/10/gJQA47WVTV_story.html (accessed January 30, 2014).
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- 54 Ibid.

- 55 For a chronological understanding of the Philippines' Sabah claim, see Merlin Magallona, An Outline of the Philippine Claim to Sabah in <http://www.up.edu.ph/an-outline-of-the-philippine-claim-to-sabah/>.
- 56 See, for example, Joseph Franco, "The Sabah-Sulu Crisis: Time to Revisit the Sulu Zone?" in *RSIS Commentaries*, No. 044/2013, March 12, 2013.
- 57 Around 800 thousand to 1 million Filipinos are estimated to be living in Sabah.
- 58 Having a sphere of influence denotes exercise of dominant power over another or others. The term as used invokes geopolitical rather than legal claims.
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- 60 Ibid.
- 61 See <http://thediplomat.com/2013/12/uss-cowpens-incident-reveals-strategic-mistrust-between-u-s-and-china/>.
- 62 James Gorrie, *The China Crisis: How China's Economic Collapse Will Lead to a Global Depression* (New Jersey: Wiley, 2013), 32.
- 63 See "The 15 countries with the highest military expenditure in 2012" in http://www.sipri.org/googlemaps/milex_top_15_exp_map.html.
- 64 See "15 Apr. 2013: World military spending falls, but China, Russia's spending rises, says SIPRI" in http://www.sipri.org/media/pressreleases/2013/milex_launch.
- 65 See "Trends in World Military Expenditure, 2012" in SIPRI Fact Sheet, April 2013, p. 1.
- 66 See "ASEAN Region Experiencing Biggest Military Buildup on the Planet" in http://www.asiandefense.com/exhibitor_marketpotentials.html accessed 31 January 2014.
- 67 Ibid.
- 68 See RSIS NTS Centre website located at <http://www.rsis.edu.sg/nts/system.asp?sid=130>.
- 69 Quote was lifted from a speech delivered by L. M. Guerrero during the 55th anniversary celebration of the Manila Law College, 05 February 1954. *Manila Daily Bulletin*.
- 70 As when the Philippines filed its case in January 2013 at the International Tribunal for the Law of the Sea (ITLOS) without prior advice to its ASEAN partners, which made them clueless as to the specific motives behind the measure. ASEAN observers note that the Association could have been more able to extend support to the Philippine initiative had they been informed of the matter.

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