The US-Philippine Alliance in a Year of Transition:
Challenges & Opportunities

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I. Introduction

The United States alliance with the Philippines is one of America’s most important security relationships in Asia, and has been since the signing of the Mutual Defense Treaty (MDT) in 1951. The alliance has evolved rapidly in recent years as a result of both Washington and Manila’s changing perceptions of the security environment in the Asia-Pacific, as indicated by the 2014 signing of the Enhanced Defense Cooperation Agreement (EDCA).¹

The alliance is likely to reach another turning point this year, as both the United States and the Philippines hold presidential elections (the Philippines earlier this month, and the United States in November), with a resulting change in administration that is likely to shift the contours of domestic and foreign policy in both countries. To anticipate these developments, this working paper reviews current perceptions of the Asia-Pacific security environment and assesses the U.S.-Philippine alliance in terms of its current status and possible future trajectories, particularly in light of the changing domestic political alignments in both Washington and Manila.

II. Perceptions of the Security Environment

Under outgoing President Benigno Aquino III, the Philippines has grown increasingly concerned about maritime security, and in particular about Chinese encroachment in the South China Sea. To meet the perceived rise in external security demands during this period, Manila has generally pursued a strategy composed of three parts. The first is internal balancing: increasing military spending, pursuing a defense modernization program, and shifting the priorities of the Armed Forces of the Philippines (AFP), which have traditionally been dominated by land forces, to focus more on external and maritime security.²

The second is the use of a diplomatic-legal strategy, the centerpiece of which has been the Philippines’ challenge to Chinese actions in the South China Sea in the UN Permanent Court of Arbitration under Annex VII of the United Nations Convention on the Law of the Sea (UNCLOS), filed in January 2013 and accepted by the court in late 2015. Under the Aquino administration, arbitration has received more attention than the traditional Philippine strategy


of engagement with ASEAN and advocacy for a Code of Conduct (CoC) by ASEAN members, though this may change with future administrations and as the Philippines is due to assume the ASEAN presidency in 2017. With respect to the arbitration process, observers expect the court to rule later this year in favor of the Philippines’ claim and against China, which has rejected the court’s jurisdiction.³

The third component of the Philippines’ strategy has been security cooperation with the United States and others in the region. As the view of China has shifted from economic opportunity to security competitor, the United States has increasingly been viewed as a key partner in resisting Chinese pressure and expansionism. Given the acknowledged limitations on the Republic of the Philippines’ ability to match China’s growing defense spending, analysts have generally seen the alliance, and the broader security relationships that the Philippines has established, as the best method by which to defend Philippine sovereignty and territorial integrity.⁴ The U.S. and the Philippines established a bilateral strategic dialogue in 2011, and in 2014, during President Obama’s visit to Manila, they signed a new Enhanced Defense Cooperation Agreement (EDCA, see below).⁵ The Philippines has also pursued enhanced security cooperation with other partners in the region, including Australia, South Korea, Vietnam, and Japan, ranging from cooperation on training and exercises to purchasing military hardware from these countries.

This shift has been mirrored by evolving perceptions in the United States, which has similarly grown concerned about China’s assertive behavior in the South China Sea, particularly its land reclamation projects and deployment of military hardware in contested areas. Beyond shifting views of China’s security behavior and the archipelago’s status as one of America’s treaty allies in Asia, U.S. policymakers cite the Philippines’ history as a former colony with deep historical and cultural ties to the United States, its status as the world’s twelfth-largest country (by population), its growing economy and lively democracy, and its position at a vantage point in the Pacific Ocean that is strategically and economically critical to the United States. As such, the Philippines is viewed as both a strategic bellwether for the Asia-Pacific and a key partner in achieving American foreign policy objectives in the region. This support is bilateral in terms of

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⁵ For the text of EDCA, see http://www.gov.ph/2014/04/29/document-enhanced-defense-cooperation-agreement/
domestic politics in the U.S.: Secretary of State Hillary Clinton reiterated American support for the Philippines during her visit to Manila in November 2011 and Secretary of Defense Ashton Carter emphasized the “ironclad” commitment during an April 2016 visit to Manila for the conclusion of the Balikatan exercises, while U.S. Senator John McCain, among other leading Republicans, has expressed strong support for the alliance and called on the United States to do more to signal its enhanced commitment to the defense of the archipelago.⁶

The key question is to what extent and in what way these perceptions might shift in the future. Several factors have traditionally limited the Philippines’ ability and willingness to robustly partner with the United States on security cooperation. The first is a long-standing concern about American neocolonialism and the potential for American power – particularly American military might manifested in the form of bases on Philippine soil – to infringe on the sovereignty of the Philippine republic; despite generally positive feelings about the United States among the Philippine public, this dynamic has sometimes produced significant opposition to American activities in the archipelago.⁷ The second is the attractiveness of economic ties with China, and particularly China as a potential source of investment and infrastructure development, which has led some previous Philippine politicians – most recently the Arroyo administration – to downplay security tensions with Beijing in order to reap the benefits of economic cooperation with the PRC.⁸ The third factor is the ongoing salience of domestic security challenges, to a degree that is relatively unusual among America’s treaty allies and security partners in Asia. These include both the archipelago’s high requirement for humanitarian assistance and disaster relief (HADR) capabilities, as illustrated by Typhoon

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Yolanda in late 2013, and persistent insecurity in the southern Philippines due to a combination of insurgency, counter-terrorism, and criminal violence, including recent reports of ISIS activity in Mindanao.

The Philippine president, elected for a single six-year term, has typically exerted strong influence on the overall perceptions and priorities of Philippine foreign and security policy. A key question, therefore, is the likely approach to be adopted by President-elect Rodrigo Duterte, who won election with 38.5% of the vote in a multi-candidate race in early May 2016, and who will assume office on June 30. Duterte, previously seen as a long-shot for the presidency, is best known for his tough approach to crime as mayor in the southern city of Davao – he is the first president to hail from Mindanao – and his provocative, often controversial campaign rhetoric. His post-election commentary has made clear that cracking down on crime is likely to be a continued priority, and he has indicated a willingness to bring the members of the Communist Party of the Philippines (CPP) – which with its military arm the New People’s Army (NPA) has been engaged in a Maoist insurgency against the government since 1968 and which the Aquino government has engaged in peace talks – into his cabinet in order to attempt to resolve the conflict. Internal security is therefore likely to remain high on the government’s agenda past 2016.

Duterte’s likely foreign policy orientation, including his probable stance vis-à-vis the United States and China, is somewhat less clear. During his campaign, he promised to jetski to islands disputed with China to plant the Philippine flag, and has said that he would prioritize a multilateral solution to territorial disputes, an approach not favored by Beijing. At other times, however, he has expressed skepticism about the usefulness of the Aquino administration’s pursuit of international arbitration, offered to engage in direct bilateral talks with Beijing if other approaches are unsuccessful, and indicated a willingness to set aside disagreements with China to pursue joint oil and gas exploration in disputed waters and to attract Chinese investment.

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Moreover, his view of the United States is not uniformly positive. Though he supports the EDCA agreement and the Trans-Pacific Partnership (TPP), toward which the Philippines has expressed interest, he has questioned the reliability of the US alliance and assistance in a crisis with China, made remarks critical of the United States during his campaign, and indicated that he may place some limits on the number of facilities and type of access allowed under EDCA in the future. His initial post-election contacts – a meeting with the Chinese Ambassador and a phone-call with President Obama – have so far not provided concrete clues as to his likely future behavior.

There is no question that this rhetoric has raised concern among American commentators about the future of U.S.-Philippine cooperation. On balance, Duterte seems most likely to adopt a ‘pragmatic’ approach that balances relations between the two countries more equally than either Aquino or Arroyo did; one Philippine analyst recently referred to his likely approach as “an equilateral balancing strategy.” More concretely, they speculate that he may demand greater clarity from Washington over its MDT commitments, and might less vigorously enforce the outcome of the Philippines’ arbitration case in exchange for China investment.

showing restraint in disputed areas and allowing Philippine fishermen access. (There has been relatively little discussion as-yet of his likely approach to ASEAN or of how much emphasis traditional regional diplomatic mechanisms might receive under his administration.) These steps would be a scaling back of the relationship that was building under Aquino, but not a full reversal or swing to a pro-China/anti-US position; moreover, both the Philippine Supreme Court’s ruling of EDCA as constitutional and consistently strong pro-U.S. opinion among the Philippine public are likely to keep Duterte from shifting too far toward Beijing. This is, however, an area that requires careful observation from American analysts and policymakers in the coming months, and a deliberate strategy of alliance management on the part of the incoming U.S. administration.

III. The Alliance: Current Status and Future Prospects

The core commitment of the United States to the security and sovereignty of the Philippines rests in the Mutual Defense Treaty, signed in 1951. Throughout the Cold War, Manila sometimes expressed concern about the strength of the MDT, largely because the document – in contrast to the U.S. treaty with Japan, for example – promised consultation rather than automatic assistance; it requires only that in the case of an attack on the Philippines, the United States must “meet the common dangers in accordance with its constitutional processes.” Today, the key question is whether the United States’ treaty commitments apply specifically to the disputed areas of the South China Sea where the Philippines has faced Chinese encroachment, including at Scarborough Shoal, where a withdrawal negotiated by the United States ultimately resulted in a loss of Philippine access and Chinese occupation of the area. The Philippines would like the United States to clarify that it does, but – in contrast to U.S. statements that the Senkaku-Diaoyu Islands are covered by the U.S.-Japan MDT – American policymakers have thus far been reluctant.

18 For the text of the Mutual Defense Treaty, see http://avalon.law.yale.edu/20th_century/philo001.asp
The actual implementation of the MDT in terms of basing, access, and concrete defense cooperation has varied significantly over the course of the bilateral relationship. During the Cold War, the Philippines hosted some of the largest U.S. military installations abroad at Subic Bay Naval Station and Clark Air Base. American support for the Marcos government’s authoritarian rule, however, combined with a volcanic eruption at Mt. Pinatubo, resulted in the failure of negotiations to renew the basing agreements, and U.S. forces departed in 1991. Security cooperation was partly revitalized after September 11th, 2001, with the deployment of several hundred U.S. special operations forces to the southern Philippines for counter-terrorism purposes, a partnership that continued until the withdrawal of the task force after a controversial operation in early 2015.21 Recent years have also seen an uptick in joint military exercises, the most significant of which are the Balikatan exercises – named for a Filipino word that means “shoulder-to-shoulder” – held each year in the spring. The 2016 exercises this past April were the largest held thus far, and included Australian participants as well as approximately 7,000 American and Philippine military personnel.22

Because the Philippines’ 1987 constitution explicitly forbids the establishment of permanent foreign military bases,23 American forces have rotated through the Philippines under a Visiting Forces Agreement signed in 1999. Recent discussions over the implementation of EDCA resulted earlier this year in agreements to expand the rotational presence of U.S. forces to five bases, including the Antonio Bautista air base in Palawan, the closest airfield to the disputed Spratly Islands.24 In April 2016, U.S. Air Force aircraft based at Clark Air Field under this rotational agreement conducted flights close to Scarborough Shoal, augmenting previous joint maritime patrols.

The Philippines will also receive nearly $40 million in American military aid this year under a new Maritime Security Initiative (MSI) for Southeast Asia initially announced at the Shangri-La Dialogue in July 2015. The Initiative is aimed at establishing a common operating

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picture (COP) and strengthening maritime capacity among the United States and five Southeast Asian nations (Indonesia, Malaysia, Thailand, Vietnam, and the Philippines), and is expected to spend $425 million toward this goal over the next five years.\textsuperscript{25} Despite Duterte’s warning that his administration will carefully scrutinize the cooperation conducted under EDCA, therefore, it is likely that the increase in operational density of the alliance that has already occurred will be sustained, even if the rate of acceleration subsequently slows under the new administration.

These arrangements provide concrete benefits for the foreign policy objectives of both the United States and the Philippines. On the U.S. side, the new basing arrangements provide increased access and facilities through which troops and equipment can be rotated as part of the ongoing “rebalance” to Asia. In a contingency such as a crisis in the South China Sea, access to Philippine airfields will facilitate swift deployment of US assets from elsewhere in the Pacific and augment their ability to operate in the region.\textsuperscript{26} Creating a common operating picture and boosting interoperability among like-minded Asian nations, moreover – rather than relying solely on bilateral “hub and spoke” structures that the United States has traditionally used to manage regional security – has also allowed the United States to find complementarity among its allies and facilitate cooperation among them that lessens some of the operational and financial burden on the United States. (The United States currently provides assistance of various types to the Philippines, including the military aid discussed above. The details of any potential cost-sharing for the new rotational agreements under EDCA have yet to be made public, but the Philippines is not expected to contribute as much toward these facilities as Japan and South Korea do toward American military installations in those countries. One of the anticipated benefits of EDCA for the Philippines is American financial assistance in upgrading the infrastructure at bases used by American forces, while some reports indicate that Manila will shoulder transportation and utility costs.\textsuperscript{27})

For the Philippines, the alliance’s current focus and initiatives provide a number of concrete benefits. The Philippines’ military modernization efforts, which have long been inadequate and which continue to be hampered by bureaucratic red tape and allegations of


corruption and mismanagement, combine with the ongoing demands placed on the AFP by HADR and other domestic security challenges. In this context, the alliance with the United States provides much-needed support for external defense, particularly in the air and maritime realms where the Philippines has traditionally placed less emphasis relative to ground forces. More concretely, joint exercises specifically focus on interoperability with U.S. forces in a range of missions and scenarios, while current U.S. assistance (funded by the Department of Defense as well as the Department of State’s law enforcement assistance budget) is aimed specifically at capacity-building in maritime defense, especially maritime domain awareness (MDA). Executed well, maritime security cooperation has the advantage of simultaneously improving the Philippine government and military’s ability to deal with multiple priorities: it can strengthen the AFP’s ability to conduct HADR operations, improve law enforcement and counter-terrorism capabilities in the archipelago, and boost external defense toward the AFP’s goal of establishing a “minimum credible deterrent.” With respect to the third of these goals, the MSI’s focus on strengthening maritime domain awareness and intelligence, surveillance and reconnaissance (ISR) is particularly useful in augmenting efforts by the AFP, the Philippine Coast Guard, and the National Coast Watch Center to monitor activities in areas frequented by Philippine fishermen that lie near the disputed areas of the South China Sea.

Perhaps the biggest area of potential friction on the alliance’s immediate horizon is how the U.S. would respond if Beijing took actions, as some in Washington and Manila believe it will, aimed at creating an artificial island at Scarborough Shoal, especially if land reclamation was seen as a first step towards militarization. Scarborough lies on the Philippine continental shelf, inside the Philippines’ EEZ, around 120 miles from Subic Bay; traditionally considered the outer bulwark of the archipelago, it was used as a range by the US Navy and the AFP during the Cold War. President Aquino has explicitly stated that the U.S. must respond militarily if China moved to reclaim and militarize the shoal, saying that failure to do so would cost the United States its “moral ascendancy and the confidence of one of its allies.” American officials have so far been reluctant to make this commitment, perhaps out of fear of larger alliance entrapment risks, which was (in part) why the United States brokered the ultimately-unsuccessful withdrawal deal that led to the constant Chinese presence at Scarborough since 2012. There is no guarantee that Duterte will adopt the same view as his predecessor, but his nationalist rhetoric thus far –

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including some tough criticism of the Aquino government for losing Scarborough – combined with his skepticism of the reliability of the U.S. commitment and his willingness to take a hard look at each arrangement made under EDCA, means that American policymakers should begin thinking now about their options: whether, for example, the United States could and should clarify that Scarborough falls within the scope of the MDT (and why), and what precedents or expectations that might set – for example, at Thitu Island or Second Thomas/Ayungin Shoal, both of which currently have a Philippine military presence.\textsuperscript{30}

IV. Conclusion

The holding of presidential elections in the United States and the Philippines in 2016 provides both opportunities and challenges for the alliance. The opportunity is to decisively set the alliance on a course to advance the national security and foreign policy objectives of both countries and to ‘lock in’ this positive trajectory for several years to come. The challenge is to make sure that the change in course is a constructive one that has a secure foundation on both sides. Uncertainty during this transitional period is likely to be higher than usual, especially given the past tendency for domestic political shifts to exert large effects on the direction and performance of the alliance. Policymakers on both sides, therefore, should exercise both patience and heightened due diligence in alliance management, combining reassurance about the value of the alliance with a steady and consistent articulation of the ways in which the alliance can address their core national security interests and foreign policy objectives.