



**A NATIONAL SECURITY  
STRATEGY (NSS)**

FOR THE 17TH PHILIPPINE PRESIDENT:  
THE CASE FOR A LIMITED  
BALANCING STRATEGY

RENATO C. DE CASTRO, PH.D

**BEYOND  
THE  
CRISIS:**

**A STRATEGIC AGENDA  
FOR THE NEXT PRESIDENT**



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WRITTEN BY  
RENATO C. DE CASTRO, PH.D

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## ABSTRACT

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With the Duterte administration's unplanned and makeshift policy of limited hard balancing against China, the challenge for the 17th Philippine president is to transform that policy into a comprehensive and formal grand strategy. Thus, it would require implementing the following policies: 1) Immediate formulation by the National Security Council (NSC) of a new National Security Strategy (NSS) based on the 2016 Arbitral Ruling on the South China Sea Dispute; 2) The Philippine should incorporate Public Health Security in the National Security Strategy, the National Defense and Military Strategies, and in the National Economic Development and Authority's (NEDA) Five-Year Development Plan; 3) Build the AFP's territorial defense capabilities with a specific focus on developing its ability to wage combined asymmetrical warfare in the country's maritime domain; 4) Fund Horizon two of the AFP modernization program with a clear vision that procurement and prioritization of equipment should follow the country's NSS based on the 2016 Arbitral Award; 5) Increase Philippine defense spending while effecting reforms to reduce the proportion of the budget allocated to personnel expenditures; 6) Make conscious and concerted effort to link the NSS with the National Defense Strategy (NDS) and the AFP modernization program; 7) Initiate the reform process for the transfer of Internal Security functions from the AFP to the Philippine National Police (PNP); 8) Support current legislation providing the AFP's chairman of the joint-chief-of-staff and its members with a fixed three-year term; 9) Strengthen the Philippine-U.S. alliance by implementing the 2014 EDCA and forming with the U.S. a bilateral "4+4" strategic, diplomatic, economic, and public health dialogue mechanism that will advance a comprehensive security partnership between the two allies; 10) Enhance Philippine security partnerships with other U.S. allies; 11) Leverage on existing and newly formed multilateral organizations that are committed in maintaining the rules-based international system.



# **A NATIONAL SECURITY STRATEGY (NSS) FOR THE 17<sup>TH</sup> PHILIPPINE PRESIDENT: THE CASE FOR A LIMITED BALANCING STRATEGY**

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RENATO C. DE CASTRO, PH.D

The major security conundrum that has confronted the Philippines since the second decade of the 21<sup>st</sup> century is China's expansion into the West Philippine Sea. In March 2010, China declared the South China Sea as one of its "core interests," indicating its determination to assert its rights over the disputed waters. At the same time, top-level Chinese officials abandoned their moderate public posture on the maritime dispute, and became increasingly forceful and nationalistic. They constantly harped on China's emergent status, the decline of the U.S., and their unwavering claim of sovereignty over the East China and South China Seas. They portrayed China as a reactive and defensive victim of increasing maritime encroachments by two militarily weak middle powers—Vietnam and the Philippines--and the unwarranted meddling of the U.S. By 2011, China's militant nationalism, growing naval prowess, and unilateral actions are overtly directed against a militarily-weak Southeast Asian country—the Philippines.

The late President Benigno Aquino III implemented a strategy of balancing or challenging China's expansive maritime claim in the West Philippine Sea. He countered China by shifting the Armed Forces of the Philippines' (AFP's) focus from domestic security to territorial defense; bolstering closer Philippine-U.S. security relations; acquiring American military equipment; seeking from Washington an explicit security guarantee under the 1951 Mutual Defense Treaty (MDT); and promoting a strategic partnership with Japan.

President Rodrigo Duterte unraveled his predecessor's strategy of balancing China's expansive claim in the South China Sea when he became the 16th Philippine president in mid-2016. At the onset of his term, President Duterte managed the West Philippine Sea dispute according to China's terms, i.e., bilateral negotiations, setting aside the July 12, 2016 arbitral awards to the Philippines, preventing third parties from interfering in the dispute, and joint development. Unfortunately, these efforts have not prevented China from pursuing its goal of maritime expansion and in the process, employing coercive actions against AFP units stationed in some of the Philippine-occupied land features in the West Philippine Sea.

After more than five years of pursuing a policy of appeasement toward China, the defense, military, and foreign affairs establishments are questioning President Duterte's policy and are pushing for a grand strategy aimed at constraining China's revisionist agenda in the South China Sea. The current administration is pondering on a grand strategy of "limited hard balancing" to constrain the hegemon's revisionist agenda.<sup>1</sup>

Specifically, this strategy requires building up the Philippine military's external defense capabilities, maintaining its alliance with the U.S., and making security arrangements with other middle powers like Japan, South Korea, and Australia. Its goals are to develop a credible defense capability for the armed forces; while at the same time, to promote and strengthen comprehensive and strategic alliances the Philippines has forged with its friends and partners in the international community.<sup>2</sup> As a middle power in a changing Indo-Pacific region, the Philippines is at a crossroads on whether it will continue to pursue its policy of appeasing China or adopt a policy of limited hard balancing.<sup>3</sup>

This paper examines the prospect of limited hard balancing as the next administration's grand strategy in the next six years. It raises this question: why should the next administration consider limited hard balancing as its grand strategy in a changing Indo-Pacific region? What differentiates it from the previous administrations' grand strategies? It also addresses the following questions: 1) What is limited hard balancing? 2) Why did the Duterte Administration earlier adopt a policy of appeasement on China? 3) How did it implement this policy? 4) How are military and the defense and foreign affairs departments pushing back against this policy of appeasement? 5) How can the next administration implement a policy of limited hard balancing in the next six years?

## **Varieties of Grand Strategies and the National Security Strategy (NSS)**

Any serious and enlightened president must be guided by a strategy to prevent his or her country from being subjected to the malevolent actions of other states, and to minimize the possibility of being a victim of accidental events or tragic circumstances or plain misfortunates. A strategy is necessary for him or her to always maintain and retain the political initiative and prevent the adverse effects of unexpected international events and developments.<sup>4</sup> It magnifies a president's foresight and determination that will enable him or her to effectively combine willingness and opportunities to achieve wide, and predetermined objective through skillful decisions that minimizes political and economic costs.<sup>5</sup> An incoming president must begin his or her term with a grand strategy.

A grand strategy is far less variable than foreign policy which changes from one administration to another. It consists of a set of ideas for using a nation's resources to achieve its interests over the long run. The term "grand" signifies the large-scale nature of the strategic undertaking in terms of time (long-term, ideally measured in decades), stakes (the interests concerned are the large, important, and most enduring and vital ones), and comprehensiveness (the strategy provides a blueprint or guiding logic for nation's policies across many areas).<sup>6</sup>

A grand strategy involves the purposive application of military, diplomatic, and economic instruments of statecraft to realize particular goals.<sup>7</sup> It is often defined in terms of national security, power, and wealth, but the ends point to valued public goods such as national honor, stability, territorial integrity, and freedom from fear and coercion. It combines military and diplomatic strategy as it integrates all elements of national power in policies calculated to advance or defend national interests and concerns in light of both anticipated and unanticipated trends and events in the global society.<sup>8</sup> Great powers view their grand strategy on a global basis; some middle powers see it on a regional scale; and smaller powers focus it on their territorial borders and internal or domestic security concerns.

A president chooses or designs his or her grand strategy on his or her deep-seated belief on how the country should deal with the international challenges or opportunities it faces at a given point in history. National leaders should view

grand strategy as means to maintain and or strengthen their hold on executive power.<sup>9</sup> The National Security Strategy or NSS, contains a country's grand strategy. It represents a state's plan for the coordinated use of all the instruments of national power—from diplomacy to the military capability—to pursue the objectives that defend and advance the national interests.

A key security challenge that states face, at any given point in time, is how they should address uncertainties generated by an emergent power bent on altering the status quo. States can adopt three grand strategies to manage this systemic trend: balancing, appeasement and limited hard balancing. The aim of balancing is to strengthen the state's ability to defend its vital interest in the face of a perceived threat through some combination of internal mobilization for arms-build up and alliance formation, though typically leaders do attach greater weight to one strategy or the other.<sup>10</sup> Appeasement involves extending concessions to an emergent power in the hope that its aggression will be moderated or terminated, sparing the appeasing state a costly war and possibly a peaceful and cooperation relations with the emergent power. States can also pursue limited hard balancing, which relies on limited arms build-up and semiformal alliances such as strategic partnerships that allow joint efforts and sharing of strategic resources but not offensive warfare or operational coordination.<sup>11</sup>

### **The Aquino Administration's Balancing Strategy**

Since 1992, the three previous administrations (Ramos, Estrada, and Arroyo) pursued routine and low-politics foreign policy agenda aimed at economic diplomacy and protecting the welfare and interests of Overseas Filipino Workers (OFWs) throughout the world. The late President Aquino altered this pattern by challenging China's expansive maritime claim in the South China Sea. In effect, the Philippines got involved again in a classical geo-political game among the great powers in East Asia. He pursued a strategy of balancing although his administration was never able to come out with a formal NSS. This was because during his early months in office, President Aquino showed little interest in foreign relations and strategic matters. He, however, was overtaken by unexpected international developments which forced him to pay

more attention to foreign policy and security matters than what he initially anticipated in mid-2010.

A vital component of the Aquino Administration's balancing policy toward China was its decision to shift the AFP from its focus on internal security to territorial defense. Emboldened by the strong public support during the 2012 Scarborough Shoal stand-off, the beleaguered Aquino Administration hastened to establish a modest but "comprehensive border protection program" against Chinese creeping expansionism in the South China Sea. In December 2012, six months after the tense Scarborough Shoal stand-off, President Aquino signed into law Republic Act 10349 extending the AFP modernization program of 1995. This military modernization has been anchored on the surveillance, deterrence, and border patrol capabilities of the Philippine Air Force (PAF), the Philippine Navy (PN), and the Philippine Coast Guard (PCG) that extend from the country's territorial waters to its contiguous and EEZ.<sup>12</sup>

The March 2015 Defense Planning Guidance for 2016-2022 emphasized the importance of defending "the country's territorial integrity and sovereignty, specifically in the West Philippine Sea (South China Sea)" which accordingly "poses the foremost security challenge" to the Philippines and the AFP.<sup>13</sup> It also accentuated the need to maximize all available resources at the government's disposal to achieve a credible defense posture in territorial defense and maritime security.<sup>14</sup> The planning guidance for the AFP provides for the acquisition of weapons systems that can enable the PN: a) to monitor the Philippines' vast maritime territory by developing the essential surface and air capability to survey and monitor Philippine-controlled islands in the South China Sea and to prevent unoccupied island/reefs from being occupied by other claimant states;<sup>15</sup> and b) to deter external threats and protect the country's maritime interests. In effect, the guidance aims to build an effective force presence in the maritime domain that exhibits competence to defend the territory, if necessary.<sup>16</sup>

The Aquino Administration also discarded the policy of equi-balancing between the U.S. and China, as it fostered closer security cooperation with the former as a matter of policy. It bolstered deeper Philippine-U.S. security arrangements; requisitioned American military equipment; and sought from Washington an unequivocal security guarantee under the 1951 MDT. The most salient component of this foreign policy was the two countries' signing of the Enhanced Defense Cooperation Agreement (EDCA) on 28 April 2016.

The EDCA provides American forward-deployed forces strategic rotational presence in Philippine territory, as well as broad access to Philippine military facilities.

Similarly, the Aquino Administration forged closer security relations with Japan, another U.S. ally and China's rival in East Asia. On the one hand, then Prime Minister Shinzo Abe committed to provide 10 patrol boats to enable the PCG to safeguard the Philippines' maritime territory. On the other hand, former President Aquino endorsed Prime Minister Abe's move to reinterpret the 1947 Japanese Constitution allowing the SDF to assist allies like the U.S. and possibly, the Philippines in case of an armed confrontation with China in the South China Sea.

The Philippines also filed the claim against China in the International Arbitral Tribunal of the United Nations Convention on the Law of the Sea (UNCLOS) in January 2013. The Aquino Administration saw it as a significant move to peacefully resolve the territorial dispute. China, however, flatly rejected the Philippines' plan to resolve the issue before the arbitral tribunal of the UNCLOS and insisted that the dispute be settled through diplomacy and bilateral negotiations. In filing the claim against China, the Philippines sought a multilateral and legal solution to the maritime dispute in which the interests of the international society were at stake.

### **The Duterte Administration's Appeasement Strategy**

The unexpected election of President Rodrigo Duterte as the Philippines' 16th president in May 2016, was viewed as an adverse consequence of the Philippines' long and oftentimes, troubled experience with liberal democratic governance, and an example of the popular disillusion toward the political and economic elite that has become a global trend.<sup>17</sup> He surprised many of his countrymen as he down-graded the Philippines' long-standing alliance with the U.S., alienated Australia and the European Union, and announced his plan to move closer to China and Russia.<sup>18</sup> He expressed doubts about the Philippines' reliance on the U.S., questioning its willingness to defend the Philippines in any armed engagement over its territorial dispute with China in the South China Sea. He also made wide-ranging changes in the alliance as he reduced the frequency

and scale of various joint exercises, terminating joint Philippine-U.S. patrols in the South China Sea, and raising the possibility of terminating the various security agreements such as the 1951 MDT, the 1999 VFA, and even the 2014 EDCA.

He announced that he was seeking to improve relations with China. He was candid about his intention to change Manila's hardline policy toward Beijing. This was manifested when he reacted with sobriety and extreme caution when the United Nations Convention on the Law of the Sea (UNCLOS) Arbitral Tribunal came out with the July 12, 2016 award to the Philippines that ruled that China's extensive maritime claim and expansionary moves in the South China Sea have no legal basis. Then, few months later, he opportunistically announced that he was ready to set aside the arbitral ruling as he sought trade, economic, and diplomatic concessions from China. Indeed, his open contempt on the Philippines' alliance with the U.S., his positive pronouncements on China, and his willingness to accept Beijing's preferred means of managing the South China Sea dispute, such as direct bilateral negotiations and joint development, are diametrically at odds with the conventional design and trajectory of 21<sup>st</sup> century Philippine foreign policy on these important issues.<sup>19</sup>

The Duterte Administration accepted China's core procedural norms for dealing with the South China Sea dispute—shelving the sovereignty issue, discussing the conflict in bilateral forums, and agreeing on bilateral engagements such as joint development, strengthening of bilateral trade and increased trade—in exchange for Chinese support for Philippine development.<sup>20</sup> The Philippines' 180-degree shift in its South China Sea policy should be understood in the context of China's growing political influence over the Association of Southeast Asian Nations (ASEAN) member states through its massive involvement in infrastructure development that individual Southeast Asian countries is promoting.<sup>21</sup>

### **The 2018 National Security Strategy (NSS) and the Shift to Limited Hard Balancing**

On 16 May 2018, President Duterte signed the first National Security Strategy (NSS) since the Philippines became an independent republic in 1946.<sup>22</sup> The

NSS paints a realist picture of the country's external environment. It indicates that the Philippines has not been confronted by any direct threat of foreign aggression since the end of the Second World War. Nevertheless, it warns that the current regional security environment has become increasingly uncertain and dangerous for the country. The 2018 NSS did not mention any specific country that threatens the Philippines. Instead, it raised three important issues concerning the Philippines's external security environment.<sup>23</sup>

1. The perils of traditional geo-strategic threats as competing interests of the great powers and other countries converge, requiring the Philippines to chart its role in an increasingly multipolar system.
2. The need for the Philippines to be fully equipped not only to deter potential aggressors but also to protect the archipelago from international terrorists, pandemics, transnational crimes, and natural disasters.
3. The necessity for the Philippines to develop a credible defence capability and to strengthen its comprehensive strategic alliances or cooperation with its friends and security partners in the international community.

The release of the 2018 NSS coincided with a shift in Philippine policy towards China from appeasement to limited hard balancing. This shift can be partly attributed to the Philippine military's stance *via-a-vis* China's expansion into the South China Sea. The AFP is one of the important institutions in Philippine society that has been very suspicious of President Duterte's pivot to China. Distrust of China runs deep in Philippine society, particularly in the military circles, where Beijing's motives are often seen in the context of the two countries' chronic long-running dispute over territory in the South China Sea.<sup>24</sup> The AFP is suspicious of Chinese funding of Philippine infrastructure projects and is skeptical of closer Philippine-China security relations. This stems from its mandate to protect the country's territory in the face of Chinese occupations of several land features deep in the country's economic exclusive zone (EEZ). It is still pro-U.S. and it believes that the territorial dispute with China in the South

China Sea is a major road block for regional peace and long-term cooperation between the Philippines and China.

In late July 2018, the Philippine government complained to China about the increase in offensive Chinese radio warnings against Philippine aircraft and ships flying and sailing respectively near Chinese reclaimed and fortified islands in the South China Sea. In April 2019, in a diplomatic protest, the DFA questioned the presence of a large number of Chinese fishing vessels around Philippine-occupied islands and accused Beijing of applying a swarming tactic to support its coercive objectives against the country.<sup>25</sup>

In applying its appeasement policy towards China, the Duterte administration extended key diplomatic concessions to China. It has not, however, aligned or subordinated Philippine foreign policy to China's revisionist agenda of maritime expansion. The reason is simple, despite its efforts to appease China, the current administration does not want to put the fate of the Philippines in the hands of a more powerful and aggressive China. By appeasing an expanding power, which is the source of security threat through its aggression and expansion, the Philippines accepts and faces greater vulnerability in false hope that Chinese appetites for further expansion into the West Philippine Sea are satiated or diverted.

This is evident in the Duterte administration's three important policies: a) the continued funding of the AFP modernization program to develop the Philippine military's territorial defense capabilities against China; b) downgrading the Philippines' security relations with the U.S., but keeping the alliance intact, allowing the holding of several Philippine-U.S. joint military exercises in the South China Sea, and even seeking for a clearer U.S. security guarantee as provided by the Philippine-U.S. 1951 Mutual Defense Treaty (MDT); and c) bolstering the Philippines' security partnerships with Japan (China's traditional rival in East Asia) and Australia.

### *Continuing the AFP Modernization Program*

The Duterte Administration's pondering on a policy of limited balancing on China is best manifested by its decision to proceed with the long-term AFP modernization program. In July 2019, the PAF re-established the Philippines' Integrated Air Defense System to protect the country's airspace from aerial

threats. The re-activation of the Philippine air defense system was made possible by the PAF's acquisition of Korean-made 12 FA-50 PH Fighter Eagle lead-in fighter planes from Korea Aerospace (KAI) for PhP18.9 billion (estimated USD 400 million).<sup>26</sup> This was the PAF's first major aircraft acquisition after the Philippine bought 25 F-8 Crusader fighter-bombers from the U.S. in 1979 to supplement its squadrons of pre-Vietnam War F-5 aircraft.

In late May 2020, the PN acquired its first missile-capable frigate, the BRP Jose Rizal (FF-150) from the Korean shipbuilder Hyundai Heavy Industries (HHI). The frigate is the PN's first brand new warship with anti-air warfare, anti-surface, anti-submarine, and anti-electronic warfare capabilities.<sup>27</sup> A second frigate, the BRP Antonio Luna, was delivered in early 2021. The acquisition of these two-brand new Korean-made frigates would upgrade the PN's overall naval warfare capabilities and would mark a milestone in the Philippine military's modernization program.

In June 2019, President Duterte agreed to bankroll the second phase of the AFP's 15-year modernization program. This phase provides big-ticket items that the AFP would acquire, with the lion-share of the US\$ 56 billion modernization fund going to the PN and the PAF. The PN will procure two more missile-capable frigates, amphibious assault vehicles, anti-submarine helicopters, multi-role vessels, and even submarines. In turn, the PAF will acquire two squadrons of multi-role fighters and 12 more FA-50 lead-in fighter planes to complement its current inventory of 12 aircraft acquired during the first phase or horizon of the modernization program. Under the updated Horizon 2 of the AFP modernization program, the Philippine military has identified these key items that had to be acquired from 2018 to 2022: multi-role fighters, helicopters, and long-range patrol aircrafts for the PAF; frigates, corvettes, and submarines for the PN; and multiple launch rocket systems, weaponry, and night fighting equipment for the PA.<sup>28</sup>

### *Keeping the Philippine-U.S. Alliance Intact*

In late September 2016, President Duterte threatened to separate the Philippines from its only strategic ally, the U.S. He suddenly ordered the termination of Philippine-U.S. naval joint patrols and military exercises after the Obama Administration condemned the alleged extra-judicial killings resulting from

his campaign against drug lords and minor pushers.<sup>29</sup> He also threatened to review and to abrogate the 2014 EDCA, which provides the U.S. forces access to five Philippine military bases. During his 21 October state visit to Beijing, President Duterte declared his separation from the U.S. and his realignment with China which agreed to resolve the South China Sea dispute through bilateral negotiations.

On 8 November 2016, however, the rectification came with Secretary Delfin Lorenzana's announcement that the Philippine-U.S. security alliance would not be abrogated and that the EDCA would be implemented.<sup>30</sup> He said that after a cabinet meeting that President Duterte decided to maintain the Philippine-U.S. alliance and implement the EDCA. The joint military trainings would continue but would be scaled down into small unit exercises that will focus on Special Forces, counter-terrorism and counter-narcotics operations. Meantime, the annual Balikatan (Shoulder-to-Shoulder) exercises involving thousands of American and Filipino troops would continue but would be transformed from its warfighting scenario into humanitarian, engineering, and civil activities.

In the face of the initial Philippine-China rapprochement, the management of the U.S.-Philippine alliance depended on two key security issues—the South China Sea dispute and the growing ISIS threat in Mindanao. The May 2017 siege of Marawi City provided the AFP the rationale to oppose President Duterte's October 2016 plan to expel American Special Forces from Mindanao. In 2018, there were about between 200 to 300 American troops deployed in the Philippines serving in advisory roles in the AFP's post Marawi City counter-insurgency/counter-terrorism operations.<sup>31</sup> President Duterte relented to the Philippine military's desire to keep American troops in its camps because they provide intelligence and equipment to its operations against insurgents and terrorist groups in Mindanao.<sup>32</sup>

In early 2020, the Philippine-U.S. alliance experienced a major crisis when President Duterte abruptly abrogated the 1999 Philippine-U.S. Visiting Forces Agreement (VFA). During the 7<sup>th</sup> of February 2020 Senate Foreign Relations Committee hearing, Secretary Locsin warned that the VFA's abrogation would render the 1951 MDT and the 2014 EDCA into just pieces of paper. President Duterte rendered these agreements into nothing more than scraps of paper by sending the notice of termination to the U.S. government on February 12.

China's heavy-handed and aggressive behavior against the AFP forced the Duterte administration to reverse course. On the February 17, a People's Liberation Army Navy (PLAN) corvette targeted its Gun Control Director (GCD) on the PN's anti-submarine frigate the BRP Conrado Yap near Rizal Reef in the South China Sea. This is the first time that a PLAN warship directly threatened a PN ship. In March 2020, a Chinese military transport plane landed on Fiery Cross or Kagitingan Reef on a routine supply mission to consolidate its control of the South China Sea. In early April, China started the operations of two maritime research stations in two artificial islands that are claimed by the Philippines: Fiery Cross or Kagitingan and Subi or Zamora Reefs. On April 18, the State Council of the city of Sansha announced the establishment of two new districts to administer the disputed waters in the South China Sea.

These developments coincided with the change in administration in the U.S. The newly installed Biden Administration immediately reaffirmed its long-standing alliance with the Philippines. In late January 2021, newly appointed Secretary of State Anthony Blinken called his Philippine-counterpart, Secretary Teodoro Locsin, to convey that a strong Philippine-U.S. alliance is vital to a free and open Indo-Pacific region. He reiterated the 1951 MDT's implications for the security of the two countries, specifically in case of an armed attack against the Philippine armed forces, public vessels, or aircraft in the Pacific -which includes the South China Sea.<sup>33</sup>

During the Whitsun Reef stand-off, top Biden national security officials worked closely and effectively with their Filipino counterparts—and in conjunction with an ongoing Philippine-U.S. military exercise—to challenge China's efforts to occupy this Philippine-claimed land feature deep within its EEZ. U.S. National Security Adviser Jake Sullivan called his Filipino counterpart, Secretary Hermogenes Esperon, to emphasize U.S. support and the applicability of the 1951 MDT to the area.<sup>34</sup> On April 9, U.S. Secretary of State Antony J. Blinken called Secretary Locsin to express Washington's concern over the massing of Chinese maritime militia vessels in the South China Sea, and more importantly, to reaffirm the applicability of the 1951 MDT in the South China Sea.<sup>35</sup> U.S. Department of Defense Secretary Llyod Austin called Secretary Lorenzana to express U.S. support to its ally and informed his Philippine counter-part that the U.S.S. Theodore Roosevelt and its escorts were operating in the South China Sea.<sup>36</sup>

On 30 July 2021, President Duterte withdrew the termination letter for the VFA after a 75-minute meeting with U.S. Defense Secretary Lloyd Austin during the latter's official visit to the Philippines.<sup>37</sup> Secretary Austin thanked President Duterte as he called the Philippines a vital ally. He also declared that the Philippines and U.S. currently face a range of security challenges and a resilient U.S.-Philippine alliance will remain vital to the security, stability and prosperity of the Indo-Pacific.<sup>38</sup>

### *Fostering Security Partnerships with Japan and Australia*

President Duterte had been very vocal against the Philippine-U.S. alliance. However, he has never criticized or even mentioned the Philippine-Japan security ties or Philippine-Australia security partnership. On the one hand, President Duterte's decision to bolster Philippine-Japan security partnership, and stabilize Philippine-Australia bilateral relations, suggest that, despite his efforts to improve Philippine-China economic relations, he sees the need to equibalance among the major powers.

On 10 February 2017, the Philippines and Japan held their fifth annual defense dialogue in Tokyo. Significantly, the Philippines brought up the subject of a visiting forces agreement to pave way for the conduct of joint exercises between the two security partners.<sup>39</sup> The prospects of a visiting forces agreement between Japan and the Philippines were initially tackled when then President Aquino visited Japan in June 2015. On 28 March 2017, the first two former JMSDF Beechcraft King Air TC-90 reconnaissance planes were formally turned over to the PN. The two leased aircraft augmented the PN's six 40-year-old Britten-Norman Islanders used in maritime patrol, surveillance, and HADR, and rapid assessment missions.

During the siege of Marawi City, Australia dispatched two Royal Australian Air Force (RAAF) AP-3C Orion planes to provide surveillance and reconnaissance support to the AFP's combat operation against the Muslim militants.<sup>40</sup> It also sent Australian Defense Force (ADF) personnel to advise and assist the Philippine military in counter-terrorism campaign—something that the ADF has been doing in Iraq.<sup>41</sup> In October 2017, the Philippines and Australia signed a security agreement for capacity building and to address the threat of terrorism. Under this agreement, the ADF will send mobile training teams to

train the AFP on urban warfare and counter-terrorism.<sup>42</sup> The agreement also stipulates that the RAN will conduct port visits to the Philippines to engage the PN in a range of cooperative activities to support its capability development.<sup>43</sup>

### **Why a Limited Hard Balancing Strategy?**

Since 2011, the Philippines has adopted three forms of grand strategy—balancing, appeasement, and limited hard balancing—against China’s maritime expansion in the West Philippine Sea. The late President Aquino challenged China’s expansive maritime claim in the South China Sea. President Duterte, however, untangled the late President Aquino’s agenda of balancing China’s expansive claim in the South China Sea. He thought that an appeasement policy on China was worth pursuing because it would make the country a beneficiary of the latter’s emergence as a global economic power. President Duterte took into account China’s launching of the BRI. He was afraid that if the Philippines continues to pursue a balancing policy on China, the country would not be able to avail of the economic benefits from the BRI, China’s 21<sup>st</sup> century version of the Marshall Plan.

However, the Duterte Administration was confronted by China’s failure to deliver the promised loans and direct investments to finance the Philippine government’s Build, Build, Build program, and increasing naval presence and assertiveness near the artificial islands it constructed in the South China Sea. This forced this administration to reluctantly embrace a policy of limited hard balancing. The goal is to develop the Philippines’ external defense capabilities on the account of China’s maritime expansion, and the dangerous great powers’ competition in the Indo-Pacific region. Hence, it found necessary to continue some aspects of the Aquino Administration’s balancing policy, such as: a) building up the AFP’s territorial defense capabilities; b) maintaining its alliance with the U.S; and c) fostering security partnerships with Japan and Australia.

The current administration’s strategy of limited hard balancing towards China stemmed from its realization that a policy of appeasement requires the weaker party (the Philippines) to put its strategic stakes in the hands of a more powerful state (China) which is harboring hostile intention of maritime expansion in the West Philippine Sea and is bent on exploiting the country’s

military weakness. The adoption of this strategy was also partially triggered by Chinese coercive actions against AFP units deployed in the West Philippine Sea.

In its dealing with the West Philippine Sea dispute, the Duterte administration has separated economic cooperation from its security efforts vis-à-vis China over the territorial spat as it actively promoted bilateral cooperation. In 2020, the Philippines still subscribes to China's preferred goal of managing the disputes—bilateral negotiation, closer economic cooperation and relations, and talks of joint development; at the same time, it made attempts to counter China's aggressive expansionism by building up the AFP's territorial defense capabilities, leveraging on U.S. naval presence in the South China Sea, and growing involvement of other maritime powers such as Japan, and Australia. Early this year, the Philippines even confronted China in a tense maritime stand-off in Whitsun Reef. The Duterte administration's efforts are directed against a specific Chinese policy related with maritime expansion rather than China's emergence as a great power in the Indo-Pacific region.

A policy of limited hard balancing requires accepting that China is a major economic and military power in the region and that the Philippines must maintain a healthy economic and diplomatic relations with this emergent power. However, the Philippines must seek to mitigate any adverse externalities of this geopolitical reality, i.e., assertiveness, coercive behavior, and territorial expansion, by developing credible military capabilities and harnessing counter-vailing coalitions of other major powers designed to thwart or impede specific Chinese policies. Limited hard balancing involves the Philippines' effective coordination of both military and diplomatic efforts in order to obtain outcomes contrary to China's preference of controlling a large portion of the West Philippine Sea, and the waters of the first-island-chain. Limited hard balancing seeks to constrain China's ability to unilaterally impose its preferences on the Philippines and other littoral states through limited arms build-up and reliance on diplomatic coalition of like-minded states that will defend their common interest of maintain a rules-based international order.

The current administration is deliberating on a grand strategy of "limited hard balancing" to constrain the hegemon's revisionist agenda.<sup>44</sup> This policy was a result of the defense, military, and foreign affairs establishments questioning President Duterte's appeasement policy; leading to this administration's belated realization

that it needs an impromptu strategy aimed at constraining China's revisionist agenda. This, in turn, is generating an impasse within the Duterte administration as it is caught in a bind on whether it will continue its appeasement policy or adopt a policy of limited balancing against China's maritime expansion into the West Philippine Sea in its remaining few months in office.

The current COVID 19 pandemic has also created the need to address non-traditional security challenges like Emerging Infectious Diseases (EID). The COVID-19 pandemic is the first major biological upheaval that has rocked the 21st century global society. Prior to the 20<sup>th</sup> century, low population densities, infectious diseases, outbreaks of epidemics and pandemics were generally rare and were primarily driven by natural disasters, inter-state wars, revolutions, and other social upheavals. However, because human population has increased exponentially, the spread of numerous EIDS has accelerated because of economic globalization, massive urbanization, revolution in transportation and communication, decline in biodiversity, and climate change.

As a country geographically close to China and possessing one of the most fragile public health care systems in Southeast Asia, the Philippine has vital interests in addressing this non-traditional security challenge. The raging COVID-19 pandemic is an unmistakable writing on the wall that should not be ignored. The current pandemic is a wake-up call for the Filipinos to prepare themselves against future EIDs that will hit and ravage the country in the 21<sup>st</sup> century. This will require the Philippines to develop its public health infrastructure and systems as critical strategic and security assets that require public attention, legislations, and funding. This also requires the Philippines to incorporate public health security to its next NSS.

## **Recommendations**

The key challenge for the 17<sup>th</sup> Philippine president is to transform the current administration's unplanned and makeshift policy of limited hard balancing into a well-thought, comprehensive, and formal grand strategy that will guide the Philippines in the next six years. This requires the incoming administration to implement the following policies during its six-year term:<sup>45</sup>

1. ***Immediate formulation by the National Security Council (NSC) of a new NSS based on the July 12 2016 Arbitral Ruling on the South China Sea Dispute***-- The arbitral tribunal declared that China's expansive claims in the South China Sea—defined by the nine-dash-line—defy and violate international law. The tribunal concluded that whatever historic rights China had to the resources in the waters of the South China Sea were extinguished when it joined and ratified the UNCLOS. It also noted that, although Chinese navigators and fishermen, as well as those of other states, had historically made use of the islands in the South China Sea, there was no evidence that China had historically exercised exclusive control over the waters or their resources. The tribunal asserted that historical navigation and fishing by Chinese fishermen and navigators in the waters of the South China Sea involved the exercise of high seas freedom, rather than a historic right, and that there was no concrete evidence that China had historically exercised exclusive control over the South China Sea or prevented other states from exploiting its resources. The DFA's July 2020 statement and President Duterte's September 2020 speech to the United Nations General Assembly (UNGA) reiterated the Philippines' commitment to the arbitral award.

Making the award the basis of the NSS will have the following implications: a) direct Philippine strategic attention and resources to the security of its maritime domain; b) reject the legitimacy of Chinese maritime expansion in the South China Sea; c) securitize China's maritime expansion as the clear and present danger to Philippine national security; and d) require the Philippines to develop the necessary economic, diplomatic, and military instruments that will enable the country to protect its maritime interests and uphold the rules-based international order.

2. ***The Philippine should incorporate Health Security in the National Security Strategy, the National Defense and Military Strategies, and in the National Economic Development and Authority's (NEDA) Five-Year Development Plan***-- As a concept, health security focuses on taking preventive measures to protect the nation from current and more importantly future infectious disease, distress of insufficient health care, and inadequate public health infrastructure. Operationalization of health security in terms of policy will require the securitization of EIDS, and examining how the management of

infectious diseases could converge with the broader configuration of national security and economic development.

3. ***Build the AFP's territorial defense capabilities with a specific focus on developing its ability to wage asymmetrical warfare in the country's maritime domain***-- The Philippines should develop a credible defense capability by focusing its limited resources on building the navy and the air force. Both armed services, supported by the army, should train for a combined asymmetrical warfare against a bigger and more powerful power in the West Philippine Sea. The goals of this arms-build up are: 1) to inflict cost to any major power that will threaten Philippine interests in the West Philippine Sea; and 2) to signal the country's determination and willingness to protect its maritime territory and territorial rights to its ally and security partners.

4. ***Fund Horizon 2 of the AFP modernization program with a clear vision that procurement and prioritization of equipment should follow the country's NSS based on the July 12 2016 Arbitral Award***-- A major problem observed in the current implementation of the AFP modernization program is the prioritization of equipment that the armed services are procuring. The AFP is still procuring and prioritizing equipment intended primarily for internal security even though the result of strategic assessment for 2013-2018 period indicated that the identified core security concerns of the country listed in order of priority are the following: threats to the country's territorial integrity, maritime security, natural disasters, and internal security.<sup>46</sup> A NSS based on the July 12, 2016 arbitral award will provide a clear guideline on the procurement and prioritization of military equipment in the next six years.

5. ***Increase Philippine defense spending while effecting reforms to reduce the proportion of the budget allocated to personnel expenditures***-- One of the major hurdles in the implementation of AFP Modernization Program is the inadequate funding and complicated by the fact, that 85% of the defense budget goes to personnel expenditures leaving little or no amount for capital outlay. The first modernization program began in 1995 has started with the passage of RA 7898. This program began with a budget ceiling of PhP 50 billion for the first five years. However, the Asian financial crisis in 1997 wreaked havoc with

the modernization program. This caused the program being only funded from 1997 to 2002 from the AFP's share from the sale of portions of Fort Bonifacio and Villamor Air Base. However, out of the promised PhP 330 billion allotted for RA 7898, only approximately P30 billion was actually given to the AFP in 2010. This amount represented less than 10% of the funds committed to the modernization program.

There are two factors that have adversely affected the allocation of fund for the AFP Modernization Program. One, is the 1987 Philippine Constitution which prohibits the government from allocating more funds to the military than for education. The economic situation of the country is the other factor that would determine the prospect of getting the necessary funding for AFP modernization. The AFP will get bigger budget for its modernization program if the government generates a bigger income. Unfortunately, Philippine defense expenditures has always been low compared to other ASEAN member states.

It is imperative for the Philippine government to allocate at least two percent of its Gross Domestic Product (GDP) for defense spending to effectively fund the AFP modernization program. Unfortunately, this mark has yet to be achieved as the Philippine defense expenditures as a percentage of the GDP ranges only from 0.86% up to 1.31% from 2009 up to 2019. Increasing the country's defense expenditures to two percent of its GDP should be complemented with a major reform involving the radical reduction of the percentage of personnel expenditures in the overall defense spending from 85% to 50%. This will release the funds for the AFP modernization program.

6. ***Make a conscious and concerted effort to link the NSS to the NDS and the AFP modernization program***-- Another important factor that impedes the AFP modernization program is the lack of clear and specific guidelines that will direct its implementation. In the implementation of RA 7898, strategy-based planning was clearly lacking. A strategy-based planning should have identified the priority threats and linked the capability requirements with the acquisition process. The civilian government, however, failed to provide the AFP with the comprehensive and coherent National Security Policy (NSP) and NSS which should be the basis for crafting the National Defense Strategy (NDS). However, the Aquino Administration's first NSP, which came out in 2011, had no corresponding NSS and National Defense Strategy (NDS).

The Duterte Administration's NSS avoided mentioning any specific threat to Philippine national security. Consequently, the NDS was drafted without any clear threat to Philippine national security. The NDS should be the basis for the AFP in crafting and implementing its modernization plan. However, the NDS cannot be formulated without clear and present threats to the country's national security that the NSP and NSS should have provided. The next administration should make sure that its NSS-based on the July 12, 2016 arbitral ruling can provide the necessary road-map for the formulation of a NDS and the smooth and rational implementation of the AFP modernization program.

7. ***Initiate the reform process for the transfer of Internal Security functions from the AFP to the Philippine National Police (PNP)*** -- A major initiative of the Aquino administration was to transfer internal security functions from the AFP to the PNP. The DND's 2013-2018 Defense Guidelines provided for restructuring the AFP to a "lean but fully capable" armed forces to confront the challenges to the country's territorial integrity and maritime security that will be realized through the reduction of infantry and marine battalions and the redirection of limited financial resources to key priorities such as theater mobility, close air-support, air-surveillance, and air-defense. The long-term goal then was to transfer internal security functions from the military to the PNP. However, this goal was side-tracked as the Duterte Administration, in early part of its term, decided to bring back internal security functions to the AFP along with its long-term goal of shifting to territorial defense. The next administration should initiate efforts to transfer internal security functions away from the military to the PNP.

8. ***Support current legislations aimed at providing the AFP's chairman of the joint-chief-of-staff and its members with a fixed three-year term--*** A major problem in the implementation of the AFP modernization program is the revolving door policy where AFP chairmen of the joint-chief-of-staff are required to retire once they reached the mandatory retirement age of 56. This system accounts for the problem of the so called "legacy syndrome," a situation wherein some top officers of the AFP adhered to the practice to leaving behind a legacy before retirement. This particular condition is exacerbated by the fast turnover of AFP chairmen of the chief-of-staff and its members. Consequently,

ranking military leaders are appointed to positions for a limited time only which will be enough for a leader to implement short-term decisions to support the “legacy” culture or stop-gap solutions. The AFP’s legacy syndrome can be remedied by a three-year fixed term, subject to another three-year term if reappointed by the president, for the chairman of the joint-chief-of-staff.

9. ***Strengthening the Philippine-U.S. alliance by implementing the 2014 EDCA and forming with the U.S. a bilateral “4+4” strategic, diplomatic, economic, and public health dialogue mechanism that will advance a comprehensive security partnership between the two allies--*** The 2014 EDCA’s primary goal is for the U.S to extend military assistance to the AFP modernization program through the establishment of agreed locations in five Philippine military bases all over the country. It was projected that the two allies’ utilization of these agreed locations would enhance their respective security interests in the face of Chinese expansion in the South China Sea. These interests involved expanding their joint military exercises/training and more significantly, enabling the U.S. to deploy (again after 1992) a credible deterrent force in the Philippines on a rotational basis. To impress upon the U.S. that it is serious in strengthening the alliance, the new administration must push for the full implementation of EDCA by allowing the U.S. to construct the necessary military facilities in five agreed locations all over the Philippines.

The Philippines and the U.S. should form a “4 +4” dialogue mechanism to advance a comprehensive partnership between the two countries and other American allies, while preventing China from creating cleavage between Manila and Washington.<sup>47</sup> This body would be chaired by Secretaries of Defense, State, Commerce, and Health in a “4+4” format of annual conferences. The body should form committees dedicated for military access and exercises, economic and infrastructure development, trade and investment, and public health and a COVID-19 vaccination program for the Philippines. This body should formulate a whole-of-government plan that first sets a favorable condition to bolster the alliance in particular, and overall bilateral relations in general within the first two years of the next Philippine administration after June 2022.

10. ***Enhance Philippine security partnerships with other American allies such as Japan, the Republic of Korea and Australia--*** Since 2010, Japan,

South Korea, and Australia have been donating or selling war materiel to the Philippines. Japan has provided the Philippine Coast Guard (PCG) 12 multi-purpose patrol vessels, and five long-range reconnaissance aircraft to the PN. The Republic of Korea has sold the PAF 12 FA-50 lead-in fighter jets and the PN two guided- missile frigates. The ROK has also donated an anti-submarine frigate to the PN. Australia has sold and donated to the PN four strategic sea-lift vessels. The Philippines can request the U.S. to organize its allies into a consortium that will program and systematize their military assistance to the AFP.

11. *Leverage on existing and newly formed multilateral arrangements that are committed in defending the rules-based international system--* Since the Mischief Reef Crisis in 1995, the Philippines has harnessed the Association of Southeast Asian Nations (ASEAN) as multilateral institution that can constrain China's coercive behavior and expansion in the West Philippine Sea. However, the inability of China and the ASEAN to agree on a binding Code of Conduct (COC) for the parties of the South China Sea dispute, and the regional organization's inability to come out with a comprehensive and coherent Indo-Pacific strategy have exposed the limitation of this regional organization. The Philippines must leverage on existing and new multilateral organizations such as the European Union, the East Asian Summit (EAS), Quadrilateral Security Dialogue (QUAD) and the Australia, United States, and United Kingdom Security Partnership or AUKUS to uphold the rules-based international order.

<sup>1</sup> T.V. Paul, *Restraining Great Powers: Soft Balancing from Empires to the Global Empire* (New Haven and London: Yale University Press, 2018), 21.

<sup>2</sup> National Security Council, *National Security Strategy: Security and Development for Transformational Change and Well-Being of the Filipino People* (Quezon City: National Security Council, 2018), 8.

<sup>3</sup> The Lowy Institute considers the Philippines as a middle power in Asia. The institute measures state's power based on eight capabilities: economic resources, military capability, resilience, future resources, diplomatic influence, economic relationships, defense networks, and cultural influence. Based on its index, the Philippines has an overall score of 13.7/ 100 points. The Philippines ranked highest in the defense networks measure at 11th place, while it fared lowest in resilience at 20th place due to "poor institutional stability." Lowy Institute, *Asia Power Index 2019* (Sydney, Australia: Lowy Institute, 2019). 132.

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<sup>5</sup> *Ibid.* 71.

<sup>6</sup> Stephen G. Brooks and William C. Wohlforth, *America Abroad: The United States' Global Role in the 21st Century* (Oxford, UK: University Press, 2016). 75.

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<sup>8</sup> Freeman, Jr., "Arts of Power: Statecraft and Diplomacy" 71.

<sup>9</sup> Trubowitz, "Politics and Strategy," 9.

<sup>10</sup> *Ibid.* 12.

<sup>11</sup> Paul "Restraining Great Powers," 20.

<sup>12</sup> National Security Council, *National Security Policy 2011-2016* (Quezon City: National Security Council, April 2011). p. 39.

<sup>13</sup> Voltaire T. Gazmin, "Defense Planning Guidance 2016-2021" (Quezon City: Department of National Defense, March 2015). P. 4.

<sup>14</sup> *Ibid.* p. 4,

<sup>15</sup> *Ibid.* p. 4.

<sup>16</sup> *Ibid.* p. 4.

<sup>17</sup> David Timberman, "Philippine Politics Under Duterte: A Midterm Assessment," *Carnegie Endowment for International Peace-Papers* (January 10, 2019). 7. <https://www.proquest-com.dlsu.idm.ocic.org/printviewfile?accountid=190474>

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<sup>19</sup> Lowell Bautista "The Philippines and the Arbitral Tribunal's Award: A Sombre Victory and Uncertain Times Ahead," *Contemporary Southeast Asia* 38, 3 (December 2016). 353.

<sup>20</sup> Peter Kreuzer, "Duterte Seizing the Right Moment," *Dealing with South China Sea: Duterte Changing Course* (Frankfurt, Germany: Peace Research Institute Frankfurt, 2018). 16. <http://www.jstor.com/stable/resrep19996.7>

<sup>21</sup> National Institute of Defense Studies, *NIDS China Security Report 2019: China's Strategy for Reshaping the Asian Order and its Ramifications* (Tokyo, Japan: The Japan Times, Ltd., 2019). 41.

<sup>22</sup> National Security Council, "National Security Strategy" 5.

<sup>23</sup> *Ibid.* 5.

<sup>24</sup> Cliff Venzon, "Philippine President Struggles to Sell his China Pivot at Home," *Financial Times* (October 2019). 1. <https://0-search-proquest-com.lib1000.dlsu.ph/printviewfile?accountid=190474>

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