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The Philippines Internal and external security challenges

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Ten years ago, the Moro insurgency in the southern Philippines was thrust into the international spotlight with evidence that major al-Qaeda attacks were being planned in Mindanao and the terrorist group, Jemaah Islamiyah (JI), was using the region as a training base for operations in Indonesia. Today, the Philippines confronts a security environment that is more complex and less amenable to simple solutions. Indeed, few countries in the region face as many internal and external security challenges. In addition to the ongoing presence of terrorist groups in Mindanao, the Philippines is beset by several different insurgencies, with significant regions of ungoverned or poorly governed space, endemic corruption, a rapidly growing population, and threats to its maritime resources and continental shelf posed by China's activities in the South China Sea. For Manila these problems are compounded by the limited resources available for national security spending.

The Philippines is a large and important country in Southeast Asia, and potentially a more active security partner for Australia. If the Philippines can resolve these various security problems it will strengthen Manila's place in the emerging Asia-Pacific order. This paper outlines the range of internal and

external challenges facing the Philippines and some of the implications for Australia and the region.

Political and economic context

President Benigno Aquino was elected in May 2010, on an anti-poverty and clean government platform, following the nine-year rule of Gloria Macapagal Arroyo who left office with abysmal public approval ratings, in large part over allegations of corruption and growing inequality. Although Aquino won by a large margin, the former senator had little experience, and almost no legislative legacy. Much of the fervour surrounding his candidacy came from the emotional outpouring following the death of his mother, Corazon Aquino, in August 2009.

Since June 2010, he has done relatively little to negotiate with any of the domestic rebel groups—Moro or communist—though he has shown greater concern over Chinese aggression in the South China Sea. He has significantly increased funding for military modernisation, though, by regional standards, funding for the Armed Forces of the Philippines (AFP) remains very low. Aquino is adhering to his campaign pledge of rooting out high-level corruption, including by



investigations into the former president Gloria Macapagal Arroyo and her husband. President Arroyo was arrested on 18 November 2011 on charges of electoral fraud. Although her arrest could galvanise the political opposition, to date, there has been little political backlash due to her low standing in public opinion polls. However her support and that of her party will be necessary if the President is to reach any peace agreement with the rebel movements.

Although the Philippines posted 7.3% growth in gross domestic product (GDP) in 2010—the highest rate of growth in 34 years—the

Philippines remains a very poor country. Agriculture accounts for 13.9% of GDP, manufacturing and industry for 31.3% and services for 54.8%. Though there is significant potential for mining, corruption and civil society protests have deterred more foreign investment. Although the service sector is strong—in particular, call service centres—foreign investment is modest, averaging roughly US\$340 million a year from 2001–08. The economy is highly vulnerable to changes in the global economy. In 2009, at the height of the global slowdown, GDP only grew at 1.1%, according to the International Monetary Fund and, in 2011, the Asian Development

Bank downgraded the Philippines' rate of growth to 4.7%.

Unemployment remains a very serious problem, with roughly 7.4% of the 39 million working population out of work. The youth unemployment is more than twice that rate. Belying the actual data, is public sentiment: in a June 2011 survey by the Social Weather Stations, 49% of households categorised themselves as poor and, dangerously, 36% saw themselves as food insecure. The National Food Authority, which is supposed to maintain adequate stocks of rice, has been hobbled by inefficiency, corruption and debt. Food insecurity will continue to be a significant challenge for any Philippine government.

The one bright spot in the economy are remittances from the 10 million overseas foreign workers, which account for 12% of GDP. Remittances in 2010 peaked at US\$18.74 billion. Nonetheless, remittances are subject to international events. Large numbers of Filipino overseas foreign workers were evacuated from the Middle East and North Africa due to the unrest of the Arab Spring, and fewer went overseas in the first half of 2011 than in the previous year.

Military context

The AFP is ill-equipped to meet current security challenges. Military expenditure is limited, the 18-year defence reform program is slow out of the starting blocks, the inventory comprises ageing second-hand equipment, and 125,000 military personnel remain poorly trained, ill-disciplined, and mired in corruption.

Between 2005–07, defence expenditure was 0.9% of GDP, but in 2008–09 it fell to 0.8%. This was less than half the regional average of 1.9% in 2009. In terms of absolute expenditures, in 2009 the Philippines

allocated US\$1.32 billion for defence, just half of the regional average of US\$2.75 billion.

Much of the annual defence budget goes to personnel, and only a small fraction goes to modernisation and acquisitions. The AFP began an 18-year modernisation program in 2004 with the assistance of the US. In the first five years, the US gave the Philippines US\$51.8 million and the Philippines put in a paltry US\$514 million. The Philippine Congress agreed to allocate PHP5 billion a year between 2005 and 2010 for modernisation. President Aquino more than doubled that amount to PHP11 billion in the 2011 budget, but modernisation of the force clearly still lags. The current defence budget will hardly be enough to compensate for decades of neglect.

The Philippine Navy, for example, has only 2 frigates, 11 corvettes, 58 patrol craft and assorted other vessels. But the average age of the corvettes is 57 years, with all but three—built in the early 1980s for the UK's Royal Navy—being decommissioned US naval vessels from World War II. A fleet modernisation program is underway: the Philippines took possession of a decommissioned US Coast Guard frigate in the summer of 2011, and may purchase two more.

The government is pushing for increased arms transfers of decommissioned weapons through the US Foreign Military Sales program. In 2009 it purchased three multi-purpose attack craft from Taiwan, and may purchase nine more. Meanwhile the US is looking to support the Philippine Navy's purchase of two amphibious transport docks, most likely from South Korea. Yet, even if all of the acquisitions are timely, the Philippine Navy will be hard pressed to defend the country's territorial waters, if it needs to do so.

The Philippine Air Force (PAF) comprises an ageing fleet of Vietnam-era fixed wing and rotary aircraft. In 2010, the Philippines Commission on Audit summed up the state of the PAF this way: with only 31 ageing airplanes and 54 helicopters, the PAF ‘virtually has a non-existent air deterrent capability’ and is ‘ill equipped to be operationally responsive to national security and development.’

Moreover, the AFP is also fraught with corruption, including high-level arms procurement scandals in the past few years and allegations of some 20,000 ‘ghost soldiers’ whose salaries are pocketed by the senior leadership. Troops on the ground are poorly led, ill-disciplined and allegedly frequently engage in human rights abuses.

Internal threats

The Philippines has been confronted with multiple and simultaneous insurgencies since the 1970s. While not posing an existential threat to the state, they are a drain on resources and inhibit faster economic development. The myriad of rebel groups, communist, Islamist, and ethno-national, do have some legitimate grievances and their movements have been fuelled by abuses by government forces.

The Moro Islamic Liberation Front and Moro National Liberation Front

The Moro Islamic Liberation Front (MILF) broke away from the secular Moro National Liberation Front (MNLF) in 1978, and formally incorporated in 1984. It is committed to the establishment of an independent Islamic homeland for the Moro peoples. The Philippine Government always treated the MILF as a small fringe. But when the MILF rejected the government’s 1996 autonomy accord with the MNLF, the ranks of the MILF swelled. From 1996 to 2001,

the MILF controlled significant territory in the Maguindanao and Maranao regions of Mindanao Island. The fecklessness of the MNLF’s Autonomous Region of Muslim Mindanao government, only bolstered the MILF’s credentials.

The MILF suffered a serious reversal, though, in 2000 when President Joseph Estrada ordered a large offensive. The MILF lost significant portions of their territory, including their headquarters region. The MILF regrouped along nine separate base commands engaging in guerrilla warfare. President Arroyo announced a unilateral ceasefire against the MILF in 2001, and peace talks resumed in 2003. The MILF, though, was under significant pressure because they had given members of the regional terrorist organisation, Jemaah Islamiyah, sanctuary. JI had trained in MILF camps since the mid-1990s, while in 2003, several suspects wanted in conjunction with the October 2002 Bali bombing that killed 202 people, were in MILF territory. Although the MILF forced two leading suspects, Umar Patek and Dulmatin, out in late 2004 to early 2005, the MILF continued to provide sanctuary for lesser JI operatives. Although many in the US Government wanted to proscribe the MILF, for the sake of the peace process, no United Nations sanctions or designations were ever imposed.

The deployment of a contingent of US Special Forces to Mindanao though, kept the MILF on notice. Nonetheless, there are thought to be some 20–30 members of JI in the southern Philippines. The Philippines has limited maritime policing capabilities; though they have been greatly enhanced by Australia’s sale of six patrol craft. This capability, compounded by greater maritime policing by the Indonesians and Malaysians along the northern portion of Borneo, has

made the maritime route more dangerous for JI operatives.

Peace talks continued for several years from 2003, despite a number of ceasefire violations by both sides. The 2003 death of MILF's founder paved the way for a more moderate leader, Ebrahim el Haj Murad, to emerge. Murad saw the futility of continued military operations following the loss of more territory in 2003 and 2004. He dropped the MILF's demand for independence and committed himself to an 'enhanced autonomy' agreement that would expand the territory negotiated between the government and the MNLF in 1996. In August 2007, the two sides finalised a draft agreement, the Memorandum of Agreement on Ancestral Domain (MOA-AD), that would establish an autonomous government—the Bangsamoro Juridical Entity (BJE). Nonetheless, President Arroyo's cabinet, in particular, hardliners in the AFP, as well as Christian politicians in Mindanao, rejected the accord in November 2007, prompting a resumption of low-level hostilities. In August 2008, the Supreme Court ruled the agreement unconstitutional. Several MILF commanders resumed offensive operations, attacking Christian villages, leaving 60 people dead and nearly 300,000 people displaced.

Several base commanders, including Ustadz Ameril Umbra Kato, broke away from the MILF, critical of Murad's continued commitment to the peace process, and established the Bangsamoro Islamic Liberation Movement. Many MILF commanders feel that the government has never negotiated in good faith and that the protracted peace process has significantly downgraded the MILF's cohesion and military preparedness. Although other hardline commanders did not join Kato, a handful, including Salamat Samir (the founder's younger brother), Abdullah Macapagar (Commander Bravo) and

Wahid Tondok, are known to be allies and critical of Murad. Further defections were thwarted with the reported death of Kato in late November 2011. Observers have noted increased recruitment and training in MILF camps in the past two years, a clear reversal from 2004–07.

Although a ceasefire was reached in July 2009, the peace process faltered in the final years of the Arroyo administration. The MILF clearly wanted to see what a new administration would bring to the table. Despite the May 2010 election of Benigno Aquino, who committed himself to peace talks during the campaign, there was almost no movement in his first year in office. A January 2011 preparatory meeting failed to reach an agreement that would have renewed formal talks in Malaysia in February. Talks resumed in April 2011 and a few small confidence-building measures were agreed to, including a renewal of the Malaysian-led international monitoring team and provision to allow the return of some 100,000 internally displaced peoples. In August 2011, Aquino held talks with the MILF chairman in Tokyo, though no agreement was reached. The MILF subsequently rejected the government's proposal, which offered the rebels far less than what had been agreed to in November 2007. It was an insult to the MILF, but one that the government seems mystified by. A ceasefire remains in effect, and the MILF has said that talks are not over and that they are simply waiting for a government counterproposal. Low-level skirmishes continued into early 2012, though both sides ostensibly remain committed to the peace process.

There is little reason to be optimistic about the negotiations. For one thing, the government has rejected any constitutional amendments that would be required to implement the November 2007 agreement.

Indeed, they are offering far less territory, political and economic autonomy, and control over subterranean resources. The government is unwilling to take the bold steps needed to satisfy the MILF. President Aquino is not prepared to antagonise the AFP, nor to expend the political capital to amend the constitution. His closest advisers on the issue, including his Vice-President Manuel Roxas, and congressional allies were staunch opponents of the 1997 MOA-AD. There is little reason to think that they have changed their opinion. Many in the government want to amend the constitution to create a federal system that would devolve power for all regions, not just the proposed BJE region. There is, however, little popular or congressional support for this proposal, and the MILF are wary of any agreement that is linked to the complicated and timely process of amending the constitution.

Unless the MILF is seriously further degraded militarily, it is hard to see how the leadership can accept what is currently on offer. Even if they did, Murad could not prevent many commanders and rank and file from quitting the peace process. While the government seems to think that this is okay because the movement would become smaller and more marginalised, it could create further problems for the government because the movement would be more ideologically motivated and able to tap into the frustrations of its youth.

The final problem has to do with the MNLF. The establishment of the BJE would necessarily entail the dissolution of the Autonomous Region of Muslim Mindanao, largely controlled by the MNLF. The MNLF, today, is an ethnic Tausig-dominated organisation, and chauvinism precludes any agreement that would give the MILF more power. The MILF contends that the establishment of the BJE would not be a net loss for the MNLF; that all Moros would

benefit. The MNLF, which itself is riddled with factionalism, is trying to force the government into talks to re-implement the 1999 Tripoli Agreement; they reject ongoing talks between the MILF and the government and refuse to accede to any agreement that would supersede their own.

The MILF and MNLF have held talks over the years, but could never actually accept a common negotiating principle. On 20 May 2011, the Organization of the Islamic Conference brokered an agreement between the two sides. The vaguely worded accord speaks of a common struggle and their commitment to 'attain[ing] peace, justice and a solution' to the plight of the Bangsamoro, but it does not reconcile the two very different negotiating positions and end goals. Moreover, Nur Misuari was the MNLF's signatory, despite the fact that much of the MNLF leadership has been centred on Muslimin Semma since 2001. Until the Moro groups get their own house in order, the government can continue to draw out talks. The MNLF has roughly 3,000 irregular combatants who never had to disarm or integrate with the AFP following the 1996 Accord. One unit, frustrated with the government's failure to implement the accord, renewed hostilities in 2007. Moreover, many suspect that MNLF cadres actively or tacitly support the Abu Sayyaf, with whom they are tied by blood or clan. Sadly, the conflict will continue to fester.

On the positive side, the ongoing peace process has allowed for some economic development; in particular, the construction of roads and development of electricity, telephone and government services in areas that were once controlled by the MILF. There has been a peace dividend and the MILF are cognisant that a return to all-out hostilities would be widely unpopular. It would also be difficult for them to mobilise an all-out return

to hostilities. Although they are estimated to have 12,000 combatants, that figure seems high. Most are farmers, not regular troops, and there are wide disparities between the capabilities and resources of the various base commands. The number of full-time trained MILF combatants is far fewer. But hardline members of the movement will continue low-level operations and challenge the moderate leadership of the MILF.

The MILF Central Committee formally cut ties with Kato's Bangsamoro Islamic Liberation Movement in September 2011, and the two groups skirmished soon after. But the MILF leadership is clearly concerned about the impact of a protracted peace process that offers the Moros less and less. Sadly, should Murad die or be ousted, it is hard to see anyone more moderate or committed to the peace process than he is being elected chairman.

Further compounding the situation is the cultural prevalence of *rido*, or clan wars, that pit rival families against one another across generations, based on codes of honour and revenge. When inter-clan disputes erupt, often base commands or local MILF and MNLF leaders get involved. Although non-government organisations have been working assiduously to defuse the violence, such violent cycles are part of the culture of Mindanao, where guns and blood feuds are deeply embedded.

The Abu Sayyaf Group

Since its founding in 1991, the Abu Sayyaf Group (ASG), which is based in the Sulu Archipelago and on Basilan Island, has sometimes been a movement with ideological pretensions and sometimes nothing more than a criminal enterprise. The death of its founder in 1998 and the loss of limited al-Qaeda funding forced the group

into a campaign of high-profile kidnappings from 1998 to 2001, including the kidnapping of guests from Philippine and Malaysian dive resorts. This was the *casus belli* for the deployment of some 500 US Special Forces to the Philippines in 2002. The neutralisation of a few key leaders allowed the founder's younger brother to re-orient the group away from kidnapping and, together with some key JI operatives, to engage in a low-level campaign of bombing through 2007 and 2008. Since then, the ASG has resumed their kidnap-for-ransom activities, though they continue to be opportunistic. In September 2009, for example, they killed two US military personnel with an improvised explosive device. The ASG is currently holding captive some five people, including a US and Swiss citizen.

The ASG remains a low-level threat. They are contained to the mountainous and densely covered Jolo Island, with a presence on Basilan and Tawi-Tawi, though they have conducted kidnappings in Zamboanga, including most recently an Australian citizen Warren Rodwell in December 2011. They sometimes engage in piracy, but have never attacked large sea-going vessels.

Although the US Special Forces contingent remains in the southern Philippines, they are there in a training and intelligence-sharing capacity, not in a combat role. Despite the annual US\$50 million budget, there seems to be marginal utility in the US program. The AFP tends to break up the units that the US has trained and continually fails to adequately fund their troops, relying on US support instead.

The ASG remains a small force of 300–400 people. It is able to recruit based on close kinship patterns and endemic unemployment in the region. The ASG will engage the AFP in self-defence, for example when government forces are engaging in hostage

rescue operations, but it tends to go on the offensive rarely. One such attack occurred in September 2011, when some 50 ASG gunmen attacked Talipao township killing 15, including 6 AFP personnel. Philippine authorities claim to have killed a senior ASG leader, Umbra Jundail, along with two foreign members of JI in February 2012. There remain few first generation members of the ASG at large, and the group has devolved into a dispersed network of kidnap-for-ransom gangs, rather than any sort of centralised insurgent threat.

Private armies

In addition to the known insurgent groups, Philippine instability is compounded by the existence of private armies. Although the November 2009 massacre of 58 people, including women and journalists, allegedly by members of the powerful Ampatuan clan, made international headlines because of its scale and barbarity, the reality is that local political elites rely on private armies to stay in power. Often they are armed and supported by the government or military.

The Ampatuans are a major Muslim clan who are long-time power brokers in Maguindanao and deadly enemies with the MILF. Members of the family serve as mayors, provincial governors and governors of the Autonomous Region in Muslim Mindanao. The AFP and President Arroyo have relied on the Ampatuans and seen them as key allies. Before the massacre in 2009, the Ampatuans delivered votes for President Arroyo and were rewarded handsomely. The size of their private army grew to nearly 2,400.

In 2009, when a rival clan leader announced that he would challenge the governor of Maguindanao, Andal Ampatuan Jr, in the next election, the Ampatuans ambushed a convoy of his family and journalists who were en route to register his candidacy.

Since the massacre, some 197 members of the Ampatuan clan and their militia have been charged and are currently on trial.

President Arroyo banned private militias following the massacre and pledged to disband them, but has never followed through. A national commission has identified 131 other large private militias with more than 10,000 men but no national leader has yet had the political will to take them on.

Communist Party of the Philippines/New People's Army/National Democratic Front

The Communist Party of the Philippines (CPP) was established in 1968 by Jose Maria Sison, with the establishment of the New People's Army (NPA) the following year, and the overt and broad united front umbrella organisation, the National Democratic Front (NDF) in 1973. The CPP/NPA/NDF is committed to establishing a progressive communist state based on the Marxist-Leninist-Maoist foundation, in particular the elimination of capitalism and the Philippines' alliance with neo-colonial states. It is the longest running communist insurgency in the world, responsible for tens of thousands of deaths (though estimates vary wildly). The CPP/NPA/NDF has waxed and waned over the decades and has been subject to intense internal factionalism and splits, in particular following the end of the Marcos dictatorship, the restoration of democracy in 1986 and the closure of US bases in 1991. It has not helped the movement that their leader has been in exile in the Netherlands since 1987.

The AFP currently estimates the NPA's strength to be roughly 4,100 armed cadres, down sharply from 4,700 at the end of 2009. At its peak in the 1980s, the NPA had over 20,000 armed combatants. The recent decline in numbers has come in large part from

voluntary surrenders—according to the AFP as a result of the success of their new Internal Peace and Security Plan (IPSP).

The number of surrendering rebels have [sic] substantially increased which is indicative of the IPSP's effect in making the rebels realize the futility of their armed struggle. More NPA members are prompting to abandon armed struggle and rejoin mainstream communities.¹

The AFP asserts that the geographical scope of the NPA has declined even more substantially, from 60 to 48 fronts. The NPA asserts that they have roughly 120 fronts in 70 of the country's 79 provinces, and nearly 25% of the 42,025 barangays. Independent analysts have seen almost no decline in personnel or NPA-influenced territory.

It is neither as weak as the government likes to believe nor as strong as the NPA avows. It remains a low-level security threat in the country; a relatively undisciplined force (it is Maoist in name only), with little revolutionary or ideological substance, that engages in wide-scale criminal and extortion activities. The NPA does not pose an existential threat to the Philippine state. But it continues to challenge the AFP. In 2010, for example, the NPA killed 176 soldiers and 11 policemen, according to government statistics. While the NPA has no external state sponsors, it funds itself through extortion (revolutionary taxes) and crime, fees from politicians (for the right to campaign in certain areas), and donations from overseas supporters.

The government and the NPA have been engaged in sporadic peace talks since 1986. The talks fell victim to the post-9/11 environment when the US and European Union (EU) designated the CPP/NPA a terrorist entity in 2004 (the EU de-listed Sison in 2009), and after charges against Sison were dropped in a Dutch court in September

2007. Although there were a number of Norwegian-brokered exploratory talks in 2008 and 2009, they went nowhere when the rebels demanded a total cessation of extrajudicial killings of CPP/NPA/NDF supporters and activists—a spate of violence highlighted in a 2008 report by the UN Special Rapporteur on extrajudicial, summary or arbitrary executions, Philip Alston.

Exploratory talks resumed in December 2010, following the election of Benigno Aquino. Formal talks resumed in Norway in February 2011, but went nowhere. Not only could the two sides not agree to a ceasefire, but the NPA attacked and killed five policemen as the talks concluded. Throughout 2010 and 2011, the NPA stepped up attacks on mining firms, raiding some 18 in Mindanao alone.

Although Aquino vowed to end the practice of extrajudicial killing, which the Arroyo administration and security forces completely denied, a July 2011 report from Human Rights Watch catalogues the continued reliance on extrajudicial killings and forced disappearances of CPP/NPA activists and sympathisers.

It is hard to see these talks moving forward. The CPP has never really entered into peace talks in good faith. In the Maoist tradition, talks are a tactical interregnum and part of guerrilla war, meant to exact concessions, such as prisoner releases, and to result in international diplomatic recognition of their belligerency status and their delisting as a 'terrorist' entity. Rebels also take peace talks as an opportunity to regroup. The government has not even accepted the rebels' demand for amnesties for their arrested comrades, and no formal ceasefire is in place. More importantly, until the CPP/NPA/NDF rejects armed violence, and commits itself to democratic processes, few in the government

or military will be willing to make any significant concessions.

The CPP/NPA/NDF established a political arm, Bayan Muna, to contest national elections in 2009. Candidates run for party-list seats, in a number of NDF-linked parties, including Bayan Muna and Makabayan. In the 2010 elections, NDF-linked candidates won nine seats in Congress, though they failed in their bid for Senate seats, prompting a factional schism within the movement between those espousing the democratic line of the Nepalese Maoists and those who advocate renewed hostilities. The problem is that the military and the police tend to label any leftist organisation as an NPA ‘front.’ As Human Rights Watch noted in a recent report:

Members of the military and police often lump members of leftist organizations, labor unions, and party-list groups together with the NPA—frequently with deadly outcomes.²

External threats

Despite a host of internal security threats that show little sign of abating, the Philippines has become more preoccupied by external threats to its maritime interests in the South China Sea, which is claimed by the People’s Republic of China. Taiwan and Vietnam also claim the Spratly archipelago, while Malaysia has an overlapping claim, but none of those countries pose a threat to Philippine interests the way China does. The Philippines claims 52 reefs, though it only occupies seven islands and two reefs. Thitu Island, which is the second largest of the Spratlys, has a 1,000 metre airstrip. The Philippines’ claim dates to 1956 when they declared a region of the Spratlys as terra nullius and as a ‘regime of islands’ distinct from the archipelago. That changed in 1978 when the Philippines established the municipality of Kalayaan, in Palawan province,

to administer the eight features that they currently occupy.

Currently China occupies seven features in the Philippine claim, while Malaysia and Vietnam occupy three and 19, respectively. The issue of far greater concern for the Philippines is the fact that five of the nine dotted lines—the ‘cow’s tongue’—in China’s map are clearly on the Philippines’ continental shelf and well within 200 nautical miles of its main islands, recognised by China as the sovereign territory of the Republic of the Philippines.

The Philippines has been a treaty ally of the US since 1951. US commitment to Philippine security clearly waned after the 1991 closure of the two US military facilities in the Philippines, Clark Air Base and Subic Bay Naval Base. It is likely for that reason that China seized and constructed military outposts on Mischief Reef in 1994, its eastern-most toehold in the archipelago, only 130 nautical miles from Palawan. China added to the construction in 1999. The American response, at the time, was muted, piqued by the 1991 closure of its large naval base in Subic Bay. The Philippines tacitly acknowledged that they did not have either the capabilities or the political will to dislodge the Chinese from the reef.

In 1995, the ASEAN claimants rebuked China, which then publicly called for the claimants to shelve the sovereignty issue and engage in joint development. In 2002, ASEAN got the Chinese to sign the ‘Declaration on the Conduct of Parties in the South China Sea’. Though it helped ease tensions for a few years, it is not a legally binding code of conduct.

In many ways the Philippines had ascribed to the Chinese principle of shelving the sovereignty issue. In March 2005, the national oil company of the Philippines signed an agreement with Chinese and Vietnamese

counterparts to engage in joint seismic research. The government of President Arroyo was criticised by many in the region for agreeing to joint exploration with the Chinese.

The Philippines seems to have been burned by promises of cooperation with China, and roiled by a number of aggressive acts. In February 2011, a Chinese frigate drove out Filipino fishermen. Then, in March 2011, Chinese vessels forced a survey ship working for the UK-based energy firm Forum Energy plc, a joint Anglo–French venture that had a gas exploration licence from the Philippines, from the Reed Bank area. Those acts were followed by five more incursions and exchanges of diplomatic notes. As a result, the Philippine Government has been more vocal in their calls for a diplomatic and legal resolution.

Clearly the Philippines was heartened by Vietnam's leadership of ASEAN in 2010 and their focus on growing Chinese assertiveness in the South China Sea.

Likewise, the Philippines was pleased when US Secretary of State, Hillary Clinton, warned the Chinese at the July 2010 ASEAN summit that the South China Sea was a 'national interest' of the United States. This provoked a harsh statement from the Chinese Foreign Ministry which announced that China had 'indisputable sovereignty' over the entire South China Sea. Though the Philippines did not join Vietnam and Malaysia in their joint filing of their continental shelf claims, the Philippines has said it will seek arbitration to define the areas under contention before the United Nations International Tribunal for the Law of the Sea. In April 2011, the Philippines Mission to the United Nations lodged a formal protest over Chinese incursions.

At the July 2011 ASEAN Regional Forum, ASEAN and China signed the 'preliminary set of behavioral guidelines' for conduct in the South China Sea. The vaguely worded document, eight years in the drafting, covers a host of areas, including environmental protection, marine research, fisheries and transnational crime, though it does not address territorial claims or oil and gas exploration, or create codes of conduct for naval forces. While it is slightly more concrete than the 2002 Declaration, it is still not a binding treaty. Yet upon signing the agreement, the official Xinhua News Agency quickly issued a statement, 'no-one should underestimate China's resolve to protect every inch of its territories. China's restraint and goodwill should not be misinterpreted as weakness.' China refuses to address the issue of sovereignty in multilateral settings, instead having a series of bilateral agreements, and rejects any third-party interference.

In July 2011, the Philippines announced it would go ahead with unilateral oil exploration in its claim, and quickly put up 15 blocks for tender. But following China's March 2011 actions, it is not clear what international company will bid in light of the Philippines' lack of naval capabilities. In a September 2011 official visit to China, Aquino and President Hu Jintao agreed on the need for a code of conduct, but without any progress in developing one. In the meantime, China launched its first deep-water drilling platform for use in the contested waters.

The Philippines has been looking to the US to defend its sovereignty. In May 2011, President Aquino and his cabinet flew onto a US aircraft carrier cruising in the South China Sea. In July 2011, the two states began an 11-day exercise in nearby waters, provoking an angry response from China. As part of the Obama administration's strategic 'pivot'

to Asia, which includes the rotation of up to 2,500 Marines in Australia, the US and the Philippines have been negotiating an increased number of joint training exercises, that would also give the US Navy renewed access to facilities in Subic Bay. The two sides have reiterated that any such agreement would be under the existing 1999 Visiting Forces Agreement and would in no way lead to the restoration of a permanent base. Nonetheless, the Pentagon has promised increased intelligence sharing with the Philippines regarding Chinese actions in the South China Sea and proposed stationing US maritime surveillance craft at Philippine bases. As with the deployment of US Special Forces engaged in counterterrorism training in the southern Philippines, any further deployments of US forces will be on a rotational basis, to work around the 1987 Constitution which prohibits foreign bases.

In addition to broadening security ties with the US beyond counterterrorism, the Philippines is looking to improve relations with other external actors. In a September 2011 visit to Japan, President Aquino raised the issue of Chinese aggression and freedom of navigation with Prime Minister Yoshihiko Noda. Aquino has also actively lobbied ASEAN members during his official visits to the region.

The government continues to highlight threats to the country's territorial integrity. In a keynote speech on the sidelines of the 2011 UN General Assembly, President Aquino highlighted the South China Sea as the utmost security concern. He mentioned no internal threats.

In our defense posture, our top priority is maritime security, especially with regard to the West Philippine Sea. This is a focal point of our security cooperation with the United

States of America... Maintaining freedom of navigation in the West Philippine Sea and protecting our sovereign rights over our 200-mile Exclusive Economic Zone are among our security imperatives. It is essential for the Philippines to acquire a respectable deterrent capability to protect its sovereign rights over the area, which is vital for its energy and food security, as well as for international maritime trade.³

The reality is, of all the claimants, the Philippines has the fewest capabilities to defend their claims and prevent external aggression. And they know it. China has been able to act with near impunity, and there is little that the Philippines can do. So the 'diplomacy first' strategy for Manila is both necessary and realistic.

A PHP40 billion modernisation drive over the next five years cannot even begin to close the gap with the Chinese PLA Navy or even make up for decades of no investment in the Philippine Navy. Moreover, China is rapidly developing its offshore policing capabilities: The China Maritime Surveillance Agency announced plans for a force of 16 aircraft and 350 patrol craft by 2015 and nearly a doubling of staff by 2020. Thus, even the recent injection of US\$183 million for the purchase of two offshore patrol craft, radar and long-range maritime surveillance aircraft as well as an upgrade of the facilities on Thitu Island are unlikely to deter Chinese incursions. The request for a squadron of F-16s—even if supplied—likewise will not alter the strategic balance. While the other states in the region are developing sea-denial capabilities, including submarines and anti-ship missiles, to deter China, the Philippines is barely able to muster a sustained surveillance capability. Thus Aquino's call for turning the South China Sea into a 'Zone of Peace, Freedom, Friendship and Cooperation' seems terribly naive.

Implications for Australia and the region

Clearly, the Philippines will require continued security assistance from international partners. Although the US will maintain the lead, other partners—including Australia—can be expected to play limited and specific roles.

Looking forward, the potential short-term gains in terms of resolving some of the internal questions regarding insurgency and corruption are limited. But the Philippines will play a greater role in regional security dynamics over time: either as a stronger contributor to regional security by being a more stable, effective partner in the region, or as a potential security problem for its neighbours as internal problems continue to influence cross-border relations. Any escalation in kidnapping and extortion activities by the ASG has the potential to draw in foreign governments, including Australia, if more citizens are involved.

Australia has a comprehensive and growing aid relationship with the Philippines and can continue to provide training and assistance in the priority areas of education, social services and governance. But the needs are so great that Australia should also consider a more targeted package of security assistance measures that would focus on just a few areas: maritime policing and interdiction, police forensics and intelligence sharing. As the Philippines becomes more concerned by external threats, Australia can work with the Philippine Navy in developing greater maritime surveillance capabilities, and may also consider transferring retired naval vessels and patrol craft. The reality is that until the Philippine National Police and AFP are reformed, modernised and professionalised, they will be a limited asset for dealing with common security problems in Southeast Asia.

Notes

- 1 Cited in H.B. Warimann, 'New Push for the Armed Forces of the Philippines', *Asian Defence Journal* (April 2011), p. 6.
- 2 Human Rights Watch, 'No justice just adds to the pain: killings, disappearances and impunity in the Philippines', July 2011. <http://www.hrw.org/sites/default/files/reports/philippines0711WebRevised.pdf>.
- 3 Full text of the speech at <http://asiasociety.org/policy/governance/national/discussion-domestic-and-foreign-policies-philippines>.

Acronyms and abbreviations

AFP	Armed Forces of the Philippines
ASEAN	Association of Southeast Asian Nations
ASG	Abu Sayyaf Group
BJE	Bangsamoro Juridical Entity
CPP	Communist Party of the Philippines
EU	European Union
GDP	gross domestic product
IPSP	Internal Peace and Security Plan
Jl	Jemaah Islamiyah
PAF	Philippine Air Force
MILF	Moro Islamic Liberation Front
MNLF	Moro National Liberation Front
MOA-AD	Memorandum of Agreement on Ancestral Domain
NDA	National Democratic Front
NPA	New People's Army
UN	United Nations

About the Author

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