

## The Philippines Caught between Appeasing and Constraining China: How Australia can help tip the balance

Renato Cruz De Castro





A catalogue record for this book is available from the National Library of Australia

# The Philippines Caught between Appeasing and Constraining China: How Australia can help tip the balance

Renato Cruz De Castro



POLICY Paper 44

# Contents

Introduction.....	1
The Whitsun Reef Stand-off .....	2
The Promise of Change.....	4
The Geoeconomics of Appeasement .....	5
Pushback Against Appeasement.....	5
Seeking the Equilibrium Between Appeasement and Constraint.....	6
Is the Biden Administration Tipping the Balance? .....	7
Can Australia Help in Tipping the Balance? .....	8
Endnotes .....	10



## Introduction

This paper examines the clash between Philippine government officials who favour an appeasement policy toward China in the South China Sea and those who are pushing for a policy of constraint — and how Australia can help tip the balance towards the latter.

Since 2016, President Duterte started to foster closer economic and military ties with China and Russia, and threatened to sever the Philippines' longstanding alliance with the United States. However, the Philippine public and the Armed Forces of the Philippines have remained fundamentally pro-American and are still suspicious of China's infrastructure funding and coercive behaviour in the South China Sea.

The conflict between the appeasement and the constraint/US alliance factions accounted for the impasses within the Duterte administration during the implementation of Belt and Road Initiative (BRI)-

funded infrastructure projects, the (now overturned) abrogation of the 1999 Visiting Forces Agreement (VFA) in 2020, and the 2021 Whitsun Reef stand-off.

Australia can assist the US and its other allies, such as Japan and South Korea, in tipping the balance towards constraint/alliance. This will encourage the Philippines back into the US alliance system that includes the three above-mentioned countries.

This paper explores the causes of this clash between those who favour appeasement and those who are pushing for constraint. It also asks:

- 1) Why the Duterte Administration earlier adopted a policy of appeasement on China;
- 2) How it implemented this policy; and
- 3) How has the military and the defence department pushed back against this policy of appeasement?

# The Whitsun Reef Stand-off

On March 20, 2021, Department of National Defence Secretary Delfin Lorenzana informed the Filipino public of the suspicious presence of some 220 blue-hulled Chinese fishing vessels stationed in a line formation inside Julian Felipe Reef (international name Whitsun Reef).<sup>1</sup> The Reef, located within the Philippines' Exclusive Economic Zone (EEZ), is one of many that make up the South China Sea's disputed Spratly Islands. Secretary Lorenzana said the Philippine Coast Guard sighted and reported the fishing vessels, and claimed Chinese maritime militias were manning them.<sup>2</sup> On March 21, he issued a strongly-worded statement declaring the Philippines was ready to defend its national sovereignty and protect its marine resources.<sup>3</sup>

On March 22, Department of Foreign Affairs Secretary Teodoro Locsin filed a diplomatic protest with the Chinese Embassy in Manila.<sup>4</sup> Then, Armed Forces of the Philippines (AFP) Chief-of-Staff Lieutenant General Cirilito Sobejana ordered the deployment of additional Philippine Navy ships to strengthen the country's maritime sovereignty patrols in the disputed waters.<sup>5</sup> AFP spokesperson Major General Edgard Arevalo explained this vigorous action against the Chinese fishing vessels: "By increased naval presence in the area, we seek to reassure our people of the Armed Forces of the Philippines' strong and unwavering commitment to protect and defend them from harassment and ensure that they can enjoy their rights over the country's rich fishing grounds."<sup>6</sup>

The Defence and Foreign Affairs departments' animated reaction to the presence of suspected Chinese maritime militia in Whitsun Reef reflected their concern over China's 'grey-zone' operations in the South China Sea. Defence officials and military officers observed that China has incrementally pushed its expansive claims in the South China Sea by building artificial islands and fortifying them with missiles, ports, and airstrips in disputed waters also claimed by Vietnam and the Philippines.<sup>7</sup> This was made possible because China has been swarming the South China Sea with both its public and civilian vessels, effectively defying and overwhelming the littoral states' efforts to drive them away. They were concerned that China's objective was to accomplish by overwhelming presence what it had been unable to do through diplomacy or economic statecraft or naked naval power. They saw the presence of a large number of fishing vessels in Whitsun Reef as a prelude to the launching of a 'grey-zone' operation similar to what happened when Chinese forces occupied Mischief Reef in 1995 and, again, when China forcefully asserted control of Scarborough Shoal in 2012 (see map).

President Rodrigo Duterte was nowhere to be seen during the first two weeks of the stand-off. Then, on April 8 through a statement, Duterte made his first direct comment on the issue, saying that "the Philippines will continue to resolve the issue on Julian Felipe Reef through diplomatic channels and through peaceful means." He added "that whatever differences we have with China will not define our bilateral relations"<sup>8</sup> and "friendly relations between the Philippines and China will result in the peaceful resolution of this impasse."<sup>9</sup>

The following week, President Duterte came out with another conciliatory statement warning Filipinos that violence may erupt if the Philippines continued to assert its rights in areas being claimed by China in the West Philippine Sea (the local name for the Philippines' EEZ in the South China Sea).<sup>10</sup> He claimed the Philippines cannot "possibly win against China if a bloody war ensues while affirming our jurisdiction over the disputed waters."<sup>11</sup> His position that the actions of his own foreign affairs department and military forces could trigger a war with China effectively weakened his country's efforts to drive away the Chinese vessels by implying these efforts were dangerous, provocative, illegal and futile. The president's conciliatory tone contradicted Secretary Lorenzana's firm position during his war of words with the Chinese Embassy over the continued presence of the Chinese boats in the disputed waters.

The defence and military officials' open clash with President Duterte during the Whitsun Reef stand-off exposed the Philippines' dilemma on how to deal with China's maritime expansion in the South China Sea. After more than five years of pursuing a policy of appeasement toward China, the defence, military, and foreign affairs establishments are questioning this policy and are pushing for a diplomatic strategy aimed at constraining China's revisionist agenda.

The recent announcement of AUKUS — the new defence pact between the US, UK and Australia by which Australia will enhance its naval capabilities through the transfer of nuclear-propelled submarine technology — has therefore been welcomed by the Philippines' foreign minister. "The enhancement of a near-abroad ally's ability to project power should restore and keep the balance rather than destabilize it," Teodoro Locsin said. He added: "Proximity breeds brevity in response time; thereby enhancing an ASEAN near friend and ally's military capacity to respond to a threat to the region or challenge the status quo ... requires enhancing Australia's ability, added to that of its main military ally [the US], to achieve that calibration."<sup>12</sup>



*China and Taiwan   Malaysia   Vietnam   Brunei   Philippines*

Source: [https://en.wikipedia.org/wiki/Territorial\\_disputes\\_in\\_the\\_South\\_China\\_Sea](https://en.wikipedia.org/wiki/Territorial_disputes_in_the_South_China_Sea)

## The Promise of Change

The unforeseen election of Rodrigo Duterte as the Philippines' 16<sup>th</sup> president in May 2016 marked a significant break in the country's liberal-democratic regime that was re-established after the People Power urban uprising that overthrew the authoritarian regime of President Ferdinand Marcos in February 1986. A local politician from the southern Philippine city of Davao, he burst onto the national political scene with one simple campaign promise in the face of a spike in serious crime and illicit drug use — to restore peace and order within three to six months by any means possible, including extrajudicial killings and a declaration of martial law.<sup>13</sup> Many Western countries, which had observed with amazement the Philippines' emergence as a potential Southeast Asian economic powerhouse, were no less perplexed by the ordinary Filipino voters' rejection of the status quo and their decision to cast their lot with an uncouth and unpolished local political leader who only had local governance experience and no experience in dealing with the chief executives of other states.<sup>14</sup>

Some observers dismissed his authoritarian tendencies as little more than part of his campaign strategy. Yet a few months into his term, Duterte's authoritarian law-and-order approach showed that he would challenge democratic institutions, whether through constitutional change or by attempts to intimidate the courts, media, and human-rights advocates and groups that stood in his preferred way of crime-fighting.<sup>15</sup> The enormous powers of the Philippine presidency, together with his efforts to forge closer ties with the AFP and the Philippine National Police (PNP), made his constant threats to push aside democratic institutions and due process only too credible.<sup>16</sup> As his six-year term draws to a close with national elections due in May 2022, the Duterte presidency is thus considered qualitatively different from any of its post-Marcos predecessors because of its willingness to intimidate the opposition, weaken institutional checks and balances, and discard democratic norms and processes.<sup>17</sup>

Duterte's 2016 electoral victory has been viewed as an adverse consequence of the Philippines' long and often-times troubled experience with liberal democratic governance, and an example of the populist disillusion toward the political and economic elite that has become a global trend.<sup>18</sup> Interestingly, it also had significant geopolitical implications. He surprised many of his countrymen and women as he downgraded the Philippines' longstanding alliance with the United States, alienated Australia and the European Union, and announced his plan to move closer to China and Russia.<sup>19</sup> He expressed doubts

about the Philippines' reliance on the US, questioning its willingness to defend the Philippines in any armed engagement over its territorial disputes 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-US patrols in the South China Sea, and raising the possibility of terminating the various security agreements such as the 1951 Mutual Defence Treaty (MDT), the 1999 Visiting Forces Agreement (VFA), and the 2014 Enhanced Defence Cooperation Agreement (EDCA).

Despite the US's ubiquitous influence on the Philippines in all aspects of the bilateral relationship, Duterte showed no predisposition to give priority to Manila's relationship with Washington.<sup>20</sup> Rather, he was seeking a more multifaceted foreign relations that would include close ties with Moscow and Beijing.<sup>21</sup> This was expected, given that his priorities, philosophy and dynamics were fashioned by his background as a regional politician from the southern island of Mindanao, his anti-establishment stance as a virtual outsider in national politics, and his status as a neophyte in foreign affairs.<sup>22</sup>

Duterte declared he was seeking to improve relations with China, and was candid about his intention to change Manila's hardline policy toward Beijing.<sup>23</sup> This was manifested when he reacted with sobriety and extreme caution to the United Nations Convention on the Law of the Sea (UNCLOS) Arbitral Tribunal's July 12, 2016 ruling that rejected China's extensive maritime claims and expansionary moves in the South China Sea, deciding in favour of the Philippines. Then, a few months later, he opportunistically announced he was ready to set aside the landmark arbitral ruling as he sought trade, economic and diplomatic concessions from China.

Indeed, his open contempt for the Philippines' alliance with the US, 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 of energy resources — were diametrically at odds with the conventional design and trajectory of 21<sup>st</sup> century Philippine foreign policy on these important issues.<sup>24</sup> The late former President Benigno Aquino III, for instance — who filed the successful arbitration case against China at The Hague whilst drawing closer to the United States by signing the 2014 EDCA — once likened China's creeping expansionism to pre-World War II Germany and warned against continuing to appease Beijing as it claimed more South China Sea territory.<sup>25</sup>

# The Geoeconomics of Appeasement

Immediately after his inauguration in late June 2016, President Duterte announced that among his priorities, domestic policies would be top of the list. The new administration confronted the urgency of speeding up infrastructure development; particularly in the areas of transportation, energy and water. Consequently, there was a distinct emphasis in the administration's economic program on infrastructure development to promote agricultural productivity, such as farm-to-market roads, irrigation systems, and food terminals in the country's key production areas.<sup>26</sup> His administration then sought to improve diplomatic ties with China with an eye to increasing economic cooperation—softening the country's assertive stance in South China Sea.<sup>27</sup> His appointed envoy to Beijing, Mr. Chito Sta. Romana, commented that the "key focus and driver of Philippine-China relations under the Duterte administration will be economics, trade, and finance."<sup>28</sup>

President Duterte, accompanied by 250 Filipino businesspersons, visited President Xi Jinping in China on 20-21 October 2016 to seek a new partnership.<sup>29</sup> Both leaders issued a joint communique that laid down areas for comprehensive cooperation and signed Memoranda of Understanding in 13 areas; including economics and trade, investment, financing, and construction of infrastructure.<sup>30</sup> China pledged

US\$13.5 billion to heighten economic cooperation between the two countries. Of that amount, China allocated US\$9 billion for Philippine infrastructure development. President Duterte bragged that he brought home, from his four-day visit to China, contract and loan commitments amounting to US\$24 billion. This, according to him, was an indication of China's willingness to support a number of core infrastructure projects of his administration's 'Build! Build! Build!' Program.<sup>31</sup>

The Duterte administration, in turn, 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 resource development and the strengthening of bilateral trade — in exchange for Chinese support for Philippine development.<sup>32</sup> This 180-degree shift in the Philippines' South China Sea policy should also 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 are promoting<sup>33</sup> — although, unusually for a Southeast Asian country, the Philippines trades more with Japan and the US than China.<sup>34</sup>

---

## Pushback Against Appeasement

In the aftermath of Duterte's China visit, the two sides began discussing a number of infrastructure projects that were in the concrete planning stages. At the same time, the China Development Bank and the Philippines Bases Conversion and Development Authority negotiated and signed a Memorandum of Understanding to establish a financial cooperation framework for several projects totalling US\$4.5 billion.<sup>35</sup> Chinese state-owned enterprises also began bidding for a number of Philippine public works projects, signalling that China had finally included the Philippines in its Belt and Road Initiative (BRI).<sup>36</sup>

The Philippines sought Chinese investments in the reclamation of the Davao coastline, the construction of seaports and terminals in Davao, Cebu and Manila, and the building of highways and railways amounting to US\$9 billion. However, ongoing Philippine BRI projects merely included the construction of two bridges in Manila, two irrigation/water development

projects, and the projected larger South Long-Haul Railway that will connect ports and special economic zones in the main island of Luzon. Intriguingly, there was no single major port development project that "would have been more in line with the BRI's thrust of increasing regional connectivity and allow the Philippines to be linked to the Maritime Silk Road."<sup>37</sup>

Prior to President Xi Jinping's visit to the Philippines on 20 November 2018, Philippine economic managers observed that among the ten big-ticket projects China promised to finance, only one loan agreement had been concluded — US\$62.09 million for the Chico River Pump Project.<sup>38</sup> In August 2018, Philippine Secretary of Finance Carlos Dominguez confirmed the slow entry of Chinese public sector investments. He admitted that there had been "roadblocks" to the flow of Chinese Official Development Assistance (ODA), particularly Beijing's hesitation to co-finance certain projects with other lenders and its insistence

on the use of the yuan instead of the US dollar in ODA disbursement.<sup>39</sup> He also revealed that securing ODA from China had been delayed because of the 2018 re-organisation of the Chinese government.<sup>40</sup>

The Nomura Research Institute observed that the Philippines suffered from delays in the implementation of the BRI-funded projects not only because of technical issues but also because of domestic political struggles, the impending change in Philippine administration in 2022, and developments related to the South China Sea dispute.<sup>41</sup> There is also widespread opposition to Chinese-funded infrastructure projects, originating from the public perception of China as a security threat. In a 2021 survey conducted by Singapore's ISEAS-Yusuf Ishak Institute, around 87% of Filipino respondents — polled before the Whitsun Reef stand-off — said they considered China's encroachments into other countries' exclusive economic zones as a "top concern" in the South China Sea. Another 87% said that if forced to align with either the United States

or China they would choose the US — the highest proportion of any country in Southeast Asia.<sup>42</sup> This public apprehension about China outweighs the economic benefits of Chinese public investments.

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 military circles, where Beijing's motives are often seen in the context of the two countries' chronic long-running dispute over South China Sea territory.<sup>43</sup> Despite a 180-degree shift in Philippine policy toward China over the dispute, the Philippine military was unprepared for this sudden shift since it has long viewed China as a historical enemy.<sup>44</sup> Consequently, the AFP's suspicion of China, the stringent review of proposed Chinese-funded infrastructure projects, the public backlash, and cancellation of some projects all posed a significant obstacle to President Duterte's efforts to rely on Chinese funds to build the country's infrastructure, generate jobs and cement his legacy.<sup>45</sup>

---

## Seeking the Equilibrium Between Appeasement and Constraint

The AFP is suspicious of Chinese funding of Philippine infrastructure projects and is sceptical of closer Philippine-China relations. This stems from its mandate to protect the country's territory in the face of Chinese occupations of several land features deep within its exclusive economic zone (EEZ). It is still pro-US, and believes the territorial dispute with China in the South China Sea is a major roadblock for regional peace and long-term cooperation between the Philippines and China. This was reflected in how the Philippine military prevented a major breakdown in the US alliance after President Duterte abrogated the 1999 Philippines-US Visiting Forces Agreement (VFA) in February 2020.

On February 11, Duterte directed Foreign Secretary Teodoro Locsin to notify the United States that he was terminating the VFA.<sup>46</sup> As a result of this action, the termination of the VFA would take place 180 days or six months after the US government had received the written notification. For its part, the military publicly voiced its anxiety that without the VFA, American troops who were assisting the AFP in intelligence-gathering and surveillance in counterterrorism in Northern Mindanao would be pulled out by August 2020.<sup>47</sup> This would have led to the end of intelligence-sharing and tactical consultations with US Special Forces, who aided the AFP in eliminating key terrorist

leaders and regaining control of Marawi City from Islamic militants in 2017.<sup>48</sup> Senior Philippine military officers were assessing the adverse impact of the end of the VFA on the AFP's operational readiness as the temporary US military presence is vital to the Philippines' defence posture in terms of equipment, training and funding.<sup>49</sup>

On June 2, Secretary Locsin announced the suspension of the VFA's termination because of political and other regional developments. The suspension was the result of intense lobbying by the military, supported by a majority of senators who favoured a review, not the termination of the treaty.<sup>50</sup> Fortunately, this domestic pressure group got an unexpected shot in the arm from an unlikely source — an aggressive China. On February 17, a PLAN corvette aimed its Gun Control Director at the Philippine Navy's anti-submarine corvette, the *BRP Conrado Yap*, near Rizal Reef in the South China Sea. Then, in March, a Chinese military transport plane landed on Fiery Cross (or Kagitingan) Reef on a routine supply mission to consolidate China's control of the South China Sea. The heightened tensions with China in the waters eventually convinced the Duterte Administration in November 2020 to extend the VFA for another six months.

# Is the Biden Administration Tipping the Balance?

The Duterte administration's ongoing debate between cabinet members who favour the appeasement policy and those who are critical of it is happening amidst the intensifying US-China strategic competition in the Indo-Pacific region. This began in 2017 when former US President Donald Trump discarded the notion that China would eventually evolve into a liberal great power in East Asia and, at the same time, a responsible stakeholder pursuing security and economic objectives on terms that the US and its allies could accept and accommodate. Instead, China is seen as an authoritarian state, driven by communist ideology, bent on seeking to become a dominant global power by using methods of competition that are outside the bounds of international norms and law.<sup>51</sup> The Trump administration engaged China in a competition in Southeast Asia by excoriating it for the COVID-19 pandemic, accusing it of threatening cybersecurity, confronting Chinese assertiveness in the South China Sea, and sending top administration officials to the region to express and show US commitment.<sup>52</sup>

Even before his January 2021 inauguration, President Joe Biden made it clear he would continue the strategic competition with China but with a caveat that the US would rely more on the support of its allies and security partners. In March, he convened the first summit meeting of the Quadrilateral Security Dialogue (Quad) that is made up Australia, India, Japan and the US. In his opening statement, Biden declared it is essential to keep the Indo-Pacific region free and open in the face of China's advances, and that the US is committed to working with other Quad members.<sup>53</sup> The Quad then affirmed it would deliver important public goods such as vaccines, climate change initiatives, and emerging technologies to Southeast Asia to counter China's disinformation that the US is being disruptive and that this four-nation association is ineffective and ephemeral in the region.<sup>54</sup>

The Biden administration also immediately reaffirmed the US's longstanding alliance with the Philippines. In late January 2021, newly-appointed Secretary of State Antony Blinken called his Philippine counterpart, Secretary Loacsin, to convey that a strong Philippine-US alliance is vital to a free and open Indo-Pacific region. He reiterated the 1951 Philippine-US Mutual Defence Treaty (MDT's) implications for the security of the two countries, specifically in the case of an armed attack against the Philippine armed forces, public vessels, or aircraft in the Pacific — which includes the South China Sea.<sup>55</sup>

During the Whitsun Reef stand-off, top Biden national security officials had worked closely and effectively with their Filipino counterparts — and in conjunction with an ongoing Philippine-US military exercise — to challenge China's efforts to occupy this Philippine-claimed land feature deep within its EEZ. US National Security Adviser Jake Sullivan called his Filipino counterpart, Secretary Hermogenes Esperon, to emphasise US support and the applicability of the 1951 MDT to the area.<sup>56</sup> Washington was also quick and decisive in demonstrating its support to Manila as it moved the carrier battlegroup led by the *USS Theodore Roosevelt*, supported by the amphibious assault support ship *USS Makin Island*, into the South China Sea.<sup>57</sup>

President Duterte rebuffed the US's offer of assistance in a scathing rebuke in April, as he reiterated his scepticism on whether the Philippines could count on its ally in the event of a full-blown conflict in the West Philippine Sea.<sup>58</sup> Nevertheless, on July 30 2021, Duterte backflipped, withdrawing the termination letter for the VFA after a 75-minute meeting with US Defence Secretary Lloyd Austin during the latter's official visit to the Philippines.<sup>59</sup> Secretary Austin thanked President Duterte as he called the Philippines a vital ally. He also declared that the Philippines and US currently face a range of security challenges, and a resilient US-Philippine alliance will remain vital to the security, stability and prosperity of the Indo-Pacific.<sup>60</sup>

However, the US's recent Afghanistan debacle casts a pall over the Philippines-US alliance, in particular, and other US alliances in the Indo-Pacific region. The rapid US military withdrawal from the country, and the immediate collapse of the US-North Atlantic Treaty Organisation (NATO)-backed government in Kabul, dented America's credibility among its allies. The return of the Taliban to power also jolted America's allies in the Indo-Pacific that are confronted by a powerful and assertive China and a belligerent North Korea.<sup>61</sup> What is conveniently overlooked is that American withdrawal from Afghanistan is providing Washington with the opportunity to divert more diplomatic and strategic resources from Central Asia to the Indo-Pacific region. This aims to address China's growing assertiveness in the region without significant changes in American overall overseas commitment and deployment. Furthermore, American strategic retrenchment from Afghanistan may give the US more capacity to bolster its diplomatic and military coordination with the Quad.<sup>62</sup>

## Can Australia Help in Tipping the Balance?

Australia and the Philippines have maintained a long and well-established security relationship since World War II. If John Foster Dulles' original plan for a Pacific Pact had been realised in the early 1950s, the Philippines and Australia could have been members of a multilateral military alliance that would facilitate US military planning in the Pacific, extend a security guarantee to their former enemy, Japan, and encourage both countries to render assistance to the centre of American power in East Asia.<sup>63</sup> Instead, during the Cold War, the two countries became separate members of what is called the southern-flank of the US regional alliance network that includes formal bilateral defence treaties with Thailand and the Philippines and the ANZUS defence pact entered into in 1951 with Australia and New Zealand.<sup>64</sup> This seeded the Philippines and Australia being formal US treaty allies — who both celebrated the 70<sup>th</sup> anniversary of their respective US alliances in early September 2021 — and security partners that have engaged each other in numerous joint military trainings.

The 1995 Philippines-Australia Memorandum of Understanding on Cooperative Defence Activities provides the legal basis for Philippine-Australian security relations. It enables the Australian Defence Force (ADF) and the AFP to undertake several defence-related activities in the holding of mutually-beneficial cooperative defence activities such as the MTA LUMBAS (2001), the First Philippines-Australia Maritime Surveillance Exercise (MARSUVEX), and the Australian-hosted multilateral Fleet Concentration Period Exercise KAKADU.<sup>65</sup> There are also regular exchange visits by Filipino and Australian defence and high-ranking military officials to boost confidence-building measures, and regular intelligence exchanges on various security issues.

In a 2006 bilateral review, the Australian government described its security relations with the Philippines as “very strong” and based on friendly ties, as well as common strategic interests in a secure, stable and prosperous region.<sup>66</sup> On November 18, 2015, on the side of the Asia-Pacific Economic Cooperation's (APEC) Leaders Meeting in Manila, the late President Aquino and former Australian Prime Minister Malcolm Turnbull signed the Joint Declaration on The Philippines-Australia Comprehensive Partnership. The agreement formalised what has been a close and comprehensive working bilateral security partnership between the two American allies. In December 2020, Duterte stressed that the Philippines looks forward to the adoption of the Plan of Action to further implement the joint declaration.<sup>67</sup>

Meanwhile, Australia is the only country apart from the US with a formal Status of Visiting Forces

Agreement with the Philippines, concluded in 2012. This proved instrumental in enabling ADF assistance to the Philippines in 2013 in response to Super Typhoon Yolanda. In August 2021, the two countries also finalised a Mutual Logistics Support Arrangement, a low-key but important step in cross-bracing the defence relationship and enhancing interoperability in the face of a rapidly evolving strategic environment.<sup>68</sup>

Australia is not directly involved in the South China Sea dispute. However, it has strategic interests in maintaining the status quo in the disputed waters. Australia considers China's expansion in this important strategic waterway as one of the major flashpoints in the region. Canberra has expressed growing concern over China's construction and militarisation of the artificial islands in the maritime domain that the UNCLOS arbitral tribunal ruled are located within the Philippines' EEZs. Australia has publicly declared it considers these Chinese activities as a threat to both freedom of navigation and the rules-based regional order.<sup>69</sup> Duterte's “setting aside” the UNCLOS ruling, subsequent decision not to impose anything on China, and proclaiming his country's separation from the US, were viewed with concern by Canberra.<sup>70</sup>

However, as discussed earlier, the Philippine public and the AFP have remained fundamentally pro-American and are still suspicious of China in terms of its funding of infrastructure projects and coercive behaviour in the South China Sea. The clash between the pro-appeasement and the pro-US alliance/constraint factions within the Duterte administration accounted for impasses most recently in the Whitsun Reef stand-off in early 2021.

The Biden administration is pursuing a policy of proactive strategic patience to maintain the same level of focus on an alliance that is expected to persist after Duterte's term ends next May. The goal is to tip the balance toward constraint/alliance to a point where the Philippines will again be a part of the US alliance system to counter China's revisionism. This necessitates strengthening the two countries' security ties, and impressing upon the Philippines that its appeasement policy has failed because China is still keen on pursuing its goal of South China Sea maritime expansion. Thus, the Philippines has no choice but to constrain Chinese expansion either through balancing, lawfare/international law, multilateralism — or a combination of these.

As a US ally and Philippines security partner, Australia can assist the US and its other allies — such as Japan and South Korea — in helping move the balance toward constraint/alliance. Collectively, the Philippines, with the assistance of the US and its

three other allies, could constrain China's maritime expansion in the South China Sea. This necessitates strengthening the four allies' (the US, Japan, South Korea, and Australia) security ties with the Philippines in the face of China's determination to pursue its South China Sea goals at the expense of the Philippines' maritime and sovereign rights.

Australia can help tip this balance by:

1. *Enhancing the Philippines-Australia Security Partnership*

Canberra and Manila have maintained a long and well-established security relationship based on the primary goal of boosting the professionalism and effectiveness of the AFP and the Philippine National Police (PNP). In the past, Australia has focused on improving AFP and PNP counter-terrorism and counter-insurgency capabilities. Australia should also consider assisting the AFP in developing its maritime awareness capabilities. The Australian Defence Force (ADF) can extend advisory support to the Philippine Navy and Air Force on how best to enhance maritime domain awareness and to maintain their newly-acquired air and naval assets. The Australian government can also help to expand the system of coastal radar and monitoring sites installed along the Sulu and Celebes Seas to include the West Philippine Sea, thus creating a National Coast Watch System.

2. *Offering, along with the US, Japan and South Korea, a vigorous AFP training and education program to support its modernisation plan*

The ADF, in cooperation with the armed services of the above-mentioned allies, should engage the AFP in a vigorous training and education program relative to the Philippine military's modernisation. This array of bilateral engagements should involve the institution of mutually-beneficial programs focused on a two-way exchange of knowledge and experience in:

- the acquisition and maintenance of advanced weapon systems like missile-armed frigates and

corvettes, fourth generation fighter planes, and even submarines;

- budgeting; logistics; recruitment and personnel management;
- development and maintenance of infrastructures like air fields, hangars, radar and missile sites, and ports;
- advanced graduate studies in science and technology; and
- management of civil-military organisation.

3. *Joining the US and its allies such as Japan and South Korea in forming a consortium to assist in the AFP's modernisation program*

Since 2010, Japan, South Korea and Australia have been donating or selling military technology to the Philippines. Japan has provided the Philippine Coast Guard with 12 multipurpose patrol vessels and the Philippine Navy (PN) with five long-range reconnaissance planes. The Republic of Korea has sold the PN two guided missile frigates and the Philippine Air Force 12 FA-50 lead-in fighter jet planes. Australia has donated and sold the PN four strategic sea-lift vessels. Australia should assist the US in organising other allies in forming a consortium that will program and systematise their military aid to the Philippines.

4. *Joining other member-states of the Quad to observe the May 2022 Philippine presidential election to ensure that it will be a free, open, and honest election*

Australia, Japan, India and the US should actively follow the developments leading to the 2022 Philippine presidential elections. Their respective embassies in Manila should monitor how the Philippine government conducts the election and maintain active liaison with civil society groups involved in ensuring a fair, open, and free election.

## Endnotes

- 1 Asia News Monitor, "Philippines: PH Ready to Defend Sovereignty, Marine Resources: Lorenzana," *Asia News Monitor*, (March 30, 2021), 1.
- 2 Manila Bulletin, "220 Chinese Militia Vessels Spotted in West Philippine Sea," *Manila Bulletin* (March 20, 2021), 1.
- 3 Asia News Monitor, "Philippines", 1.
- 4 "Philippines Send Navy on Sovereignty Patrols to South China Sea amid fears Whitsun Reef is "Scarborough Shoal 2.0," *South China Morning Post* (March 25, 2021).
- 5 *Ibid.*
- 6 *Ibid.*
- 7 *Ibid.*
- 8 Asia News Monitor, "Philippines: Duterte Seeks Peaceful Solution to South China Sea Dispute," *Asia News Monitor* (April 8, 2021), 1.
- 9 Azer Parrocha, "Duterte Stands by Lorenzana's Remark on Julian Felipe Reef," *Philippines News Agency* (April 5, 2021), 1, <https://www.pna.gov.ph/articles/1135783>
- 10 David Tristan Yumot, "Duterte: No Way we Can Get Back PG Sea Without any Bloodshed," *CNN Philippines* (April 20, 2021), 1, <https://www.cnn.ph/news/2021/4/20/duterte=west-philippine-sea-china-bloodshed.html>
- 11 *Ibid.*
- 12 "Reuters, Philippines supports Australia nuclear sub pact to counter China", September 21, 2021, <https://www.msn.com/en-us/news/world/philippines-supports-australia-nuclear-sub-pact-to-counter-china/ar-AAOEBj7?li=BBnbfcl>
- 13 Julio C. Teehankee and Mark R. Thompson, "Electing a Strongman," *Journal of Democracy*, 27:4, (October 2016), 125.
- 14 Carolina G. Hernandez, "The Philippines in 2016," *Asian Survey*, 57:1, (January/February 2017), 137.
- 15 *Ibid.*, 132.
- 16 Teehankee and Thompson, "Electing a Strongman".
- 17 David Timberman, "Philippine Politics Under Duterte: A Midterm Assessment," *Carnegie Endowment for International Peace-Papers* (January 10, 2019), 7.
- 18 David G. Timberman, "The Vote in the Philippines: Elite Democracy Disrupted?," *Journal of Democracy*, 27:4, (October 2016), 137.
- 19 Hernandez, "The Philippines in 2016," 117.
- 20 The National Institute for Defence Studies, *East Asian Strategic Review* (Tokyo, Japan: The Japan Times LTD, 2017), 137.
- 21 *Ibid.*
- 22 Lowell Bautista "The Philippines and the Arbitral Tribunal's Award: A Sombre Victory and Uncertain Times Ahead," *Contemporary Southeast Asia*, 38:3, (December 2016), 350.
- 23 Mark R. Thompson, "The Spectre of Neo-Authoritarianism in the Philippines," *Current History*, (2016), 115:782, 224.
- 24 Bautista, "The Philippines and the Arbitral Tribunal's Award", 353.
- 25 "China Behaving Like Nazi Germany in South China Sea, says Benigno Aquino", *The Guardian* (June 3, 2015), <https://www.theguardian.com/world/2015/jun/03/china-nazi-germany-south-china-sea-philippine-president-benigno-aquino>
- 26 Bernardo Villegas and George N. Manzano, "Prospects for the Philippine Economy under the Duterte Presidency," *Contemporary Southeast Asia*, 38:2, (August 2016), 200.
- 27 The National Institute for Defence Studies, "The East Asian Strategic Review," 137.
- 28 Xinhua News Agency, "Year ender: Manila ushers in new era of Sino-Philippine relations under Duterte as China extends warm hand," *Xinhua News Agency* (December 19, 2016), 2.
- 29 Neil Jerome Morales and Karen Lema, "The Philippines is Preparing a Major Pivot toward China amid Tension with the U.S.," *Business Insider*, (October 11, 2016), 1, [http://www.businessinsider.com/the-philippines-is-preparing-a-major-pivot-toward-china-2016-10?source=Arangkada+News+Clips&utm\\_campaign=2df](http://www.businessinsider.com/the-philippines-is-preparing-a-major-pivot-toward-china-2016-10?source=Arangkada+News+Clips&utm_campaign=2df)
- 30 Ministry of Foreign Affairs, "Joint Statement of the People's Republic of China and the Republic of the Philippines," Beijing, (October 21, 2017), [https://www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/2649\\_665393/t1407682.shtml](https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/t1407682.shtml) Also see The National Institute for Defence Studies, "East Asian Strategic Review 2017," 88.
- 31 Peter Kreuzer, "Duterte Seizing the Right Moment," *Dealing with South China Sea: Duterte Changing Course* (Frankfurt, Germany: Peace Research Institute Frankfurt, 2018), 17, [https://www.jstor.org/stable/resrep19996.7?seq=1#metadata\\_info\\_tab\\_contents](https://www.jstor.org/stable/resrep19996.7?seq=1#metadata_info_tab_contents)
- 32 Kreuzer, "Duterte Seizing the Right Moment," 16.
- 33 National Institute of Defence 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.
- 34 *The Economist*, 'Philippine President Duterte has shown how not to handle China', July 31, 2021.
- 35 Kreuzer, "Duterte Seizing the Right Moment," 21.
- 36 *Ibid.*
- 37 Mayvelin Caraballo, "China ODA Impact Uncertain—Nomura," *TCA Regional News*, (April 18, 2018), 1.
- 38 Ian Nicolas Cigaral, "Diokno: Xi Jinping's Manila Visit to Pressure China's Bureaucracy to Hasten Infra Projects," *Philippine Star*, (November 14, 2018), 1.

- 39 *Ibid*, 1-2.
- 40 *Ibid*, 1.
- 41 *Ibid*, 1.
- 42 ISEAS-Yusof Ishak Institute, ASEAN Studies Centre, *The State of Southeast Asia 2021 Survey Report*, (February 2021), 15 and 33, <https://www.iseas.edu.sg/wp-content/uploads/2021/01/The-State-of-SEA-2021-v2.pdf>
- 43 Cliff Venzon, "Philippine President Struggles to Sell his China Pivot at Home," *Financial Times* (October 2019), 1.
- 44 Raissa Robles, "Why Don't Manila and Beijing Have Closer Military Ties, Despite Duterte's Pivot to China," *South China Morning Post*, (October 5, 2019), 1.
- 45 Venzon, "Philippine President Struggles to Sell his China Pivot at Home," 1.
- 46 The 1999 VFA is a Status of Forces Agreement (SOFA) that provides the legal regulatory mechanism for the treatment of American military and civilian personnel visiting the Philippines for joint military exercises and for other matters. See Eduardo Malaya and Maria Antonina Mendoza-Oblena, *Forging Partnerships: Defence Cooperation under Constitutional and International Law* (Pasay City: Foreign Service Institute, 2016), 53.
- 47 J.C. Gotinga, "Military Members disagree with VFA Termination—Senior Officials," *Rappler* (February 11, 2020), 2.
- 48 *Ibid*, 2.
- 49 Manuel Mogato, "Post-VFA Scenarios: Finding New Approaches to Maintain the Philippine-U.S. Security Alliance," *Onenews* (February 24, 2020), <https://www.onenews.ph/post-vfa-scenarios-finding-new-approaches-to-maintain-the-phl-us-security-alliance>
- 50 J.C. Gotinga, "Military Members disagree with VFA Termination—Senior Officials," *Rappler* (February 11, 2020), 2; and Mogato, "Post-VFA Scenarios".
- 51 Anthony H. Cordesman, "CSIS: From Competition to Confrontation with China—Major Shift in U.S. Policy," *Targeted News Service*, (August 4, 2020), 1.
- 52 Catharin Dalpino, "Waiting on Washington: Southeast Asia Hopes for Post-Election Boost in U.S. Relations," *Comparative Connections: A Triannual E-Journal of Bilateral Relations in the Indo-Pacific*, 22:3, (January 2021), 60. <http://cc.pacforum.org/2021/01/waiting-on-washington-hopes-for-a-post-election-boost-in-us-relations/>
- 53 Noticias Financieras, "Biden Defends Free and Open Indo-Pacific over China's Rise: *CE Noticias Financieras*", (March 12, 2021), 1.
- 54 Robert Sutter, "Philippines-U.S Cooperation on Whitsun Reef: A Win for the Biden Team in Southeast Asia?", *ThinkChina* (May 27, 2021), 1.
- 55 Congressional Research Service, "U.S.-China Strategic Competition in South and East China Seas: Background and Issues for Congress", U.S. Congress, Washington, D.C.: Targeted News Service, 6.
- 56 Sutter, "Philippines-U.S. Cooperation on Whitsun Reef", 1.
- 57 Dalpino, "ASEAN Confronts Dual Crises, *Comparative Connections: A Triannual E-Journal of Bilateral Relations in the Indo-Pacific Region*, 23:1, (May 2021), 61, <http://cc.pacforum.org/wp-content/uploads/2021/05/05-US-Southeast-Asia-Relations-23.1.pdf>
- 58 Manila Bulletin, "Palace doubts U.S. will Help PH if Row with China on WPS Escalates," *Manila Bulletin*, (April 28, 2021).
- 59 William Choong, Hoang Thi Ha, Le Hong Hiep and Ian Storey, "US Secretary of Defence Lloyd Austin's Southeast Asia Tour: Assurances and Dividends—Analysis," *Yerepouni Daily News* (August 9, 2021), 1.
- 60 *Ibid*.
- 61 Alastair Gale, "U.S. Tightens Focus on China after Afghanistan Withdrawal: Largest military Exercise since Cold War come to Western Pacific as U.S. seeks to reassure allies of military commitments", *The Wall Street Journal* (August 19, 2021), 2.
- 62 Gale, "U.S. Tightens Focus on China after Afghanistan Withdrawal," 2.
- 63 Hiroyuki Umetsi, "The Birth of ANZUS: America's attempt to create a defence linkage between Northeast Asia and the Southwest Pacific," *International Relations of the Asia-Pacific*, 4:1, (2004), 193, <https://www.jstor.org/stable/26156562>
- 64 William Tow, "ANZUS and Alliance Politics in Southeast Asia," *Strategic Insights* (June 11, 2019), Canberra: Australian Strategic Policy Institute, 1, <https://www.aspi.org.au/report/anzus-and-alliance-politics-southeast-asia>
- 65 International Affairs Division, Office of the Deputy Chief of Staff for Plans (J-5), "Philippines-Australia Defense Relations" (Camp Aguinaldo, Quezon City: Office of the Deputy Chief of Staff for Plans, June 2014), 1.
- 66 Xinhua News Agency, "Australia, Philippines to Sign Defense Treaty: Envoy," *Xinhua News Agency* (25 August 2006), 1.
- 67 Asia News Monitor, "Philippines/Australia: Duterte, Australian PM Discuss Bilateral Relations." *Asia News Monitor* (December 2020), 1.
- 68 Joyce Ann L. Rocamora, "PH, Australia Finalise Defence Logistics Accord", Republic of the Philippines, Philippine News Agency, (August 18, 2021), [pna.gov.ph/articles/1150845](http://pna.gov.ph/articles/1150845)
- 69 Peter Chalk, *National Security in the Philippines Under Duterte*, Special Report 122, Canberra: Australian Strategic Policy Institute, (June 2018), 2, <https://www.aspi.org.au/report/national-security-philippines-under-duterte>
- 70 Tow, "ANZUS and Alliance Politics in Southeast Asia," 7.

## About the Author



### Renato Cruz De Castro

Renato Cruz De Castro is a distinguished professor at the International Studies Department, De La Salle University, Manila, and holds the Dr. Aurelio Calderon Chair in Philippine-American Relations. He was a visiting fellow at the National Institute for Defence Studies of the Japanese Ministry of Defence in the summer of 2018, and was based at the Japan Institute of International Affairs from June to August 2017 as a visiting researcher. From September to December 2016, he was based at the East-West Center in Washington as the US-ASEAN Fulbright Initiative Researcher from the Philippines. He is also an alumnus of the Daniel Inouye Asia-Pacific Center for Security Studies in Hawaii. In 2009, he became the US State Department ASEAN Research Fellow from the Philippines and was based in the Political Science Department at Arizona State University.

Professor De Castro served as a consultant to the National Security Adviser of the National Security Council during the Aquino Administration (2010-2016). He conducts several professional courses on International Relations, Strategic and Security Studies in the National Defense College, Special Intelligence Training School of the Intelligence Service of the Armed Forces of the Philippines, General Staff College of the Philippines, and the Foreign Service Institute.

As a member of the Board of Trustees of the Albert Del Rosario Institute of Strategic and International Studies, he writes monthly opinion columns for the Philippine Star and Business World. He has also written over 100 articles on international relations and security for scholarly journals and edited works in the Philippines and 11 other countries. In 2019, the Board of Trustees of the Philippine Political Science Association announced that Professor De Castro is the most prolific political scientist in terms of scholarly publications, and one of the top 10 Filipino political scientists in terms of citations.

---

## Related Works

Tom Tugendhat, *Crucial Collaboration: The Case for Closer Australia-UK Defence and Security ties in Light of a Rising China*, POLICY Paper 42 (PP42), 23 June 2021.

Erik M. Jacobs, *The Need for U.S.-Australia Leadership to Counter China Across the Indo Pacific*, POLICY Paper 36 (PP36), 25 March 2021.

---

THE CENTRE FOR  
**INDEPENDENT**  
STUDIES

POLICY Paper 44 (PP44) • ISSN: 2209-2447 • ISBN: 978-1-922674-01-2

Published September 2021 by the Centre for Independent Studies Limited. Views expressed are those of the authors and do not necessarily reflect the views of the Centre's staff, advisors, directors or officers.

© Centre for Independent Studies (ABN 15 001 495 012)

This publication is available from the Centre for Independent Studies. Visit [cis.org.au](https://www.cis.org.au)