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Revisiting the U.S.-Philippine Alliance

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EXECUTIVE SUMMARY

The U.S.-Philippine alliance must be changed to keep up with changes in the strategic environment in Asia. The alliance was first forged in the context of the Cold War struggle with the Soviet Union, before being redefined in the 1990s and 2000s as part of the Global War on Terror. Today however, the alliance remains vital to managing the rise of China while moving away from the failures of the Global War on Terror.

The United States has two major strategic interests in Asia today: constraining Chinese expansionism and ensuring the political stability of key allies. The Philippines is of major interest in both cases, embroiled in disputes with China over economic rights and territory in the South China Sea as well as being beset by multiple domestic insurgencies and terrorist networks. The current approach has not met either of these challenges. China has successfully managed to confront the Philippines in the South China Sea on multiple occasions. U.S. military support for the Armed Forces of the Philippines (AFP) in operations against Al-Qaeda and Islamic State-aligned terrorists, first as part of Operation Enduring Freedom – Philippines (OEF-P) and now as part of Operation Pacific Eagle – Philippines (OPE-P), have failed to dislodge these terrorist networks or resolve the country’s insurgencies.

A new strategy to address these challenges will depend on two planks. First, strengthening the Philippines’ naval defense as part of a broader strategy of “integrated deterrence.” This is intended to ensure the Philippines can successfully deter China from further aggression in the South China Sea, while limiting the moral hazard inherent in an open-ended U.S. commitment to support the Philippines in these disputes. The second plank is to reorient OPE-P away from its traditional counterterrorism mission toward a counterinsurgency advisory mission with clear mechanisms for accountability in the U.S. and Philippine militaries.

U.S. Strategic Interests in the Philippines

The United States' security alliances as they exist today are rooted in the context of the Cold War, a context that no longer defines the global order. In Europe and Asia, these alliances were formed with the goal of containing the spread communism, in particular through the power of the Soviet Union.¹ The collapse of the Soviet Union raised new questions as to what purpose these alliances served for U.S. interests.² The North Atlantic Treaty Organization (NATO) pivoted to stabilizing peripheral states in the Balkans and, eventually, to supporting the U.S. intervention in Afghanistan beginning in 2001. U.S. alliances with Japan and South Korea continued to focus on ensuring stability in the Korean Peninsula and deterring aggression from North Korea. But U.S. alliances elsewhere faced strategic drift.³

Nowhere was this lack of focus more apparent than in the Philippines. The question today is how this alliance should change to better reflect the United States' interests in Asia. As the strategic environment in Asia has changed since the end of the Cold War, so have the United States' national interests in the region. Two stand out as paramount to U.S. foreign policy: an interest in constraining Chinese expansionism and an interest in ensuring political stability in key U.S. allies. Fulfilling these interests will require investing in naval defense and improved governance

in the Philippines, without engendering moral hazard and driving the United States and China toward a costly conflict.

Constraining Chinese Expansionism

First is the United States' vital national interest in managing the rise of China such that it does not become a regional hegemon in Asia.⁴ Preventing the emergence of a regional hegemon in Europe and East Asia is a long-time goal of U.S. grand strategy, and the only plausible contender for regional hegemony today is China.⁵

This requires maintaining the strength and independence of China's neighbors such that they can constrain the country's ambitions, without resorting to war. Left unchecked, Beijing's use of economic statecraft, military pressure, and political warfare could bring neighboring states under its influence.⁶ Territorial and maritime disputes also create leverage points for China to exert pressure and turn areas like the South China Sea into zones of Chinese control.⁷

Though China does retain a strong incentive to permit trade to pass through the South China Sea, Beijing is building alternatives to the waterway through its Belt and Road Initiative.⁸ As its dependency on the South China Sea as a trade route diminishes, China's ability to use control of the region as leverage in a dispute with the United States and other states increases. Though the military value of islands in the

South China Sea is open to debate, Chinese control of the South China Sea makes it easier for it to limit the United States' command of the commons in the event of a larger conflict.⁹ It also limits littoral states' ability to benefit from economic activity, such as through fishing and fossil fuel extraction, further eroding their ability to remain independent from Beijing's coercive economic influence.

Though the United States does have an interest in limiting Chinese hegemony, a direct confrontation between the United States and China would be costly. Not only is the South China Sea closer to the Chinese mainland than U.S. military installations in the Pacific, but it is doubtful that a U.S. President would be able to make the political case to go to war with China over disputed rocks. Moreover, U.S. allies in Asia may themselves be unwilling to take a directly confrontational stance toward China given the economic damage this could bring.¹⁰ This means that any strategy for resisting Chinese expansionism must focus on building up the deterrent capabilities of allies like the Philippines.

Ensuring Political Stability

The second major U.S. national interest is in ensuring the political stability of key allies. Instability may make states more vulnerable to pressure from China, as well as create space for non-state threats to U.S. security such as terrorism, drug trafficking, and financial crime. While this aligns with the Cold War

imperative for stabilization, today several regimes in the region are fragile democracies beset by multiple threats to domestic stability, rather than authoritarian regimes facing communist insurgencies. This makes supporting democratic governments in the region a greater imperative to ensuring political stability than it has been in the past.

The relative decline of democracy in the region over the last several decades is a clear trend. After a wave of democratization following the end of the Cold War, several states in Asia have become authoritarian states, such as in Thailand, or else hybrid regimes that have curtailed political rights.¹¹ There are several possible reasons for this trend but two in particular stand out. The first is political scientist Seva Gunitsky's theory of hegemonic shocks, whereby the sudden rise of a new power leads other states to imitate its political and economic system.¹² According to this theory, China's rise inspires other states to imitate its example, while Beijing promotes the virtues of its system as well. The United States itself is also to blame to a certain extent. Cooperation with the Philippines and others as part of the Global War on Terror has stoked conflict and strengthened the power of the security services. While the failure of U.S. forces to ensure stable governance in Afghanistan and Iraq is well-known,¹³ even limited U.S. involvement as part of the Global War on Terror, such as in Somalia¹⁴ and Thailand,¹⁵ among others, has failed to resolve long-standing conflicts or improve governance.

While in the Cold War era the United States was willing to align itself with authoritarian regimes in the region that nevertheless aligned themselves against the communist bloc, today the scope for ideological alignment has shifted. Though China does not make an explicit ideological delineation between democratic and authoritarian in terms of which states it chooses to support, evidence suggests that Chinese investment and influence tends to weaken political freedoms, increase corruption, and strengthen bilateral ties.¹⁶

As such, the United States has an important interest in ensuring that countries in Asia, in particular allies and close partners, improve governance.¹⁷ This both strengthens partner countries' alignment with the United States vis-à-vis China, supporting a vital interest described above, but also often leads to improved domestic stability. This stability can lead to economic and political progress, which diminishes the appeal of insurgency, criminality, and corruption. Above all, it means that the United States must take a “do no harm” approach to how engagement with partner countries can affect their internal stability. Politically stable, economically growing allies can spur a virtuous cycle for U.S. interests, creating more reliable and capable partners to check aspiring regional hegemons like China and to address transnational challenges such as climate change, pandemics, and terrorism.

The Philippines exemplifies both of these major interest for the United States. It is among the countries most directly threatened by Chinese maritime claims in the South China Sea. Domestically the government in Manila is fighting an Islamic insurgency in the southern islands, a major drug trafficking problem, and rampant corruption. All pose threats to U.S. security interests, and the alliance must be restructured to better support them.

Strengthening Philippine Naval Defense

The United States has a long and fraught history with the Philippines dating back to the era of colonial rule following the Spanish-American War. The end of World War II also marked the end of U.S. control of the Philippines, with the 1946 Treaty of Manila ratifying Philippine independence.

This was followed in 1951 with the signing of a mutual defense treaty (MDT), which pledged both states to come to the defense of the other and gave the United States leases to several military bases.¹⁸ This included the vital U.S. naval base in Subic Bay, among the largest U.S. military installations in the world. These military installations and the Philippines' strategic location at the intersection of Northeast and Southeast Asia gave the country outsized strategic importance, in particular as the United States went to war in Korea and Vietnam during the Cold War.¹⁹ Throughout this period the Philippines

was critical as a forward base for U.S. forces in Asia, while Washington was willing to look the other way in its domestic politics.

Today, the Philippines is locked in multiple maritime disputes with China, both for control of several small reefs, rocks, and islands, as well as access to fishing and mineral extraction in the surrounding seas.²⁰ Though these disputes date back to the end of



A U.S. Air Force loadmaster assigned to the 36th Airlift Squadron prepares to deploy a low-cost, low-altitude bundle from a C-130 Hercules aircraft during Balikatan 2014 near Subic Bay, Philippines, May 13, 2014. No changes were made to this photo.

World War II, it is only in recent decades that they have become a military flashpoint between the claimants, most notably the Philippines and Vietnam, and China. The most recent major change in control with respect to the Philippines' claims was China's effective conquest of Scarborough Shoal in 2012, following a standoff between the two navies.²¹

Maritime Disputes and the MDT

A pressing question for U.S. policymakers today is whether it matters if the Philippines loses its maritime disputes with China. There are several reasons to believe so. First, Manila would be well within its rights to invoke the Mutual Defense Treaty (MDT) and draw

the U.S. into a conflict with China. The U.S. could declare the islands to not be covered by the treaty, as has been suggested by some analysts.²²

However, there are concerns that this could also have the perverse effect of emboldening further Chinese aggression in the South China Sea.²³ Were the United States to refuse to come to the Philippines aid, the alliance itself would be unlikely to survive, possibly even before a confrontation with China if Manila believed that ending the alliance could placate Beijing. Without a U.S. guarantee to intervene, Beijing could be confident that a confrontation with the Philippines would end in its favor. In fact, it may add significant political benefits for Beijing. Humiliating a U.S. ally in a confrontation might call into question broader U.S. commitments, and undermine the U.S. relationship with other allies, particularly those such as Japan that has a similar maritime dispute with China in the East China Sea. The explicit exclusion of the South China Sea claims from the MDT might itself lead to the unraveling of the U.S.-Philippine alliance as Manila no longer sees Washington as a credible partner. However, this conjecture has in some sense already been tested; even though the Trump administration publicly proclaimed that the MDT covered the Philippines' South China Sea claims in 2019, the Duterte administration publicly abrogated the Visiting Forces Agreement (VFA) just a few months later, though it reneged on this decision in June of 2020.

Reducing Risk Through Clarity

Extending the MDT to the South China Sea disputes could create moral hazard, encouraging the Philippines to provoke China on the water. During a visit to Manila in March 2019, Secretary of State Michael Pompeo committed the United States to defend the Philippines in the event of a conflict at sea.²⁴ Philippine Foreign Affairs Secretary Teodoro Locsin in recent public remarks appears to believe this commitment, and has signaled that Manila will increase its maritime presence.²⁵ Despite taking a more accommodative approach to Beijing since coming into office, Duterte's administration has not reaped the anticipated economic rewards, and may be changing course in the South China Sea as a result.²⁶ But the U.S. commitment has not been tested thus far, despite several close encounters between the Philippine Navy (PN) and the Chinese People's Liberation Army Navy (PLAN), and there remains considerable ambiguity as to whether the MDT will continue to be applied to Philippine disputes in the South China Sea by a future U.S. presidential administration.²⁷

A second reason for concern is that were the Philippines to decisively lose its maritime dispute with China, it is likely that the government in Manila would face a significant loss of legitimacy. Finally, it may also deter other states with disputes with China from standing up to Beijing and push them to hedge in their relationship to the United States.²⁸

Given that the Philippines is among the most significant claimants in the South China Sea in terms of the geographic scope of its claims, Manila's acquiescence to Chinese hegemony of the South China Sea would open the path for Beijing to use access through the sea as leverage as it develops overland alternatives for international trade.

Overall, however, excluding the Philippines' maritime claims in the South China Sea from the MDT is the best course of action for U.S. policymakers. The moral hazard problem inherent in extending the MDT to include disputed territory is severe. U.S. policymakers have rejected similar moves in different contexts, such as by preventing the accession of states in Eastern Europe to the North Atlantic Treaty Organization (NATO) who have disputed territory or Russian-backed separatist movements. Moreover, the potential costs of excluding these maritime claims from the MDT can be remedied by building up the Philippines' defensive naval capabilities, both to provide political ballast to the alliance and to ensure the Philippines has a credible deterrent capability relative to China.

Philippine Deterrence

While the Philippines is unlikely to ever be capable of winning a full-scale conflict with China on its own, better naval defense and coast guard capacity could create an effective deterrent to China and encourage Beijing to resolve the disputes through

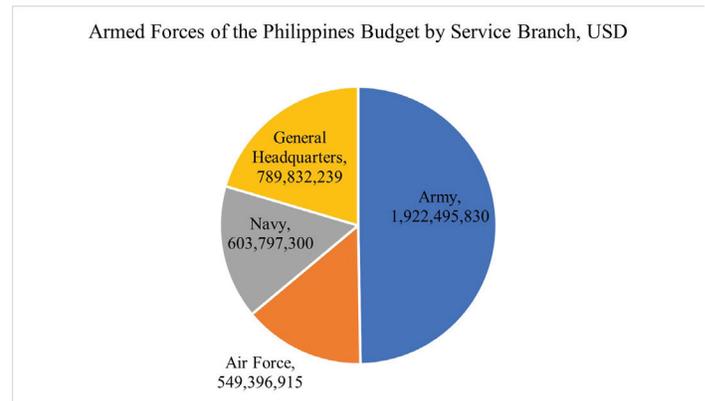
diplomacy.²⁹ Coupled with a retraction of the U.S. commitment to the Philippines’ maritime claims in the South China Sea, the Philippines would be more capable of defending itself while having enough skin in the game to refrain from reckless behavior. The goal for U.S. policy in the Philippines should be for the Philippines to be able to deter China in the South China Sea without dragging the United States into a war itself.³⁰

Defense cooperation should focus with the Philippines should be consistent with a strategy of what Michael E. O’Hanlon dubs “integrated deterrence.”³¹ This strategy rejects the implicit premise of current planning in Washington, which assumes that the United States would engage in the direct defense or liberation of allied territory no matter how small or insignificant. A key component of integrated deterrence is the strengthening of allied naval and coast guard capabilities, such that they can both respond to a crisis capably themselves and reinforce disputed territories, but also so that the mere presence of significant forces provides a “trip wire” against further aggression.

Lack of Incentives

While investing in naval defense is a clear strategic interest for the Philippines itself, there are prominent political economy reasons why Manila has neglected to do so even in the face of the threat from Beijing. A major risk that makes U.S. intervention

more likely is the Philippines’ relatively poor coast guard and naval defense capabilities. Despite several improvements, the PN lags behind peer navies in Southeast Asia. The overall defense budget has risen 15 percent under President Rodrigo Duterte, despite



the leader’s overtures to Beijing.³² Yet the PN’s share of the budget continues to lag that of the army by over a 3-1 margin in the most recent budget.³³ The Philippine Army receives almost as much funding as the Navy, Air Force, and General Headquarters combined, without taking into account ancillary spending that disproportionately benefits the much larger army, such as on veterans’ affairs.³⁴

This reflects the army’s dominance of the military establishment, which dates back even to the American colonial period.³⁵ This disparity in funding between the Philippine Army and the other branches is also to some extent a legacy of the country’s authoritarian past under the dictator Ferdinand Marcos, who was a strong supporter of the army.³⁶ Today the Philippine Army remains a potent source of patronage in Philippine politics.³⁷

This overinvestment in the Philippine Army extends to what weapons systems the AFP purchases from abroad, including from the United States and its allies.³⁸ Though purchases for weapons intended for the Philippine Navy have increased in recent years, these are still dwarfed by purchases for the Philippine Army. These are focused on armored personnel vehicles (APV), attack helicopters, and more recently unmanned aerial vehicles (UAVs).³⁹

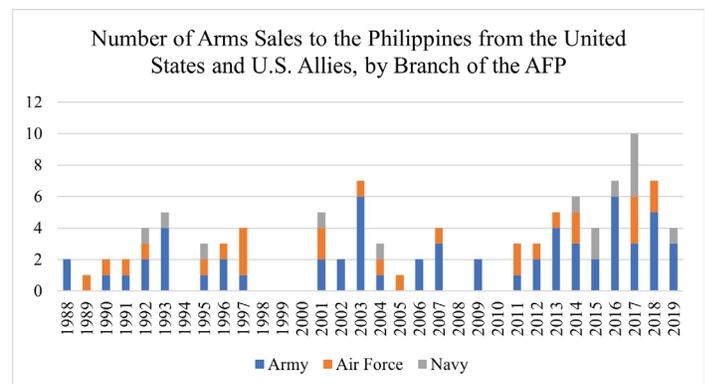
Moreover, the investments Philippine Navy has made in the past have tended to be concentrated in larger warships, more suitable to a naval conflict between equals than a strategy of integrated deterrence.⁴⁰ This is to some extent changing, as the Philippine Navy expects to purchase small warships and patrol craft from Australia and South Korea, among others.⁴¹ But the Coast Guard too is relatively small given the country’s geography. The Vietnam Coast Guard has 99 ships to the Philippine Coast Guard’s 62, despite the Philippines having more than 11 times the coastline of Vietnam, without considering the scope of the country’s maritime economic zone.⁴²

All of this suggests that if the Philippines is to become more capable at naval deterrence it will require the United States to provide material support and apply some diplomatic pressure to emphasize the importance of naval defense. This rests in part on reducing the United States’ own support for the Philippine Army through the outdated Operation Pacific

Eagle – Philippines (OPE-P), discussed further in the next section. But Congress should also appropriate an annual sum to support the Philippines’ procurement towards naval defense.

Modernizing the Philippine Navy

As a starting figure, Congress should consider appropriating \$80 million annually under the Pacific Deterrence Initiative (PDI) for the Philippine Navy to procure, either from the United States or partner countries, naval vessels that support a strategy of integrated deterrence, as well as to support the modernization of naval facilities in the Philippines. The PDI is a \$6 billion fund recently passed as part of the National Defense Authorization Act for Fiscal Year



2021, and which remains to be allocated.⁴³ A sum of \$80 million would provide for the purchase of at least one small craft and associated training per year. This sum would also accommodate ongoing spending to expand and modernize Philippine naval facilities, such as in Oyster Bay, to accommodate more and larger ships.⁴⁴

The United States should also refrain from supporting arms sales to the Philippines that primarily support the Philippine Army. Just this year the Department of State announced a \$2 billion arms sale to the Philippines that would provide attack helicopters and munitions.⁴⁵ This sale has been criticized by Human Rights Watch and other activist groups for rewarding Philippine President Duterte’s human rights abuses. But these sales also further entrench the dominance of the Philippine Army within the AFP. Weaning the Philippine Army off of arms sales from the United States would help nudge the AFP toward investing a greater share of its own resources in the Philippine Navy.

Reorienting Operation Pacific Eagle – Philippines (OPE-P)

The Philippines faces three primary threats to domestic stability with consequences for U.S. interests: insurgency, drug trafficking, and corruption. Only the first has, to this point, been a major focus for U.S. assistance to the Philippines as part of the Global War on Terror, first under the banner of Operation Enduring Freedom – Philippines (OEF-P), and since 2017 under Operation Pacific Eagle – Philippines (OPE-P). But this mission has focused on counterterrorism operations and disrupting terrorist cells with possible links to Al-Qaeda and the Islamic State, particularly in the Muslim-majority southern islands.

OPE-P: Creating More Problems

Almost two decades since its inception, OPE-P appears to have created as many problems as it has solved. This is because while counterterrorism operations may have disrupted terrorist activity in the Philippines that could potentially harm the U.S. homeland, these operations have ignored and even exacerbated the Islamic insurgency in the southern Philippine islands.⁴⁶ Human rights and democratic institutions in the Philippines have deteriorated over the last several years, while the domestic security situation has not improved.⁴⁷

In fact, U.S. support has led to over-militarization of Philippine society, while an open-ended commitment to the country’s counterterror operations has led to the Philippine military demonstrating a regular inability to perform, as well as rampant corruption.⁴⁸ The concept of “terrorism” is itself now used by Philippine political leaders to justify new laws targeting political dissent, such as the 2020 Anti-Terrorism Act.⁴⁹ Indeed, the militarization of Philippine society has now become a live political issue in the United States after the increasing use of violence in the Philippines’ drug war. The Philippine Human Rights Act, introduced in the U.S. House of Representatives on September 23rd, would cut significant military funding unless the Philippines made progress on curbing human rights abuses.⁵⁰

The significance of the Philippines as an ally, as illustrated in the previous section, underscores why the United States has a vital interest in ensuring the country is stable and prosperous, as well as preferably democratic. Resolving the country's multiple armed conflicts is essential to this end and will require adjusting OPE-P in four ways.

Redefining Objectives

First, the United States should instead seek to redefine its role as advising the AFP on counterinsurgency, rather than conducting counterterrorism operations. This means not only refraining from conducting counterterror operations itself, but also enhancing support for the AFP to improve governance in conflict zones.⁵¹ Shifting the focus of U.S. military assistance under OPE-P toward counterinsurgency would be better aligned with a U.S. interest in stability in the Philippines. The United States' ability to deter terror attacks on American soil has improved significantly since the attacks on September 11th, 2001, both

through intelligence and special forces operations.

What have not succeeded are operations with partners in the Philippines, Thailand, and elsewhere that have not focused on counterinsurgency and state building operations.⁵² Military operations in the Muslim-majority southern islands of the Philippines, the main conflict zones in the country's insurgencies, frequently exact a high number of civilian casualties and property destruction.⁵³

A focus on counterinsurgency would emphasize a U.S. advisory role in winning the political support of disaffected provinces in the Philippines most affected by Islamist insurgency and be coupled with economic development assistance for affected regions in the Philippines. Increasing development assistance to the Philippines would have the ancillary benefit of limiting the influence of Chinese economic power in the Philippines as well.⁵⁴

The Philippines has actually made some progress in resolving the Islamist insurgency in Mindanao island, reforming local government to be more responsive to the needs to local citizens. However, there remains no national strategy from Manila for demobilizing militants, not just in the southern islands but also with Communist insurgents from the New People's Army.⁵⁵ In an advisory role the Department of Defense can work with the Philippine Department of National Defense to craft a comprehensive demobilization strategy. A similar strategy has been

U.S. Marines train Philippine Marine Corps. Philippine Marines receive their final instructions from U.S. Marine Corps Lance Cpl. Adrian Talamante before conducting basic urban operations on a tape house during Air Assault Support Exercise 2015-2 at Basa Air Base in Pampanga, Philippines, July 15, 2015. No changes were made to this photo.



implemented in Colombia over the last decade, with support from the United States and generating positive results on net.⁵⁶ The Department of Defense and Department of Justice can expand cooperation with Philippine police and civil defense in the Bangsamoro Autonomous Region and other areas in the southern provinces to improve policing and respect for civil liberties. A key weakness in the Philippines' approach to these conflicts has been poor relations between the police and AFP.⁵⁷ As a third party, the United States can help bridge this divide.

Supporting Development

Most importantly, the United States can take a more targeted approach to supporting economic development in support of counterinsurgency. The United States has provided \$60 million to recovery and reconstruction from the siege of Marawi, a city in the southern islands, and one of the pillars of the U.S. Agency for International Development (USAID) strategy for the Philippines is to support development in Mindanao, the largest of the southern islands plagued by insurgency.⁵⁸ Congress should extend this \$60 million over three more years to support economic development and support the U.S. advisory role.

Setting Deadlines

Second, the United States needs to set a clear timeline to end direct military operations by U.S. forces. The lack of any clear timeline is a prominent

feature of almost every U.S. engagement as part of the Global War on Terror.⁵⁹ In the Philippines as elsewhere, the lack of a timeline has disincentivized the AFP from taking full responsibility in the conflicts, both for military and stabilization operations.⁶⁰ When a timeline has been discussed and imposed, most notably as part of the Obama administration's 2010 Afghanistan strategy, proponents argued that setting a timeline for withdrawal would put pressure on the Afghan government to improve governance.⁶¹ However, the timeline was considered ambiguous even at the time, reflecting deep divisions within the Obama administration itself.⁶² While the timeline was established in the expectation that there would be a surge of U.S. troops before beginning withdrawing in 18 months, the governance improvements expected of the Afghan government were significant, and may have been implausible given the time, resource, and capacity constraints of the Afghan government.

In contrast, a timetable for ending direct U.S. military operations in the Philippines and transitioning to a purely advisory role can achieve more modest goals. U.S. forces are largely composed of special forces conducting counterterrorism operations against groups aligned with the Islamic State, a narrow set of activities that could be taken up by the AFP with U.S. advising. A timetable of three to four years would align U.S. strategy with the current expiration date of the Enhanced Defense Cooperation Agreement between the United States and the Philippines, creat-

ing an opportunity to redefine that agreement in line with new priorities. It would also allow a single U.S. presidential administration to achieve this transition, signaling to Manila that the United States will not deviate from its goal. The Department of Defense suggests that the U.S. military has about 250 active personnel in the Philippines, making a transition away from direct military operations.⁶³ Accompanied by reducing the nearly \$50 million in counterterrorism assistance provided each year, the AFP would be incentivized to take on more responsibility in the absence of open-ended U.S. support.⁶⁴

Maintaining Accountability

Third, managing a transition in strategy for OPE-P will require ongoing assessment, both by Congress and by the Department of Defense itself. Since the Secretary of Defense removed the overseas contingency operation designation from OPE-P in 2019, there is no longer a requirement for a Lead Inspector General (IG) report from the Department of Defense, Department of State, and USAID, currently led by the Department of Defense.⁶⁵ The last of such reports will be issued in 2020, after which only the Department of State and USAID will publish IG reports related to U.S. activity in the Philippines, without formal consultation with the Pentagon. Even without a change in strategy this would create a concerning lack of public accountability for U.S. military operations in the Philippines. The most recent Lead IG report details

how U.S. forces over the third quarter of 2020 have supported the AFP and adapted to the COVID-19 pandemic.⁶⁶ Maintaining a Department of Defense IG report is vital to ensuring Congress is apprised of how OPE-P is performing and applying pressure on military decisionmakers to ensure their actions are in line with the overall strategy.

Revisiting the VFA

Finally, the United States must also address the renegotiation of the Visiting Forces Agreement (VFA), realigning its provisions with a changing U.S. strategy and incorporating longstanding Philippine concerns. The VFA is a bilateral agreement, first signed in 1998, governing the treatment of U.S. soldiers and civilian personnel on Philippine territory.⁶⁷ Its most controversial provisions regard the treatment of U.S. personnel that commit a crime according to Philippine law while in the United States. While the Philippine government of President Rodrigo Duterte announced it would abrogate the agreement in February, the government reversed course in June.⁶⁸ While ending the VFA would not end the MDT, it remains essential for ensuring the presence of U.S. advisers, as well as being the basis for the 2014 Enhanced Defense Cooperation Agreement (EDCA), which provides for the United States to operate out of five agreed locations.⁶⁹ Both agreements are essential not just to the current U.S.-Philippine alliance, but to the strategy outlined in this report.

The VFA is set to be abrogated in June 2021, while the EDCA will expire in 2024 unless renewed.⁷⁰ Ensuring that the VFA remains largely intact will require a strong diplomatic strategy from Washington to convince Manila that the U.S. presence, commitments to shore up the Philippines' naval defense, and redirect OPE-P are vital to the Philippines interests. But the United States can also make two additional substantive offers and request one concession to reaffirm the VFA. First, the United States can offer enhanced intelligence sharing with the Philippines, building on the intelligence gathering training provided under the EDCA. Second, the United States could offer to facilitate intelligence sharing with other U.S. allies, most prominently Japan, Australia, and New Zealand. The EDCA was in part intended to remedy the Philippine intelligence services' historically weak intelligence gathering capabilities.⁷¹ In exchange, the United States would request amending the VFA to require the consent of the Senate of the Philippines to withdraw from the agreement. Though the VFA currently requires the consent of the Philippine Senate to become law and has been upheld by the Supreme Court of the Philippines, it remains a politically unpopular agreement in the Philippines. This would create an additional hurdle for President Duterte or a future Philippine president to abrogate the VFA and ensuring more predictability in the relationship.

Conclusion

Strengthening Philippine Naval Defense

At the moment, there is a significant risk that the United States will be drawn into a conflict with China over disputed islands and maritime claims in the South China Sea, a costly endeavor that would be unlikely to be well-received by American citizens. A strategy of "integrated deterrence" with respect to the Philippines would prioritize supporting Philippine naval and coast guard capabilities such that they can deter China from taking action. This will require providing significant support for the Philippine Navy, and deemphasizing support for the Philippine Army, to overcome political economy constraints to the Philippines itself investing in naval defense to the extent desirable. Paired with an explicit exclusion of maritime claims from the Mutual Defense Treaty (MDT), this would insulate the United States from the risk of the Philippines itself provoking China.

Reorienting OPE-P

The United States' counterterrorism mission in the Philippines as part of the Global War on Terror has had minimal success without resolving the country's long-standing Islamist insurgency in Mindanao and other Muslim-majority islands. The traditional focus on a militarized response that seeks to disrupt terrorist cells, with little regard to improving governance and

addressing the factors that drive Filipinos to resist the government, must change. This begins first by shifting OPE-P away from a counterterrorism strategy and towards a counterinsurgency advisory strategy, supporting the AFP in improving governance and policing while refraining from direct U.S. military operations. This will include a clear timeline for ending such operations and transitioning to an advisory role in order to hold the AFP more accountable for carrying on the mission. Finally, Congress must continue to require a regular report from the Department of Defense Inspector General on OPE-P, while the Departments of State and Defense must ensure a swift renegotiation and ratification of the longstanding Visiting Forces Agreement, which governs the presence of U.S. government personnel in the Philippines.

Recommendations

- Recommendation 1: Explicitly exclude the Philippines' claims in the South China Sea from the Mutual Defense Treaty.
- Recommendation 2: Appropriate \$80 million annually as part of the Pacific Deterrence Initiative for supporting the Philippine Navy's purchase of ships and modernization of facilities consistent with a strategy of integrated deterrence.
- Recommendation 3: Limit support for arms sales of light arms, helicopters, and other equipment primarily for use by the Philippine Army.
- Recommendation 4: Shift OPE-P to a counterinsurgency strategy and maintain \$60 million support for economic development in Mindanao over three years.

- Recommendation 5: Set a 3-year timeline for phasing out direct U.S. military operations and transitioning to a purely advisory role.
- Recommendation 6: Mandate that the Department of Defense continue publishing regular inspector general reports on OPE-P for Congress.
- Recommendation 7: Renegotiate the Visiting Forces Agreement to ensure greater predictability in the relationship and ensure renewal in 2021.

Endnotes

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