

## Defending the Philippines: Military Modernization and the Challenges Ahead

By Richard D. Fisher, Jr.

China's increasing belligerence in the South China Sea has led the new president of the Philippines, Benigno "Noy" Aquino III, to make the most credible policy commitment in decades to improve Philippine military capabilities. China can now threaten the ability of the Philippines to access resources located in its exclusive economic zone.<sup>1</sup> China can also impede access to the sea lanes in the South China Sea, including those near the Philippines, which are crucial arteries for both regional and global trade. Under Aquino's leadership, the government has launched programs to build up the Philippine Air Force (PAF) and Philippine Navy (PN). How much assistance Manila will seek from the United States remains unclear.

Since Ferdinand Marcos took power in 1965, successive Philippine governments have been unable or unwilling to invest in a credible external defense capability. After the United States ended its large military presence in the Philippines in 1992 and closed the Subic Bay naval base and Clark air base, the Philippine government did not build up its military forces to compensate.<sup>2</sup> "Our air force is all air and our coast guard is all coast," goes the long-standing Philippine lament wrapped in a joke. Instead, the Philippines has relied excessively on its only defense ally, the United States, for external defense as well as help in countering insurgencies spawned by a weak political system and economic malaise.

In July 2010, soon after taking office, Aquino pledged to modernize the Armed Forces of the Philippines (AFP) for both territorial defense and disaster relief missions, and so far he is keeping his word. Philippine Department of National Defense (DND) figures

### About this publication

The bulletin series provides timely analysis and information on security issues in the East and South China Seas. For further information, please contact [info@cnas.org](mailto:info@cnas.org).

from January 2011 showed that during his first months in office, Aquino spent more than \$395 million on AFP modernization compared with the average of \$51 million annually during the previous 15 years. By one early 2011 DND estimate, the AFP's modernization program will cost slightly less than \$1 billion over the course of Aquino's six-year term. This amount pales in comparison to China's 2012 official military budget of more than \$100 billion, or even the generous modernization programs pursued by most of Manila's neighbors.<sup>3</sup>

As President Aquino modernizes his military forces, he dearly wants U.S. financial assistance but also appears willing to spend domestic funds. When he visits Washington this spring, Aquino hopes to finalize an agreement to purchase 12 Lockheed Martin F-16 fighter jets that the U.S. Air Force no longer plans to keep in its inventory. Manila is seeking a deal, similar to deals the United States has signed with Indonesia and other countries, in which the fighters are sold at minimum cost while the Philippines pays for expensive refurbishment and upgrades. This strategy applies beyond airpower; Manila is now in the middle of a program that will see the "hot transfer" of three retired *Hamilton*-class U.S. Coast Guard frigates (meaning that no steps have been taken to decommission the ships), with the Philippine government paying about \$14 million per ship for transfer and training and saving the United States about \$10 million per ship in decommissioning costs.

But unforeseen challenges could trump Aquino's commitment to defense modernization. The last time Manila reached a political consensus to pursue broad AFP modernization – after the February 1995 discovery that China had occupied Mischief Reef<sup>4</sup> – the Asian financial crisis of 1997 derailed the Philippine government's plans to spend \$7.7 billion over 15 years. Aquino's current plan may be much more realistic but will still require leadership to survive the many conflicting demands of Manila's patronage-driven politics. If he succeeds, Aquino will improve the AFP's ability to protect Philippine sovereignty.

### **The Philippine Air Force**

Defense modernization efforts will have the most profound impact on the PAF. The last time a PAF Northrop F-5A fighter jet flew a combat mission was to destroy other, smaller PAF North American T-28 counterinsurgency (COIN) attack aircraft hijacked by rebels in the December 1989 coup attempt against then-President Corazon Aquino. First acquired by the PAF in 1971, the F-5A and twin-seat F-5B were the low-cost U.S. third-generation export fighter aircraft of their day, and they operated in small numbers until their retirement in 2005, for which there has been no replacement. But the F-5A had

only minimal air combat capability and during its heyday was used mainly as an air-to-ground platform supporting army operations against Muslim and then Communist insurgents. To combat these threats, most of the PAF's resources were devoted to acquiring and

*The PN similarly has sacrificed a modern territorial defense capability to afford more pressing needs: ships to transport army forces and conduct coast guard rescue and disaster relief missions.*

operating troop-carrying helicopters and Lockheed C-130 transport aircraft, with small numbers of the North American OV-10 and the small Hughes MD 500 helicopter optimized for COIN missions.

Since the early 1980s the Philippines has lacked a credible air defense capability: modern fighters, anti-aircraft missiles, long-range air defense radar and the maritime patrol aircraft to monitor its vast maritime territory and economic zones. Aquino is seeking to change this by purchasing a small number of F-16s, already used by Indonesia, Singapore and Thailand, to give the PAF a credible deterrent and a platform capable of

realistic air combat exercises. According to current plans, these aircraft would be supported by six to 12 Surface Attack Aircraft (SAA)/Lead-in Fighter Training (LIFT) aircraft, such as the subsonic Italian Aermacchi T-346 or the supersonic Korea Aerospace Industries (KAI) T/A-50, both of which could be modified to perform secondary combat missions. A considerable investment in training, logistical support and basing will have to precede these aircrafts' service entry, estimated to be in 2016. In 2012 or 2013, the PAF expects to purchase its first modern maritime patrol aircraft, a mission that has been carried out by OV-10s – two of which were intercepted by Chinese fighters in early 2011. This year, the PAF is also expected to purchase new long-range radar to support its air defense mission.

### **The Philippine Navy**

The PN similarly has sacrificed a modern territorial defense capability to afford more pressing needs: ships to transport army forces and conduct coast guard rescue and disaster relief missions. Until 2011 the PN flagship was the 1,600-ton *BRP Rajah Humabon*, a former U.S. anti-submarine destroyer escort launched in 1943 that saw service in World War II. Acquired by the PN in 1978, it lost its anti-submarine warfare capability in the mid-1990s and was reclassified as a patrol frigate. In 1997 the PN acquired three former British *Peacock* class 760-ton corvettes that have a single 76mm auto cannon as their main armament. The 3,200-ton *Hamilton* class frigate would be the largest-ever PN combat ship, better suited for extended patrols

MAY 3, 2012

CNAS.ORG



Philippine Navy sailors on board the *BRP Gregorio Del Pilar* (PF 15) throw ropes as they dock during arrival ceremonies at Manila's pier, August 23, 2011. The arrival of the decommissioned U.S. Coast Guard cutter is part of a drive by the Philippines to modernize its navy.

(AARON FAVILA/The Associated Press)

and exercises with friendly navies but still lacking anti-ship and anti-aircraft missiles.

In 2011, the PN restored a program to acquire two Multi Role Vessels (MRV) in the form of 5,000- to 10,000-ton Landing Platform Dock (LPD) ships, capable of supporting Marine amphibious operations, supplying outposts in the Spratly Islands or conducting disaster relief missions. Indonesian and South Korean shipyards are offering competing designs. The PN is also looking for a land-based anti-ship cruise missile like a version of the U.S. Boeing AGM-84 *Harpoon*, which has a range of more than 120 kilometers and could also be used by PN frigates and PAF F-16s. Finally, the PN would like to acquire a submarine by 2020, which would become its most ambitious and expensive program to date.

Nevertheless, AFP acquisition of F-16s, anti-ship cruise missiles and submarines is but a first step toward the capability that will be needed to defend the Philippines' strategic position in Southeast Asia. Based on past experiences, officials in Manila expect further Chinese encroachment on areas critical to the Philippines, as Beijing seeks to enforce its expansive claims to the South China Sea (or West Philippine Sea, to Manila). For example, Beijing regularly protests Philippine companies' drilling for petroleum in disputed regions, as occurred recently near Reed Bank.<sup>5</sup>

Hawks in the Chinese military regularly propose more aggressive action to enforce claims: In 2009, one recently retired Chinese

general called for constructing an air base on Mischief Reef.<sup>6</sup> Following the recent 20th ASEAN Summit in Cambodia (April 3-4) where Manila sought to advance a “Code of Conduct” for the disputed region, hawkish PLA Major General Luo Yuan wrote ominously in the *Global Times*, “The biggest miscalculation of the Philippines is that it has misestimated the strength and will-power of China to defend its territorial integrity.”<sup>7</sup> In addition, the Chinese navy’s buildup of large amphibious ships and aircraft carriers could enable China to undertake punitive raids against Palawan by the early 2020s.<sup>8</sup> During an arms exhibit in Bangkok in early March the China Shipbuilding Co. revealed a new concept for a 20,000-ton Landing Helicopter Dock (LHD) amphibious assault ship that could carry over 1,000 troops, a design that likely will soon enter the PLA Navy.<sup>9</sup> China’s intention to base its nuclear ballistic missile submarines (SSBNs) and future aircraft carriers on Hainan Island signals Chinese military desires to be able to impose control over this region.<sup>10</sup>

A long-simmering Philippine-Chinese dispute over Scarborough Shoal (also known as Panatag Shoal in the Philippines and Huangyan Island in China) escalated into a naval standoff the week before the major Philippine-U.S. *Balikitan* military exercises that started on April 16, 2012.<sup>11</sup> This shoal, most of which is under water, is about 138 nautical miles from Philippine shores and over 500 nautical miles from China’s Hainan Island and has been actively contested since the late 1990s. During its first enforcement exercise on April 10, Philippine Marines deployed from the former U.S. Coast Guard frigate *BRP Gregorio Del Pilar* to inspect Chinese fishing ships in the shoal which had gathered corals, giant clams and fish in violation of Philippine laws. But as the Marines were going to arrest the fishermen, two Chinese Maritime Surveillance Agency ships appeared to block the Filipinos. This quickly became a public diplomatic dispute that lasted until April 14, when Chinese fishing ships and then Philippine ships left the shoal.<sup>12</sup> While both sides exercised restraint and avoided further escalation, neither Beijing nor Manila backed down from their respective claims and both vowed to defend their sovereignty.

Though President Aquino stated on April 16 that he did not seek war with China, a Philippine Coast Guard ship maintained presence at the shoal into a second week.<sup>13</sup> While the *Del Pilar* was replaced by Philippine Coast Guard ships as a de-escalatory signal to China, PN officials were pleased with the role it played. Nevertheless, its lack of long-range anti-ship and air defense armament could limit Philippine leverage during a future similar confrontation. In an article published in the *PLA Daily* on April 14, Chinese Academy of Military Science scholar Wang Xinjun warned

that China has “relative military superiority” over the Philippines and that China’s use of coast guard ships conveyed “restraint, not weakness.”<sup>14</sup>

To meet China’s presumably limited intentions over the medium term, the AFP would require up to four squadrons (48) of F-16s upgraded to a 4+ generation capability. These upgrades should include actively electronically scanned array (AESA) radar and advanced weapons to blunt two Chinese aircraft carriers’ complement of approximately 50 expected 4+ generation J-15 carrier combat aircraft. To support this capability the PAF would also need more SAA/LIFT fighters and both ground-based long-range radar and airborne radar to better manage combat operations. The PN would also need more well-armed frigates and smaller corvette-size

*Given the economic and political stakes in ensuring that all East Asian countries maintain unimpeded access to the sea lanes near the Philippines, both those nations and the United States now share a real interest in the success of AFP modernization.*

combatants and minesweepers. An affordable force of four to six mini-submarines would round out a credible deterrent capability, and modern mini-submarines could be obtained from South Korea or Russia. But this level of capability would far exceed current Philippine planning and finances.

#### **U.S. Interests in Philippine Military Modernization**

Partly in response to China’s increasing belligerence in the South China Sea in 2010 and much to Beijing’s chagrin, the Obama administration formulated a new “activist” approach to the disputes in this region. For decades the United States regularly declared its neutrality regarding respective claims, stated its preference for the peaceful settlement of disputes and affirmed its interest in freedom of navigation, but would other-

wise not respond to China’s gradual encroachments. This described the Clinton administration’s response to the early 1995 discovery that China had occupied Mischief Reef.<sup>15</sup> But as part of its reaction to growing assertiveness by Beijing, at the July 2010 foreign ministers’ meeting of the Association of Southeast Asian Nations (ASEAN), the Obama administration offered to assist multilateral negotiations to settle conflicting South China Sea claims.

The administration has also built on previous efforts to encourage AFP professionalization and modernization, as well as to improve joint cooperation that would enable U.S. forces to better respond to

MAY 3, 2012

CNAS.ORG

potential threats to the Philippines. Given the still recent memory of a hasty exit, neither Manila nor Washington appears eager to return to the basing agreements that ended in 1992, in which the United States stationed air and naval forces in the Philippines in exchange for paying aid and/or rent. Still, agreements to facilitate increasing access for joint exercises would not only assist AFP modernization but would complement current administration efforts to increase the U.S. military presence in Australia and Singapore, as it would also give the U.S. military a perch on the edge of future Chinese SSBN patrol areas. Such agreements would facilitate existing U.S. efforts, such as the annual *Balikatan* exercise, to increase interoperability and readiness as well as existing partnerships under way by special operations forces, allowing the allies to use this foundation as a launch pad for further cooperation.

Given the economic and political stakes in ensuring that all East Asian countries maintain unimpeded access to the sea lanes near the Philippines, both those nations and the United States now share a real interest in the success of AFP modernization. The timing is also fortuitous. The United States now has a pragmatic partner in President Aquino, who has proved his intention to invest in national defense and is willing to rise above nationalist resentments from the bases era. For the Obama administration, a Philippines that is more willing to contribute to its own security will have a positive impact regionally, reinforcing the administration's intentions to "pivot" U.S. strategic attention to East Asia.<sup>16</sup> Washington has an interest in making it easier for Manila to acquire excess U.S. fighters, frigates and other weapon systems. The United States should also encourage other countries, such as Japan and South Korea, to help modernize the AFP; Seoul has already provided corvettes and training aircraft to the AFP, and Japan has excess ships that it can offer and also has one of the most powerful naval countermine capabilities in Asia.

The United States should continue to encourage deeper Philippine strategic engagement with the region, such as allowing joint long-range radar facilities capable of providing a continuous detailed picture of Chinese military activities. Sharing such data would also serve to enhance Manila's role in securing this region that is so pivotal to East Asian security.

*Richard D. Fisher, Jr. is a Senior Fellow with the International Assessment and Strategy Center, [www.strategycenter.net](http://www.strategycenter.net).*

## ENDNOTES

1. Will Rogers, "The Role of Natural Resources in the South China Sea," in *Cooperation from Strength: The United States, China and the South China Sea*, ed. Patrick M. Cronin (Washington: Center for a New American Security, January 2012), 87.
2. The Philippines told the United States to withdraw its forces from the two large bases after negotiations failed to produce an agreement between the two countries. The United States was asked to provide large quantities of military and economic aid to the Philippines to keep the bases open, which some of the Philippine population viewed as vestiges of U.S. colonialism.
3. "China Raising 2012 Defense Spending to Cope With Unfriendly 'Neighborhood,'" *Bloomberg News*, March 4, 2012, <http://www.bloomberg.com/news/2012-03-04/china-says-defense-spending-will-increase-11-2-to-106-4-billion-in-2012.html>. According to the International Institute for Strategic Studies' *Military Balance 2011*, Southeast Asian military spending (2010 or 2011) was: Indonesia, \$6.5 billion; Malaysia, \$2.81 billion (2010); Philippines, \$2.3 billion; Singapore, \$12.3 billion; Thailand, \$5.3 billion; and Vietnam, \$2.41 billion (2010).
4. Mischief Reef lies in the disputed Spratly Islands, a mere 150 miles off the Philippine island of Palawan but more than 800 miles from the Chinese mainland.
5. DJ Yap, "Defense chief belittles China protest of Philippine oil exploration invitations," *Inquirer Global Nation*, March 2, 2012, <http://globalnation.inquirer.net/27063/defense-chief-belittles-china-protest-of-philippine-oil-exploration-invitations>.
6. Wang Dejun, "China Needs To Seek Standing Point in Order to Plan, Manage South Sea; Expert Suggests Building Airports, Ports on Mischief Reef," *Ta Kung Pao*, June 19, 2009, Open Source Center translation.
7. Brian Spegele, "Chinese General: Philippines Faces 'Last Chance,'" China Realtime Report blog on wsj.com, April 9, 2012, <http://blogs.wsj.com/chinarealtime/2012/04/09/chinese-general-philippines-faces-last-chance/?mod=WSJBlog&mod=chinablog>.
8. For more on China's amphibious buildup, see Richard D. Fisher Jr., "China Builds Up Amphibious Forces," *Aviation Week & Space Technology*, May 21, 2010, [http://www.aviationweek.com/aw/generic/story\\_channel.jsp?channel=defense&id=news/dti/2010/05/01/DT\\_05\\_01\\_2010\\_p23-218195.xml](http://www.aviationweek.com/aw/generic/story_channel.jsp?channel=defense&id=news/dti/2010/05/01/DT_05_01_2010_p23-218195.xml); and Richard D. Fisher Jr., *China's Military Modernization: Building for Regional and Global Reach* (Westport, Conn.: Praeger, 2008), Chapter 7.
9. A photograph of this model provided to the author shows a broad similarity in dimension and design to France's Mistral class LHD, which if it is built for the PLA Navy, would confer a significant increase in amphibious projection capability.
10. For more on China's efforts to impose control, see Richard D. Fisher Jr., "South China Sea Competition: China Contemplates More Mischief," International Assessment and Strategy Center, June 28, 2009, [http://www.strategycenter.net/research/pubID.209/pub\\_detail.asp](http://www.strategycenter.net/research/pubID.209/pub_detail.asp).
11. For background on this standoff, see, "Philippine warship in standoff with Chinese vessels," PhilStar.com, April 11, 2012, <http://www.philstar.com/nation/article.aspx?publicationscategoryid=63&articleid=795956>.
12. "Chinese fishing boats leave disputed shoal, diffusing standoff between China, Philippines," Associated Press, April 14, 2012, [http://www.washingtonpost.com/world/asia\\_pacific/chinese-fishing-boats-leave-disputed-shoal-diffusing-standoff-between-china-philippines/2012/04/14/gIQAicwSGT\\_story.html](http://www.washingtonpost.com/world/asia_pacific/chinese-fishing-boats-leave-disputed-shoal-diffusing-standoff-between-china-philippines/2012/04/14/gIQAicwSGT_story.html); and DJ Yap and Tina G. Santos, "9 Chinese ships leave Scarborough shoal," *Philippine Daily Inquirer*, April 15, 2012, <http://newsinfo.inquirer.net/176853/9-chinese-boats-leave-scarborough-shoal>.

MAY 3, 2012

CNAS.ORG

13. Christine O. Avendaño, "Aquino: We are not going to war with China," *Inquirer Global Nation*, April 17, 2012, <http://globalnation.inquirer.net/33435/aquino-we%E2%80%99re-not-going-to-war-with-china>.

14. "Xuezhe: Zhongguo zai Huangyandao buyong junjian fei ruanruo – Xiwang geguo zuenzhong [The Scholar: The fact that China has not used warships at Huangyan Island does not mean that China is weak. We hope all countries respect this fact and position]," *Jiefangjun Bao [PLA Daily]*, April 14, 2012, <http://military.china.com/important/64/20120415/17147471.html>.

15. Richard D. Fisher Jr., "Rebuilding the U.S.-Philippine Alliance," Backgrounder No. 1255 (The Heritage Foundation, February 22, 1999), [http://thf\\_media.s3.amazonaws.com/1999/pdf/bg1255.pdf](http://thf_media.s3.amazonaws.com/1999/pdf/bg1255.pdf).

16. Hillary Clinton, "America's Pacific Century," *Foreign Policy*, November 2011.

---

### ***About the Center for a New American Security***



The mission of the Center for a New American Security (CNAS) is to develop strong, pragmatic and principled national security and defense policies. Building on the expertise and experience of its staff and advisors, CNAS engages policymakers, experts and the public with innovative, fact-based research, ideas and analysis to shape and elevate the national security debate. A key part of our mission is to inform and prepare the national security leaders of today and tomorrow.

CNAS is located in Washington, and was established in February 2007 by co-founders Kurt M. Campbell and Michèle A. Flournoy. CNAS is a 501(c)3 tax-exempt nonprofit organization. Its research is independent and non-partisan. CNAS does not take institutional positions on policy issues. The views expressed in this report are those of the author and do not represent the official policy or position of the Department of Defense or the U.S. government.

© 2012 Center for a New American Security. All rights reserved.

Center for a New American Security  
1301 Pennsylvania Avenue, NW, Suite 403  
Washington, DC 20004

TEL 202.457.9400  
FAX 202.457.9401  
EMAIL [info@cnas.org](mailto:info@cnas.org)  
[www.cnas.org](http://www.cnas.org)