



Revitalizing the U.S.-Philippines Alliance to Address Strategic Competition in the Indo-Pacific

A Report from the CNAS U.S.-Philippines Alliance Task Force

Lisa Curtis (Chair and Principal Co-Author), John Cinco, Patrick Cronin, Chris Decker, Joseph Felter, Joshua Fitt (Principal Co-Author), Richard Fontaine, Michael Green, Richard Jacobson, Nina Hachigian, Brian Harding, Harry Harris, Henry B. Howard, Satu Limaye, Gregory Poling, Jacob Stokes, Chuck Taylor, Reed Werner, and Dennis Wright, with Zachary Durkee.

About the CNAS U.S.-Philippines Alliance Task Force

In April 2021, the Center for a New American Security (CNAS) launched its Task Force on the U.S.-Philippines Alliance, consisting of former senior U.S. officials, private sector representatives, and academic and think tank experts. During 2021 and 2022, the task force met with current and former high-level government officials and distinguished thought leaders—including during a research trip in March 2022, when a group of task force members traveled to a number of locations in the Philippines, including Manila, Clark, Subic Bay, Cesar Basa Air Base, Marawi, and Butuan. The task force examined a wide range of alliance trends, including in the areas of security and defense, humanitarian and disaster relief cooperation, economics and energy, development, regional politics, and historical legacy. This report provides the findings of the task force and offers concise recommendations that national security policymakers should consider in efforts to revitalize the U.S.-Philippines alliance.

The following members of the task force have publicly signed on to the findings of the report. They do so in their individual capacity and they do not speak for any institutions with which they are affiliated:

Lisa Curtis
CHAIR AND PRINCIPAL CO-AUTHOR

John Cinco

Patrick Cronin

Chris Decker

Joseph Felter

Joshua Fitt
PRINCIPAL CO-AUTHOR

Richard Fontaine

Michael Green

Richard Jacobson

Nina Hachigian

Brian Harding

Harry Harris

Henry B. Howard

Satu Limaye

Gregory Poling

Jacob Stokes

Chuck Taylor

Reed Werner

Dennis Wright

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Executive Summary

As competition with China intensifies across the Indo-Pacific, the United States is looking increasingly to its wide network of alliances and partnerships to confront the challenge. The U.S.-Philippines alliance remains of critical importance due to the two countries' deep historical and cultural ties, including the significant Filipino-American community in the United States, as well as the Philippines' strategic location in the South China Sea. Its position in the "first island chain"¹ is important to American security and the integrity of the U.S. alliance system in the Indo-Pacific—namely, if an adversary can coerce or easily penetrate the Philippine archipelago, Japan and Taiwan are easily flanked. Furthermore, the Philippines is an ally and friend within the Association of Southeast Asian Nations (ASEAN) at a time when Southeast Asia is emerging as the epicenter of geopolitical competition. Lastly, the Philippines is important in shaping regional norms on democracy, notwithstanding the setbacks under former Philippine President Rodrigo Duterte. With an alliance in place for over 70 years, the two countries have fought side by side in several wars and cooperated on common diplomatic and security objectives, including during the Cold War when the United States had a massive military presence in the Philippines.

With the election to power of Ferdinand "Bongbong" Marcos Jr. on May 9, 2022, the United States should seek to reinvigorate this critical alliance and set it on firmer footing. The alliance had faltered under Duterte's administration due to his counternarcotics campaign that resulted in human rights abuses—including thousands of extrajudicial killings—attempts to reorient the Philippines' foreign policy toward China, and abrogation of the U.S.-Philippines Visiting Forces Agreement (VFA) in early 2020. Signed in 1998, the VFA is a bilateral agreement that helps streamline the entry of U.S. service members into the Philippines and lays out procedures for resolving issues that may arise from their presence.² Duterte's decision to suspend the VFA followed a number of disagreements with the United States, including the revocation of the U.S. visa of one of Duterte's close confidantes and the architect of the counternarcotics campaign, former Philippines National Police Chief and now-Senator Ronald dela Rosa.

Despite the challenges under most of Duterte's rule, bilateral relations began to turn around in July 2021 when Duterte reversed his decision to abrogate the VFA. The decision followed reports throughout the spring of 2021 of several maritime incursions by Chinese vessels in the Philippines' exclusive economic zone (EEZ) and U.S. donations of COVID-19 vaccines to the Philippines. The

preservation of the VFA was welcome news to U.S. policymakers, as a credible U.S. security presence in Asia hinges on the ability of the United States to position forces within the country.

To build a firmer foundation for the U.S.-Philippines alliance and avoid disruptions like those experienced during Duterte's regime, Washington must nurture all aspects of the partnership, taking a long-term strategic view of ties, while also recognizing that the new Philippine government will continue to try to balance relations between the United States and China.

The purpose of this report is to assess the current state of the relationship and provide recommendations for revitalizing and expanding bilateral ties following a six-year period marked by turbulence and volatility. While Duterte has tested the flexibility of the alliance with his controversial counternarcotics campaign and attempted realignment toward China, his actions have also highlighted a broader need for the United States to reprioritize its oldest ally in Asia.

To reinvigorate U.S.-Philippines relations, the report makes a series of policy recommendations regarding security and defense ties, foreign assistance, energy cooperation, and diplomatic ties. It further proposes ways to improve the narrative regarding U.S.-Philippines legacy issues and the two countries' complicated colonial history.

Security and Defense Issues

ESTABLISH A STRATEGIC AND CONTINGENCY PLANNING PROCESS AS PART OF A 2+2 DIALOGUE

To reflect Washington's desire to upgrade, deepen, and expand the scope of political-military dialogue and consultation, the Departments of State and Defense should inaugurate a ministerial-level 2+2 dialogue with the Philippines at the upcoming 10th bilateral strategic dialogue. This will enhance the bilateral alliance and enable Washington and Manila to increase and raise the level of their consultations on strategic and operational planning so that they are prepared to deal on an immediate basis with any contingency that may arise in the Indo-Pacific. This will be easier once legislation—which has now passed the Philippine House and Senate—on ending the revolving-door policy for military leaders, and establishing fixed terms of office for the Armed Forces of the Philippines (AFP) chief of staff and service branch chiefs, becomes law.³ The frequent changes in the AFP leadership—only one AFP chief of staff has served in that position for more than 12 months in the past 20 years—has made strategic planning with U.S. counterparts challenging.

RESTORE BOLD VISION OF THE ENHANCED DEFENSE COOPERATION AGREEMENT

The Enhanced Defense Cooperation Agreement (EDCA) was signed by the two nations in 2014 to enhance their defense and security partnership by improving the AFP's capabilities and allowing for increased rotational presence of U.S. military forces, ships, and aircraft in the Philippines, but its overall implementation has stalled in recent years.⁴ The EDCA calls for supporting the two countries' shared goal of improving interoperability and addressing the AFP's capabilities gap in the short term and its force modernization plans over the long term. More specifically, the agreement aims to assist the AFP in developing its maritime security, maritime domain awareness, and humanitarian and disaster relief capabilities.⁵ Moving forward with EDCA commitments is critical for the United States to improve its military posture in the region and for the AFP to acquire military capabilities for both its short-term security needs and long-term military modernization goals. The two countries must follow through with commitments to increase the number of EDCA sites at army and naval bases and allow for rotational access for U.S. forces.

ENHANCE ALLIANCE COMMITMENTS

The United States and the Philippines should strengthen their alliance commitments and put forward a common strategic vision based on the Philippines' strategic autonomy and a rules-based order. As part of this effort, the United States should be explicit that Washington would consider any construction of permanent military or dual-use structures at Scarborough Shoal unacceptable and a potential trigger for employing Article IV of the Mutual Defense Treaty (MDT), the provision that is commonly interpreted to mean that an attack on one party is considered as an attack on both parties.

PRIORITIZE SALE OF ASYMMETRIC DEFENSE AND MARITIME DOMAIN AWARENESS EQUIPMENT

Prioritizing provision to the Philippines of items such as land-based mobile anti-air and anti-ship systems, as opposed to big ticket items, makes sense from both a practical and cost perspective. Items such as drones and other equipment that can be used for intelligence collection, surveillance, target acquisition, and reconnaissance serve both the Philippines' goals of enhancing its own maritime security and the U.S. objective to bolster joint maritime domain awareness. The next priority should be exploring financial arrangements, such as the U.S. Foreign Military

Financing program, to help the Philippines purchase more expensive, sophisticated items such as F-16 fighter aircraft over the medium term.

ENHANCE CYBERSECURITY COOPERATION

Washington must enhance cybersecurity cooperation with Manila and raise awareness among Philippine officials on the importance of investing only in trusted and secure technologies and digital infrastructure. Since the Philippines has not yet committed to either a closed or open digital development path, there is an opportunity to influence decision makers on the benefits of pursuing open digital ecosystems that foster transparency, economic growth, job creation, innovation, and capacity building. One issue to consider is whether it will be necessary to install stand-alone power facilities for the EDCA bases and Hanjin facility, given that China has a 40 percent stake in the Philippine national power grid, giving it significant influence over this national asset.

START MINILATERAL SECURITY DIALOGUES

Washington should institute trilateral security dialogues between the United States, Philippines, and Japan, as well as the United States, Philippines, and Australia. Such trilateral exchanges are congruent with President Joe Biden's administration's goals of achieving greater integrated deterrence by bringing the Philippines into multilateral discussions among key allies to develop common perceptions of maritime threats and challenges and develop a more integrated network of like-minded allies and partners.

PROVIDE SUPPORT TO THE PEACE PROCESS IN MINDANAO

While the 2014 peace agreement and the creation of the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) in 2019 have reduced violence and provided the greatest hope in a generation for a sustainable peace, the BARMM faces major challenges amid high local expectations for a peace dividend. In the run-up to the end of the transitional phase in 2025, the United States should provide support to the Bangsamoro Transition Authority and civil society in the BARMM. Success in the BARMM will reduce drivers of violent extremism and potentially remove a domestic demand for AFP resources. While Washington has provided significant amounts of funding toward reducing violent extremism in the Philippines, it should increase both funding and diplomatic attention to the peace process in the BARMM.

Foreign Assistance, Economic and Energy Cooperation, and Diplomatic Ties

EXPLORE OPPORTUNITIES FOR NEW MILLENNIUM CHALLENGE CORPORATION COMPACT

The Biden administration should conduct early diplomatic outreach to the new Philippine administration to determine if there is interest in filing for a new Millennium Challenge Corporation (MCC) compact. Washington should be clear about what actions Manila needs to take to become eligible for MCC funding. A new MCC compact could focus on investing in much-needed renewable energy capacity, transportation infrastructure, and post-pandemic economic recovery.

MAXIMIZE THE PHILIPPINES' ROLE IN THE INDO-PACIFIC ECONOMIC FRAMEWORK

The United States should seek to maximize the Philippines' role in the White House's Indo-Pacific Economic Framework.⁶ One area of opportunity is working toward a digital standards agreement, as the Philippines concurs with U.S.-favored digital standards, which help underpin its business process outsourcing sector. Such an agreement could further reinforce and expand U.S.-Philippines cooperation in this sector.

ENHANCE PUBLIC HEALTH COOPERATION

Washington should focus a large portion of its assistance to the Philippines on public health, including continued provision of COVID-19 vaccines, training medical staff, technical assistance for crisis preparedness and health data management, and upgrading labs and health facilities. To facilitate increased cooperation on public health, the State Department should fill the public health advisor position at the U.S. Embassy, and the Department of Defense should reactivate the U.S. military healthcare advisor position at the Joint U.S. Military Assistant Group in Manila. Washington should also provide technical assistance to reduce logistical hurdles for vaccine distribution. Providing robust assistance to aid the Philippines in coping with the COVID-19 crisis also demonstrates the enduring value the United States places on the alliance beyond the conventional security realm.

SUPPORT LIQUEFIED NATURAL GAS DEVELOPMENT AS A BRIDGE TO RENEWABLE ENERGY ALTERNATIVES

The United States should support the development of

onshore liquefied natural gas (LNG) import facilities that would increase the Philippines' capacity to diversify energy imports while decreasing the pressure to develop fossil fuel deposits within its borders. U.S. companies are well placed to help the Philippines develop LNG infrastructure and can also assist the Philippines in staking claims in its EEZ to develop gas resources. LNG can serve as a bridge to help fulfill the Philippines' energy needs until renewable energy options are fully available and can offer a cost-effective alternative to carbon-based options.

The United States could also propose a joint U.S.-Philippines public-private effort to explore the feasibility of carbon capture, utilization, and storage to help reduce the carbon footprint of existing energy projects. U.S. expertise in this area would increase the Philippines' capacity to meet emissions targets while ensuring its energy security.

ESTABLISH U.S. CONSULATES GENERAL IN CEBU AND DAVAO

In line with the White House *Indo-Pacific Strategy* commitment to “meaningfully expand our diplomatic presence in Southeast Asia and the Pacific Islands,” Washington should establish consulates general in Cebu and Davao, the second and third largest cities in the Philippines.⁷ Currently, the United States only maintains an embassy in Manila and a consular agency in Cebu, despite the Philippines' vast geography and its population of more than 100 million people. In contrast, both Japan and China maintain consulates general in these two cities, with China also present in Northern Luzon. Greater presence would facilitate closer people-to-people ties and more effective strategic communication.

Legacy Issues

AMEND FILIPINO VETERANS EQUITY COMPENSATION ACT

The U.S. Congress should increase the remaining \$55 million in funds allocated to the Department of Veterans Affairs for Filipino veterans and amend the 2009 Filipino Veterans Equity Compensation Act to raise individual payments to noncitizen Filipino veterans to the same level as Filipino-American veterans. Congress should also institute a more streamlined verification process that balances the desire to prevent fraudulent disbursements with the guarantee that remaining veterans receive their rightful compensation.

CONSTRUCT PEACE MONUMENT AT JOLO ISLAND

The United States should consider constructing a peace monument at the site where as many as 1,000

Moros—native Filipino Muslims also referred to as the Bangsamoro people—including women and children, were killed by the U.S. Army in 1906.



Introduction

As competition with China intensifies across the Indo-Pacific, the United States is looking increasingly to its wide network of alliances and partnerships to confront the challenge. China's growing military and economic power, along with its increasingly aggressive behavior regarding Taiwan and its territorial claims in the East and South China Seas, is putting stress on the rules-based order in the region. As such, U.S. policymakers recognize that leveraging and building upon existing diplomatic and security arrangements will be a key component of an effective long-term strategy for competing with China and maintaining stability in the Indo-Pacific and beyond.

Among the United States' formal alliances, specifically its five treaty allies in Asia, the U.S.-Philippines alliance remains of critical importance in this context. The alliance is enshrined in the Mutual Defense Treaty (MDT) signed between both countries on August 30, 1951. The Philippines' strategic location and deep historic ties with the United States led to a massive U.S. military buildup there during the Cold War. More recently, in July 2021, U.S. Secretary of Defense Lloyd Austin met with Philippine Secretary of National Defense Delfin Lorenzana at the Pentagon to commemorate the 70th anniversary of the MDT. Both "affirmed the enduring nature of the U.S.-Philippines alliance, as well as their shared commitment to building an even stronger foundation for future alliance cooperation."⁸

The commemoration of the MDT coincided with former Philippine President Rodrigo Duterte's decision to end the Visiting Forces Agreement (VFA) abrogation process. Duterte had announced the Philippines' intent to withdraw from the agreement in February 2020 but granted three six-month delays in the intervening 17 months before ultimately deciding to keep the agreement, citing U.S. donations of COVID-19 vaccines to the Philippines.⁹

Signed in 1998, the VFA is a bilateral agreement that operationalizes the MDT by streamlining the entry of U.S. service members into the Philippines and laying out procedures for resolving issues that may arise from their presence.¹⁰ Absent the VFA, the ability of U.S. forces to regularly access the Philippines would have been effectively compromised. In the months immediately prior to Duterte's decision to end the standoff over the VFA, China had increased maritime incursions in the South China Sea, including in the Philippine exclusive economic zone (EEZ).

The preservation of the VFA was welcome news to U.S. policymakers. A credible U.S. security presence in Asia hinges on the access that the U.S.-Philippines defense

relationship provides the U.S. military. Due to the Philippines' strategic location, allowing the United States to position forces and assets there is important for its ability to prevent Chinese expansion into the western Pacific and deter aggression in the South China Sea and Taiwan Strait. U.S. access also facilitates counterterrorism cooperation and disaster-relief operations in emergencies and enables hundreds of annual training exercises between the U.S. military and the Armed Forces of the Philippines (AFP).¹¹ The stakes involved in the U.S.-Philippines alliance are high when it comes to regional security.

The purpose of this report is to assess the current state of the relationship and provide recommendations for revitalizing and expanding bilateral ties following a six-year period marked by turbulence and volatility. While Duterte has tested the flexibility of the alliance with his controversial counternarcotics campaign, harassment of dissidents, and attempted realignment toward China, his actions have also highlighted a broader need for the United States to reprioritize its oldest ally in Asia. Officials in both countries have made it clear that the time is ripe for updating and deepening the alliance to reflect current, new, and emerging challenges facing both countries.¹²

However, it is important to note that the low point the relationship is emerging from now is by no means an aberration. In September 1991, the Philippine Senate rejected an updated military bases treaty with the United States, leading to a complete withdrawal in 1992 from bases that the U.S. military had been stationed on for nearly a century.¹³ A U.S. presence was not restored until 1999 when a new agreement—the VFA—was ratified by the Philippine Senate. Still, U.S. access remains at a far lower level than when there were U.S. bases in country. While the United States maintains robust people-to-people ties, immense soft power, and a reservoir of goodwill among the Philippine public, there remains a degree of discontent rooted in a complicated colonial past, uncertainty about the U.S. commitment to the alliance, and occasional domestic backlash sparked by high-profile cases of crime by U.S. service members in surrounding communities.¹⁴

At times, these factors have placed the alliance in the crossfire of Philippine domestic politics. Duterte's populist posture and attempted realignment toward China is but one example of these dynamics at play. Strengthening the alliance therefore will require Washington to play a more proactive role in addressing the past and working pragmatically with Manila to lay out an affirmative agenda for the future.

Navigating Ties with the New Philippine Government

On May 9, 2022, the Philippines held a presidential election, bringing to power Ferdinand “Bongbong” Marcos Jr. Outgoing president Duterte—who was constitutionally limited to a single six-year term and whose political future remains uncertain—has strained the country’s democratic institutions and undermined human rights through his controversial counternarcotics campaign and accompanying harassment and persecution of journalists, activists, and political opponents. On foreign policy, Duterte injected unpredictability into the alliance through scathing rhetoric and erratic decision-making—like threatening to terminate the VFA and proclaiming that it was “time to say goodbye” to America—all while pursuing closer ties with China.¹⁵

President-elect Marcos is likely to continue Duterte’s policy of seeking closer engagement with Beijing, but he will also have to pay heed to public opinion, which strongly favors the United States over China.¹⁶ Marcos will also have to contend with the Chinese failure to deliver on promised economic investments that never materialized under Duterte’s rule. One of the most important factors influencing how Marcos will balance the Philippines’ relationships between China and the United States will be whom he places in key cabinet positions, such as foreign policy and defense. Another factor will be the degree to which China continues to press its territorial claims in the South China Sea.

The incoming government is also likely to continue to try to retain a relationship with Moscow to help balance major power relations, despite Russia’s unprovoked war in Ukraine. The fact that Marcos had to reverse himself to join most other major presidential candidates in backing Ukraine during the Philippine election campaign showed the need for domestic hedging, but no real desire to step away from Russia.¹⁷

Despite Marcos’ likely inclination to retain close ties to both China and Russia, the United States must forge ahead with policies that seek to build and sustain the U.S.-Philippines bilateral alliance. There is a deep reservoir of goodwill toward the United States among the Filipino people, as well as within the Philippine foreign policy and military establishments and commercial sector on which Washington can build.

Prioritizing Defense and Security Cooperation

The most important aspect of the relationship that needs careful attention in the months and years ahead is the security alliance. While Philippine leaders generally feel compelled to try to balance ties between Beijing and Washington, recent aggressive Chinese maritime activities off the coast of the Philippines have reminded Filipinos about the necessity of maintaining close security ties with Washington.¹⁸

A HISTORY OF CLOSE SECURITY TIES

An agreement made after World War II granted the United States access to dozens of military bases in the Philippines, including Clark Air Base and the Subic Bay Naval Base—at the time the largest U.S. overseas military installation in the world. In 1991, at the Philippines’ request, the United States turned Clark Air Base over to the Philippines and agreed to lease the Subic Bay Naval Base for only another 10 years.

The VFA—ratified by the Philippine Senate in 1999—enables the United States and the Philippines to conduct joint training exercises. The two countries hold more than 300 joint military exercises annually, including Balikatan (which translates from Tagalog to English as “shoulder to shoulder”). Washington and Manila completed the Enhanced Defense Cooperation Agreement in 2014 to allow for a more robust U.S. military presence in the country, including increased rotational access for humanitarian and maritime operations.

In July 2021, the two countries commemorated the 70th anniversary of their Mutual Defense Treaty, affirming the enduring nature of the alliance and a commitment to building stronger defense and security ties.



U.S. Defense Secretary Lloyd Austin meets with Philippine President Rodrigo Duterte on a visit to the Philippines in July 2021. The Visiting Forces Agreement (VFA) was a major topic of discussion during the visit, and while Austin was in the country, Duterte announced a reversal of his declaration that the Philippines was withdrawing from the VFA. (Chad McNeely/Office of the Secretary of Defense Public Affairs)

The resolution of the standoff over the VFA during Austin’s visit to Manila in July 2021 marked a turning point for the U.S.-Philippines defense and security partnership. Duterte had threatened to terminate the VFA since January 2020, even though many of his top advisors who value the U.S.-Philippines alliance opposed the move. Duterte’s decision to reverse his position was in recognition of the unpopularity of his threats to terminate the agreement, especially in the face of increased Chinese maritime aggression in the South China Sea. Manila issued more than 200 diplomatic demarches against Chinese maritime activities from 2016 to 2021.¹⁹ More recently, in late March, the Philippines issued a diplomatic demarche against China after one of its coast guard ships sailed within 69 feet of a Philippine vessel near the contested Scarborough Shoal.²⁰

While ending the abrogation of the VFA was a significant step forward, there likely will continue to be hurdles and bumps in the road for the U.S.-Philippines security partnership under the new Philippine president, as Manila will still have to balance military, economic, and political pressure from China. To put the alliance on firmer footing, Washington should consider ways to clarify its commitments within the MDT to meet current challenges of aggressive Chinese moves in the South China Sea. The MDT says the two countries will help defend one another against external armed attacks, and President Joe Biden’s administration has said this would include “an armed attack on Philippine armed forces, public vessels, or aircraft in the South China.”²¹ However, there is no clear U.S. position on how the United States would respond in the event another country unilaterally seizes either an island or reef in the territorial waters and EEZ claimed by the Philippines.

PHILIPPINES-CHINA MARITIME DISPUTES

China claims the Spratly and Paracel Islands in the South China Sea are inside its self-proclaimed “Nine-Dash Line,” although the Philippines—along with Brunei, Malaysia, Vietnam, and Taiwan—disputes the claim. China’s “Nine-Dash Line” claim refers to a U-shaped line of dashes that appears on a Chinese map from the 1940s. China’s “Nine-Dash Line” formulation means it claims sovereignty over the area bounded by the dashes—or about 90 percent of the South China Sea. The original map contained 11 dashes; however, in 1952, former Chinese leader Mao Zedong gave up China’s claim to the Gulf of Tonkin.²²

A 2016 decision by the United Nations Convention on the Law of the Sea (UNCLOS) tribunal determined China’s “Nine-Dash Line” claim had no legal basis.²³ Last March, the Philippines protested the presence of more than 200 Chinese fishing vessels at the Whitsun Reef in the Spratly Islands.²⁴ Defense Secretary Lorenzana referred to the vessels as a maritime militia China was using to try to establish control of the reef.²⁵ Manila claims the reef is within its EEZ.

THE PHILIPPINES AT THE PRECIPICE OF THE FIRST ISLAND CHAIN AND THE NINE-DASH LINE



During his visit to the United States last September, Philippine Defense Secretary Delfin Lorenzana called for a comprehensive review of the MDT and for Washington to clarify the extent of its security commitments to Manila.²⁶ Lorenzana specifically called for the U.S.-Philippines defense pacts to address “gray zone threats” such as state-backed maritime militias. Lorenzana claimed Manila received less from its relationship with Washington than non-treaty allies, despite growing pressure from China.²⁷ He further asserted that the U.S. treaty with Japan was more explicit than that with Manila when determining whether it applied in the Pacific maritime area.

There is also a need to reinvigorate the commitments made under the Enhanced Defense Cooperation Agreement (EDCA) Washington and Manila inked in 2014. The purpose of the agreement is to deepen defense cooperation and enhance the countries’ individual and collective capabilities, including allowing for increased rotational presence of U.S. military personnel, ships, and aircraft in the Philippines.²⁸ The agreement opens the way for base upgrades and the construction of new facilities to improve interoperability, build capacity, promote maritime security, and allow for storage and prepositioning of defense supplies. However, in 2017, Duterte threatened to cancel the EDCA, claiming storage facilities constructed under the EDCA could store U.S. nuclear weapons.²⁹

The passage of the Pacific Deterrence Initiative (PDI) as part of the 2022 National Defense Authorization Act (NDAA) provides another avenue for resourcing efforts to enhance U.S. military cooperation with the Philippines. The PDI is a \$7 billion fund for investments to bolster U.S. deterrence, improve allied and partner capabilities, and enable collective responses to regional security challenges.

The U.S. Coast Guard partners regularly with the Philippines Coast Guard for training, exercises, search and rescue operations, and maritime domain awareness drills. In the fall of 2021, following joint exercises in the South China Sea with the U.S. Coast Guard Cutter *Munro*, Vice Admiral Michael McAllister, Commander of U.S. Coast Guard Pacific Area, said, “Partnering with the Philippines to enhance maritime governance, including important missions such as search and rescue and enforcement of fisheries laws and treaties, is essential to the security, stability, and prosperity of all nations.”³⁰

The United States will also continue to be a critical partner for the Philippines in its defense modernization campaign. Former Philippines President Benigno Aquino started a military modernization effort in 2013, which continued during Duterte’s administration. Even though the Philippine economy contracted in 2020 due

to the COVID-19 pandemic, the defense budget stayed constant at 2019 levels. A major area of focus is bolstering air surveillance capabilities with manned and unmanned systems for increasing maritime domain awareness. In September 2021, the United States provided four Cessna planes through its Foreign Military Financing program for use in training Philippine Navy pilots to monitor maritime territories.³¹ The United States is also offering to sell the Philippines 12 F-16 multirole fighter jets and associated weapons, and Manila has ordered 32 additional Black Hawk helicopters to supplement the 15 it already has in stock.³² The sale of the



A U.S. Air Force F-16 multirole combat aircraft is on the runway at Cesar Basa Air Base after being flown in for training drills with the Philippine Air Force’s 5th Fighter Wing. Basa Air Base is one of five military installations in the Philippines where U.S. service members can operate under the auspices of the Enhanced Defense Cooperation Agreement. The Philippines is pursuing the acquisition of 12 F-16s from the United States, though talks are delayed due to high cost and other factors. (Anthony Small/U.S. Air Force)

F-16s is held up primarily by the aircraft's high price. For a lower cost, Greece has offered to sell the Philippines six used two-seat F-16s that the Philippine Air Force could use to train its pilots, but the United States has not granted Greece permission for the sale.

CHINESE SURVEILLANCE TECHNOLOGY

The Philippines' historic and increasing reliance on Chinese technology and digital infrastructure is becoming a cybersecurity vulnerability regarding protecting sensitive U.S. defense technology and U.S. military assets in the country. The Philippines has relied on Chinese technology for developing its 5G infrastructure.³³ In addition, Duterte signed an agreement with China to implement a "Safe Philippines Project," which included contracting with Huawei and China International Telecommunications and Construction Corporation to build a massive camera surveillance system in Manila and other major cities.³⁴ Critics in the Philippine Congress tried to block it, citing privacy and security concerns, but Duterte vetoed their decision.³⁵

PORT SECURITY

As part of its efforts to make inroads into the South China Sea, China has also sought to finance deals to take over certain ports in the region. There was concern among U.S. officials that China would make a bid to acquire the Subic Bay shipyard located about 60 miles outside of Manila when the South Korean company that owned it went bankrupt

in 2016.³⁶ However, former President Donald Trump's administration eventually stepped in and worked through the U.S. Development Finance Corporation to help broker a deal with a U.S. company to prevent the Chinese firms from taking over the shipyard. U.S. private equity firm Cerberus acquired the shipyard in a \$300 million deal completed in April.³⁷

COUNTERTERRORISM COOPERATION

The Philippine government has been battling Islamic separatists for over five decades. The United States has provided counterterrorism (CT) assistance to the Philippines since 2001 as a part of the Global War on Terror, though the involvement has been limited to a technical and advisory role.³⁸ Since Manila signed a peace agreement with the Moro Islamic Liberation Front in 2014 that led to the creation of the Bangsamoro Autonomous Region in Muslim Mindanao, the primary internal security threat has come from a handful of domestic jihadist groups affiliated with the Islamic State. During the 2017 Siege of Marawi—in which Philippine security forces fought some of these groups—U.S. Special Forces provided technical support to the Philippines, including intelligence and military advice, to help ensure the months-long battle ended in favor of Philippine forces.³⁹ The victory at Marawi dealt a significant blow to the Islamic State-linked insurgency by killing the leadership of two main jihadist groups and nearly 1,000 fighters.⁴⁰



Pictured here is a shipping terminal five miles east across Subic Bay from the Hanjin Shipyard. When Hanjin went bankrupt in 2016, there was concern that the port would be acquired by a Chinese company with close ties to Beijing, but with the assistance of the U.S. Development Finance Corporation and Philippine President Rodrigo Duterte's administration, an American private equity firm acquired the shipyard. (Joshua Fitt/CNAS)



The Siege of Marawi lasted 153 days. With materiel and intelligence, surveillance, and reconnaissance support from the United States and other allies, the Armed Forces of the Philippines (AFP) killed nearly 1,000 ISIS insurgents, including the so-called emir of ISIS in Southeast Asia. Combat in the dense urban environment, where about 200,000 civilians live, led to immense destruction, particularly in the section of the city to the east of the Agus River, from which the insurgents attempted to launch their short-lived caliphate. The Philippine flag pictured here was recovered from the fighting and is displayed at the 103rd Infantry Brigade Headquarters at Camp Ranao in the hills on the northern edge of town, in honor of the 168 AFP soldiers killed during the siege. (Joshua Fitt/CNAS)

Since the threat of terrorism exists even after the Philippine government’s success against jihadist groups in 2017, CT cooperation remains an important part of the U.S.-Philippines security relationship. CT has been the focus of the annual U.S.-Philippines Balikatan military exercises held continuously since the VFA became effective in 1999.⁴¹ In recent years, U.S. CT-focused training in the Philippines has included exercises on the tactical side as well as workshops between Department of Justice officials of both countries on prosecution and investigation.⁴² In addition to helping stabilize the country, assisting Manila with CT efforts has been important to Washington within the context of great-power competition because it has provided an opportunity to develop the capabilities of the Philippine Army. However, if peace holds in Mindanao and CT priorities shift to law enforcement and counterradicalization efforts, the Philippine forces will be able to focus more attention on maritime security, which is important to maintaining a free and open Indo-Pacific and challenging Chinese maritime aggression.

HUMANITARIAN ASSISTANCE AND DISASTER RELIEF

The United States has a long history of providing humanitarian assistance and disaster relief (HADR) to the Philippines. The Philippines has experienced a multitude of natural disasters, including Typhoon Haiyan (Super Typhoon Yolanda in the Philippines) in 2013 and Typhoon Rai late last year. Washington has consistently responded to these types of events in the Philippines with HADR, which, in addition to helping those in dire need, has helped build resilience and the Philippines’ own internal HADR capabilities, as well as establish military interoperability. The 2013 U.S. military response to Typhoon Haiyan, called Operation Damayan, comprised more than 13,400 military personnel, 66 aircraft, and 12 naval vessels, which delivered over 2,495 tons of relief supplies and evacuated more than 21,000 people.

Leveraging Other Bilateral Security Relationships

Over the past several decades, the Philippines has taken steps to deepen defense engagement with a handful of U.S. allies and partners. U.S. strategy in the Indo-Pacific typically has revolved around a “hub and spoke” approach in which the United States is the central node of many bilateral security relationships. However, the Philippines’ relationships with U.S. allies and partners in the region can form a kind of intra-Asian security network that contributes to enhancing the U.S. position in the Indo-Pacific.⁴³ Bilateral defense ties between allies and partners that do not directly involve the United States are both an effective way to uphold the regional rules-based order and move allies to assume a greater share of the cost of ensuring their own security. As these relationships develop over time, they can also open the door to deeper multilateral defense engagements involving the United States, as is already the case with Australia participating in the annual U.S.-Philippines Balikatan military exercises. Ultimately, a Philippines that pursues deeper security ties with other U.S. allies and partners leads to a stronger network of nations in support of a rules-based order in the Indo-Pacific.

The security relationship between **Japan** and the Philippines has gained momentum steadily since January 2015, when the two countries signed a bilateral defense cooperation agreement motivated by increasing mutual concern about Chinese encroachment in the East and South China Seas.⁴⁴ The relationship was augmented further by a 2016 agreement that enabled the transfer of defense equipment and technology between the two countries.⁴⁵ The first sale within this framework took place in 2020, when Mitsubishi Electric sold the Philippines \$100 million worth of warning and control radar systems.⁴⁶ The sale was a major milestone for Tokyo, as it marked Japan’s first-ever export of finished defense equipment. In addition to the budding defense equipment acquisition partnership, Japan and the Philippines held 17 joint naval drills between 2015 and 2021, with their first bilateral air force drill taking place in 2021.⁴⁷ Overall, security cooperation is a relatively new aspect of the Japan-Philippines relationship, a multi-faceted partnership that is enormously important to both nations.

Australia and the Philippines signed a Memorandum of Understanding on Cooperative Defense Activities in 1995, which laid the groundwork for their bilateral defense cooperation.⁴⁸ Signing a Status of Visiting

Forces Agreement in 2012 enabled the Australian military to provide humanitarian assistance in the aftermath of Typhoon Haiyan in 2013. Since then, Australia and the Philippines have conducted a series of regular bilateral military exercises and training. While U.S. joint training with the Philippines tends to focus on officers, Australian training with the Philippines tends to focus more heavily on enlisted personnel. Australia has participated in the U.S.-Philippines Balikatan exercises since 2014.⁴⁹ A Comprehensive Partnership signed by the two countries in 2015 has led to several bilateral defense initiatives, including navy-to-navy strategic-level talks, which began in March 2017, and support for



A U.S. Marine and Philippine Marine stand shoulder to shoulder while holding a fighting position during an amphibious assault at the annual Balikatan exercise in March 2022. Balikatan means “shoulder to shoulder” in Tagalog. (Ezra Acayan/Getty Images)

the Armed Forces of the Philippines (AFP) during the siege of Marawi.⁵⁰ Notably, Australia remains among the Philippines' closest security partners and avoided much of the kinds of criticism directed toward the United States during the Duterte administration. The relationship is poised to grow even further as the two nations continue to forge deeper ties in CT, HADR, and maritime cooperation.

As **India** seeks a larger role in promoting maritime security in the eastern Indian Ocean, it has begun to pursue closer ties with Southeast Asian nations, including the Philippines. Recent developments suggest that defense ties between the two countries are growing rapidly. In early 2022, Manila signed a nearly \$400 million deal to acquire shore-based BrahMos missiles from India, making the Philippines the first foreign country to purchase the platform.⁵¹ The deal was followed a few weeks later by a visit from Indian Minister of External Affairs Subrahmanyam Jaishankar, in which he met with his Philippine counterpart, Teodoro Locsin Jr., and Secretary of National Defense Lorenzana to discuss further expanding defense and security ties.⁵² In the past, India has conducted bilateral military exercises with the Philippines, as well as multilateral exercises alongside Japan and the United States.⁵³ Though bilateral defense ties between India and the Philippines are still in the early stages, there is immense opportunity for a deeper relationship, particularly given the two nations' strong mutual interest in rules-based maritime security in the Indo-Pacific.

The **South Korea**–Philippines defense relationship dates back to 1950, when the Philippines was the first Asian nation to send troops to assist the United Nations response to North Korean aggression.⁵⁴ Decades later in 1994, Manila and Seoul signed a memorandum of understanding to enhance relations between their armed forces on logistics and defense industry cooperation.⁵⁵ In early 2022, the Philippine Army and Republic of Korea Army signed a terms of reference agreement that further scopes the two armies' cooperation on a number of lines of effort, including logistics and maintenance, military education and training, and military technology.⁵⁶ The Philippines has purchased platforms, including 12 FA-50 fighter jets and two guided missile frigates, from South Korea to further the military modernization push it began in the mid-2010s.⁵⁷ As two close U.S. Indo-Pacific allies outside of the Quadrilateral Security Dialogue (Quad) with long-standing historical defense and economic ties, South Korea and the Philippines are natural partners with potential for an even deeper relationship.

THE PHILIPPINES AND ASEAN

The Philippines is one of the five founding members of ASEAN and held the ASEAN Chairmanship in 2017, the organization's 50th anniversary.⁵⁸ As chair, the Philippines focused on a wide range of priorities, including maritime security, securing the rights of international laborers, health crises and disaster resiliency, terrorism and extremism, disputed claims in the South China Sea, tensions on the Korean Peninsula, promoting innovation-led economies, and promoting greater connectivity.⁵⁹

Many of these challenges are still pressing issues for ASEAN five years later, with the notable addition of two top new priorities: COVID-19 vaccine distribution and economic recovery from the pandemic. In response, the Quad has pledged to donate one billion COVID-19 vaccine doses to ASEAN countries by the end of 2022. As of February 2022, the Quad countries collectively have provided more than 500 million doses globally.⁶⁰ ASEAN member states view the Quad's vaccine distribution efforts quite favorably—however, some nations are suspicious of the grouping's potential security-related initiatives and are concerned about how the initiatives may affect their ability to hedge between the United States and China. Turbulence in the U.S.-Philippines relationship notwithstanding, this sentiment is not as strong in the Philippines, given the established treaty alliance with Washington. The existence of the treaty sometimes leads other ASEAN member states to view Manila as Washington's representative in ASEAN.

Another issue of deep importance to the Philippines and many other ASEAN member states is resolving disputed maritime claims in the South China Sea. The Philippines held the role of country coordinator for the ASEAN-China dialogue from 2018 to 2021, during which time Manila attempted to make progress on negotiating a code of conduct (COC) for the South China Sea.⁶¹ There has been virtually no progress on the COC since the idea was initially endorsed by ASEAN foreign ministers in 1996.⁶² The long delay is mostly due to Beijing's refusal to negotiate in good faith, but also owes to the fact that some ASEAN member states' maritime claims compete with each other. A further challenge within ASEAN is that the members without claims in the South China Sea view few upsides to hashing out these adversarial conversations with Beijing, so they are less motivated to make progress. In August 2021, the parties agreed to the "preface" for the COC, which is not much to show for 26 years of discussions.⁶³ After completing its role as country coordinator for the ASEAN-China dialogue, the Philippines is slated to be country coordinator for the ASEAN-EU dialogue from 2022 to 2025,⁶⁴ a particularly important role given the growing focus of European nations on the Indo-Pacific.

Targeting Assistance on Pandemic Recovery

The Philippines is one of the largest recipients of U.S. foreign assistance in the Indo-Pacific. Across all U.S. federal agencies in 2020, the Philippines received over \$328 million in funding obligations—55 percent of which was economic assistance for development and humanitarian purposes.⁶⁵ U.S. aid seeks to strengthen and promote economic growth, healthcare, education, good governance, human rights, democratic values, and peace efforts in war-torn areas on the island of Mindanao.⁶⁶

Combating COVID-19 remains a top priority for the Philippines, making U.S. pandemic assistance a critical factor in the relationship. Duterte cited U.S. vaccine donations in his decision to preserve the VFA, declaring in an August 2021 televised address, “We did a give and take. We thank them and I made a concession. I conceded the continuance of the Visiting Forces Agreement, in gratitude.”⁶⁷ This outcome, however, does not detract from the humanitarian imperative of aiding the Philippines—a long-standing and critical U.S. ally in the Indo-Pacific.

As of April 2022, the Philippines has reported around 3.7 million infections, more than 59,000 deaths, and a little over half of the population having been vaccinated since the pandemic began.⁶⁸ Among Southeast Asian countries, it has the third highest official COVID-19 mortality rate.⁶⁹ The current pace of vaccinations contrasts with the government’s goal of vaccinating 90 percent of the population by the end of the first quarter of 2022.⁷⁰

Beyond the initial lack of supply, vaccine hesitancy and logistical hurdles have become central problems hindering vaccination efforts. A June 2021 survey showed that just 43 percent of Filipinos were willing to get vaccinated, while in November 2021, health authorities stated that logistical bottlenecks were leaving tens of millions of doses unused.⁷¹ These bottlenecks include the country’s vast archipelagic terrain combined with chronically underdeveloped rural infrastructure that makes getting vaccine shipments to remote communities particularly challenging.⁷²

Since mid-2021, the United States has donated tens of millions of vaccine doses to the Philippines through the international COVAX initiative.⁷³ U.S. assistance will be augmented by the Quad’s global commitment to supply one billion vaccines by the end of 2022.⁷⁴ However, sharing best practices to lower vaccine hesitancy rates and providing technical assistance to

reduce logistical hurdles will be equally important in U.S. efforts to help the Philippines combat the pandemic. Providing robust assistance to aid the Philippines in coping with the COVID-19 crisis also demonstrates the enduring value the United States places on the alliance beyond the conventional security realm.

Health measures instituted to contain the spread of the virus slowed economic activity precipitously and a drawn-out pandemic could leave deep economic scars on the Philippine economy. According to IHS Markit, the Philippine economy contracted 9.6 percent year-on-year in 2020, making it “the largest annual decline ever recorded since National Accounts data series for the Philippines commenced in 1946.”⁷⁵ While the economy bounced back slightly at the end of 2020, a spring 2021 surge in cases erased the prospects of a sustained recovery.⁷⁶ International Monetary Fund forecasts suggest that the 2024 per capita income in the Philippines could be 12 percent lower than pre-pandemic projections.⁷⁷

Infrastructure investment, already greatly needed prior to the pandemic, will be crucial for stimulating a robust economic recovery and promoting long-term sustainability and productivity.

Development assistance will play an important role in charting the Philippines’ post-pandemic recovery and future. As in many places, the COVID-19 pandemic has exposed the fragility of the country’s healthcare system and the need to invest in its future capacity and resilience. Infrastructure investment, already greatly needed prior to the pandemic, will be crucial for stimulating a robust economic recovery and promoting long-term sustainability and productivity.⁷⁸ Multilaterally, the Quad’s recently launched infrastructure coordination working group and the Group of 7’s (G7) Build Back Better World (B3W) partnership aims to spur private sector investment and amplify existing contributions toward sustainable infrastructure throughout the developing world. However, on a bilateral level, democratic backsliding and worsening corruption in the Philippines have limited the potential of U.S. development assistance in recent years.

A key example of the negative impact of corruption and democratic backsliding within the Philippines on U.S. assistance has been the continued inability for the Philippines to secure a new Millennium Challenge Corporation (MCC) compact. These five-year agreements provide U.S.-funded grants to partner countries with the goal of stimulating economic growth and reducing poverty. They are contingent on factors such as combating corruption and good governance in recipient countries. The Philippines received an MCC compact worth \$506.9 million in 2010, which lasted from May 2011 to May 2016 and targeted water and sanitation, roads, land tenure, and agriculture.⁷⁹ The Philippines filed for another MCC compact in 2016, but the MCC deferred its decision to proceed due to concerns over human rights abuses under Duterte.⁸⁰

In December 2017, the Duterte administration withdrew the Philippines MCC application, citing its priority to reconstruct the war-torn city of Marawi,⁸¹ though many experts assess that the decision stemmed from Duterte's displeasure with U.S. criticism over his controversial counternarcotics campaign. In November 2020, MCC determined that the Philippines was ineligible for a compact in 2021 after the country received a failing mark on corruption.⁸² The MCC case illustrates the interlinked relationship between development assistance and progress on corruption and governance, making U.S. programs that advance the latter two critically important if greater progress is to be made on areas like infrastructure development.

Assisting with Energy Transition

The Philippines faces significant challenges to its energy security in both the near and long term as it seeks to transition to climate-friendly energy sources. The United States and the Philippines are poised to work more closely to meet these energy challenges, but this will require Manila to provide greater predictability and a level playing field in the energy sector for international investors and Washington to encourage investments in the gas sector as a bridge to relying more fully on climate-friendly energy sources over the long term.

The country is currently a net energy importer and relies heavily on nonrenewable sources. According to the U.S. International Trade Administration (ITA), 47 percent of the Philippines' energy mix comes from coal, 22 percent from natural gas, 24 percent from renewables, and 6.2 percent from oil-based products.⁸³ Up to one-fifth of the country's electricity is supplied by the Malampaya

deep-water gas-to-power project located in the West Philippine Sea.⁸⁴ Current projections indicate that the gas field will run dry around 2027.⁸⁵ In November 2020, the Philippine government imposed a moratorium on new coal project proposals, citing a need to attract greater investment in natural gas and renewables.⁸⁶ The looming crunch and transition comes at a time when the country's population growth and development needs are putting increased strain on the national grid.

The report concluded that China possessed the ability to cripple the national grid for 24 to 48 hours in a time of conflict, including connected military facilities.

Imports of liquefied natural gas (LNG) will play a critical role in supplementing lost input from Malampaya's depletion. In recent years, the Philippines has sought to develop its LNG sector and aims to eventually become a subregional hub for the commodity.⁸⁷ There are currently two import terminal projects in various stages of development and approval. As part of its effort to combat climate change, the Biden administration has prohibited the federal government from funding or diplomatically supporting new overseas fossil fuel projects but leaves room for exemptions based on national security, geostrategic imperative, or exceptional energy development needs "in particularly vulnerable areas."⁸⁸

While the U.S. government is launching several projects to encourage the Philippines to develop non-carbon-based energy resources, these investments will be deeply insufficient to help the Philippines meet its overall energy requirements. For example, the ITA estimates that the Philippines will require 43 gigawatts of additional capacity by 2040 and that Manila is lagging in developing a plan to meet the growing demand.⁸⁹ In June 2021, USAID launched a five-year, \$34 million "Energy Secure Philippines Project," which aims to improve the efficiency and competitiveness of the non-carbon-based Philippine energy sector by deploying renewable technologies and marshaling \$740 million in private sector investment to "develop at least 500 megawatts of clean energy generation capacity."⁹⁰

Another concern of the United States and a growing number of Filipinos is Chinese influence in key areas of the Philippine energy sector. The State Grid Corporation of China owns a 40 percent stake in the National Grid Corporation of the Philippines—the main distributor of

power in the Philippines.⁹¹ A leaked 2019 internal report prepared for Philippine lawmakers warned that Chinese-based engineers operated large portions of the grid and that the Chinese technology company Huawei was increasingly supplying proprietary equipment for it.⁹² The report concluded that China possessed the ability to cripple the national grid for 24 to 48 hours in a time of conflict, including connected military facilities.⁹³ Out of concern in early 2020, the government commissioned a cybersecurity audit team to review sites and recommended that it conduct periodic evaluations of the grid's security.⁹⁴

U.S. companies are well positioned to support the Philippines in developing energy deposits located in or around the South China Sea while simultaneously providing a counterbalance to China's coercive maritime claims. Reed Bank, a large geographic formation located within the Philippines' EEZ, contains vast energy deposits capable of supplementing the Malampaya field, but it is contested by China and would prove risky for the Philippines to develop without foreign support.

Dealing with Legacy Issues

Going forward, Washington should be more proactive in addressing historical issues and should more effectively highlight the unique bond forged between both nations' shared war experience. The legacies of American imperial rule feed into Duterte's long-standing resentment toward the United States.⁹⁵ Moreover, these grievances are not uniquely held by Duterte. As a 2016 *Wall Street Journal* profile on the former Philippine president pointed out, the nationalism he exudes "echoes sentiments common among left-leaning Filipinos that America never atoned for invading the archipelago in 1898 and violently subduing the former Spanish colony."⁹⁶

To begin to heal wounds from the colonial past—after a private effort that resulted in a change to the NDAA—in late 2018, the United States returned church bells that American soldiers seized as spoils of war in the aftermath of the Battle of Balangiga in September 1901. At a formal ceremony commemorating their return in December 2018, Duterte declared that "the credit goes to the American people and the Filipino people" and called the U.S. gesture "a generous act."⁹⁷ Regardless of Duterte's motivations for placing historical issues at the center of the relationship, the United States retains a moral obligation to address them. There are three other issues where the United States can make swift progress.

The first issue concerns veteran benefits for Filipinos that fought for the United States during World War II. Months before the Japanese attack on Pearl Harbor,

President Franklin D. Roosevelt consolidated U.S. forces in the Philippines under the newly formed Armed Forces of the Far East.⁹⁸ Enlisted Filipinos—then legally U.S. nationals as citizens of the Philippine Commonwealth—were promised the same veterans' benefits afforded to American citizens serving in the U.S. armed forces.⁹⁹ However, in 1946, Washington passed and signed into law the Rescission Act, which retroactively stripped Filipino soldiers of their promised status and benefits as veterans.¹⁰⁰ Not until 2009, with the passage of the Filipino Veterans Equity Compensation Act, did living veterans begin receiving compensation for their service to the United States. The law provides a one-time payment of \$15,000 to Filipino-Americans and \$9,000 to noncitizens who fought in the war.¹⁰¹ However, onerous verification requirements and flawed military service record-keeping have resulted in high rates of denial for payment and subsequent appeals.¹⁰² This has left Filipino veteran advocacy groups and the shrinking number of those who qualify still fighting for compensation to this day.

Washington should be more proactive in addressing historical issues and should more effectively highlight the unique bond forged between both nations' shared war experience.

The second area is due recognition for Filipinos that have made outsized contributions and sacrifices as members of the U.S. armed forces. There has been recent progress on this front—the U.S. secretary of the Navy recently announced that a future destroyer will be named after Philippine-born sailor Telesforo Trinidad.¹⁰³ The only Asian-American Medal of Honor recipient from the Navy, Trinidad saved the lives of two people from boiler-room explosions at great risk to his personal safety on the USS *San Diego* in 1915. Naming a ship after Trinidad is a laudable move, but the U.S. armed forces should continue to seek new ways to recognize the achievements and service of Filipinos who fought for the United States.

The third is to make amends for the March 7, 1906, U.S. massacre of nearly 1,000 Filipino Muslims (Moros), including women and children, who had taken refuge in a volcanic crater, referred to as Bud Dajo, on the island of Jolo in the southern Philippines.¹⁰⁴ Also known as the Bud Dajo Massacre, this battle was part of a campaign by the U.S. Army against the Moros during the Moro Rebellion phase of the Philippine-American War.



Following the transfer of Clark Air Base from U.S. to Philippine control in 1991, the Clark Veterans Cemetery fell into disrepair. After local veterans maintained the grounds for nearly 20 years, the U.S. and Philippine governments reached an agreement and the American Battle Monuments Commission assumed responsibility for the cemetery in 2013. Nearly 9,000 U.S. and Filipino veterans are buried there, side by side. (Joshua Fitt/CNAS)

U.S. Policy Recommendations

With a new government preparing to take the helm in the Philippines, the United States has an opportunity to reinvigorate this critical alliance. As the United States seeks to compete effectively with China in the Indo-Pacific in a range of areas spanning the military, economic, technological, and diplomatic domains, solidifying its alliance with the Philippines should be a major line of effort in its overall strategy. The Biden administration has already made significant headway in putting the U.S.-Philippines relationship back on solid footing with the reinstatement of the VFA and a successful visit by U.S. Defense Secretary Austin to the country last summer. Still, there is much work to be done. Listed below are several recommendations for the Biden administration to pursue in the coming months and years to sustain a robust and resilient U.S.-Philippines alliance.

Security and Defense Issues

ESTABLISH A STRATEGIC AND CONTINGENCY PLANNING PROCESS AS PART OF A 2+2 DIALOGUE

To reflect Washington's desire to upgrade, deepen, and expand the scope of political-military dialogue and consultation, the Departments of State and Defense should inaugurate a ministerial-level 2+2 dialogue with the Philippines at the upcoming 10th bilateral strategic dialogue. This will enhance the bilateral alliance and enable Washington and Manila to increase and raise the level of their consultations on strategic and operational planning so that they are prepared to deal on an immediate basis with any contingency that may arise in the Indo-Pacific. This will be easier once legislation—which has now passed the Philippine House and Senate—on ending the revolving door policy for military leaders and establishing fixed terms of office for the AFP chief of staff and service branch chiefs becomes law.¹⁰⁵ The frequent changes in the AFP leadership—only one AFP chief of staff has served in that position for more than 12 months in the past 20 years—has made strategic planning with U.S. counterparts challenging.

RESTORE BOLD VISION OF THE ENHANCED DEFENSE COOPERATION AGREEMENT

The EDCA was signed by the two nations in 2014 to enhance their defense and security partnership by improving the AFP's capabilities and allowing for increased rotational presence of U.S. military forces, ships, and aircraft in the Philippines, but its implementation has stalled in recent years.¹⁰⁶ The EDCA calls for supporting the two countries' shared goal of improving interoperability and addressing the AFP's capabilities gap in the short term and its force modernization plans over the long term. More specifically, the agreement aims to assist the AFP in developing its maritime security, maritime domain awareness, and humanitarian and disaster relief capabilities.¹⁰⁷ Moving forward with EDCA commitments is critical for the United States to improve its military posture in the region and for the AFP to acquire military capabilities for both its short-term security needs and long-term military modernization goals. The two countries must follow through with commitments to increase the number of EDCA sites at army and naval bases and allow for rotational access for U.S. forces.

ENHANCE ALLIANCE COMMITMENTS

The United States and the Philippines should strengthen their alliance commitments and put forward a common strategic vision based on the Philippines' strategic autonomy and a rules-based order. As part of this effort, the United States should be explicit that Washington would consider any construction of permanent military or dual-use structures at Scarborough Shoal unacceptable and a potential trigger for employing Article IV of the MDT, the provision that is commonly interpreted to mean that an attack on one party is considered as an attack on both parties.

PRIORITIZE SALE OF ASYMMETRIC DEFENSE AND MARITIME DOMAIN AWARENESS EQUIPMENT

Prioritizing provision to the Philippines of items like land-based mobile anti-air and anti-ship systems, as opposed to big ticket items, makes sense from both a practical and cost perspective. Items such as drones and other equipment that can be used for intelligence collection, surveillance, target acquisition, and reconnaissance

serve both the Philippines' goals of enhancing its own maritime security and the U.S. objective to bolster joint maritime domain awareness. The next priority should be exploring financial arrangements, such as the U.S. Foreign Military Financing program, to help the Philippines purchase more expensive, sophisticated items such as F-16 fighter aircraft over the medium term.

ENHANCE CYBERSECURITY COOPERATION

Washington must enhance cybersecurity cooperation with Manila and raise awareness among Philippine officials on the importance of investing only in trusted and secure technologies and digital infrastructure. Since the Philippines has not yet committed to either a closed or open digital development path, there is an opportunity to influence decision makers on the benefits of pursuing open digital ecosystems that foster transparency, economic growth, job creation, innovation, and capacity building. As an alliance partner, Washington must emphasize the responsibility of the Philippines to help ensure Chinese telecommunications companies do not pose security concerns for U.S. and Philippine forces and military assets in the country. One issue to consider is whether it will be necessary to install stand-alone power facilities for the EDCA bases, given that China has a 40 percent stake in the Philippine national power grid, giving it significant influence over this national asset.

START MINILATERAL SECURITY DIALOGUES

Institute trilateral security dialogues between the United States, Philippines, and Japan, as well as the United States, Philippines, and Australia. Such trilateral exchanges are congruent with the Biden administration's goals of achieving greater integrated deterrence by bringing the Philippines into multilateral discussions among key allies to develop common perceptions of maritime threats and challenges and develop a more integrated network of like-minded allies and partners.

PROVIDE SUPPORT TO THE PEACE PROCESS IN MINDANAO

While the 2014 peace agreement and the creation of the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) in 2019 have reduced violence and provided the greatest hope in a generation for a sustainable peace, the BARMM faces major challenges amid high local

expectations for a peace dividend. In the run-up to the end of the transitional phase in 2025, the United States should provide support to the Bangsamoro Transition Authority and civil society in the BARMM. Success in the BARMM will reduce drivers of violent extremism and potentially remove a domestic demand for AFP resources. While Washington has provided significant amounts of funding toward reducing violent extremism in the Philippines, it should increase both funding and diplomatic attention to the peace process in the BARMM.

Foreign Assistance, Economic and Energy Cooperation, and Diplomatic Ties

EXPLORE OPPORTUNITIES FOR NEW MILLENNIUM CHALLENGE CORPORATION COMPACT

The Biden administration should conduct early diplomatic outreach to the new Philippine administration to determine if there is interest in filing for a new MCC compact. Washington should be clear about what actions Manila needs to take to become eligible for MCC funding. A new MCC compact could focus on investing in much-needed renewable energy capacity, transportation infrastructure, and post-pandemic economic recovery.

MAXIMIZE THE PHILIPPINES' ROLE IN THE INDO-PACIFIC ECONOMIC FRAMEWORK

The United States should seek to maximize the Philippines' role in the White House's Indo-Pacific Economic Framework.¹⁰⁸ One particular area of opportunity is around a digital standards agreement, as the Philippines concurs with U.S.-favored digital standards, which help underpin its business process outsourcing sector. Such an agreement could further reinforce and expand U.S.-Philippines cooperation in this sector.

ENHANCE PUBLIC HEALTH COOPERATION

Washington should focus a large portion of its assistance to the Philippines on public health, including continued provision of COVID-19 vaccines, training medical staff, technical assistance for crisis preparedness and health data management, and upgrading labs and health facilities. To facilitate increased cooperation on public health, the State Department should fill the public health advisor position at the U.S. Embassy

and the Department of Defense should reactivate the U.S. military healthcare advisor position at the Joint U.S. Military Assistant Group in Manila. Washington should also provide technical assistance to reduce logistical hurdles for vaccine distribution. Providing robust assistance to aid the Philippines in coping with the COVID-19 crisis also demonstrates the enduring value the United States places on the alliance beyond the conventional security realm.

SUPPORT LNG DEVELOPMENT AS A BRIDGE TO RENEWABLE ENERGY ALTERNATIVES

The United States should support the development of onshore LNG import facilities that would increase the Philippines' capacity to diversify energy imports while decreasing pressure to develop fossil fuel deposits within its borders. Natural gas is the only affordable alternative to coal. U.S. companies are well placed to help the Philippines develop LNG infrastructure and can also assist the Philippines in staking claims in its EEZ to develop gas resources. LNG can serve as a bridge to help fulfill the Philippines' energy needs until renewable energy options are fully available and can offer a cost-effective alternative to carbon-based options.

The United States could also propose a joint U.S.-Philippines public-private effort to explore the feasibility of carbon capture, utilization, and storage to help reduce the carbon footprint of existing energy projects. U.S. expertise in this area would increase the Philippines' capacity to meet emissions targets while ensuring its energy security.

ESTABLISH U.S. CONSULATES GENERAL IN CEBU AND DAVAO

In line with the White House *Indo-Pacific Strategy* commitment to "meaningfully expand our diplomatic presence in Southeast Asia and the Pacific Islands," Washington should establish consulates general in Cebu and Davao, the second and third largest cities in the Philippines.¹⁰⁹ Currently, the United States only maintains an embassy in Manila and a consular agency in Cebu, despite the Philippines' vast geography and its population of more than 100 million people.

In contrast, both Japan and China maintain consulates general in these two cities, with China also present in Northern Luzon. Greater presence would facilitate closer people-to-people ties and more effective strategic communication.

Legacy Issues

AMEND FILIPINO VETERANS EQUITY COMPENSATION ACT

Congress should increase the remaining \$55 million in funds allocated to the Department of Veterans Affairs and amend the 2009 Filipino Veterans Equity Compensation Act to:

- Raise the payment to noncitizen Filipino veterans to the same level as Filipino-American veterans.
- Update the payment to account for inflation since 2009.
- Institute a more streamlined verification process that balances the desire to prevent fraudulent disbursements with the guarantee that remaining veterans receive their rightful compensation.
- Instruct the Department of Veterans Affairs to increase efficiency and transparency in the appeals process for denied applicants.

CONSTRUCT PEACE MONUMENT AT JOLO ISLAND

The United States should consider constructing a peace monument at the site where as many as 1,000 Moros—native Filipino Muslims also referred to as the Bangsamoro people—including women and children, were killed by the U.S. Army in 1906.

Conclusion

For the United States to support a free and open Indo-Pacific and compete effectively with China, it must prioritize building stronger ties with the Philippines, its oldest ally in the region. While the reinstatement of the VFA last year was a milestone in repairing damage done to the alliance during the Duterte years, there are still several initiatives the Biden administration can take to further repair and sustain the strategic alliance. The strength of the U.S.-Philippines alliance will become increasingly important as China's continued rise further challenges a stable order in the Indo-Pacific. The election of a new Philippine government on May 9 offers the opportunity for Washington to build a firmer foundation for a long-lasting and stable alliance that will be a cornerstone to preserving the rules-based order in the Indo-Pacific.

1. The first island chain is the first set of major archipelagos off the East Asian continental coast, comprised of the Kuril Islands, Japan, Ryukyu Islands, Taiwan, the northern Philippines, and Borneo. The Island Chain Strategy was first conceived by American diplomat John Foster Dulles during the Korean War. The strategy is aimed at projecting American force throughout the western Pacific through U.S. naval bases.
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