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Defence Reform and Military Modernization in the Philippines in the perspective of the South China Sea Conflict

Abstract

By the end of the 20th century, the Philippine military became one of the weakest armed forces in Southeast Asia. For the past five decades, the Philippine military has had to fight and contain communist insurgents and Islamist groups alike, and thus the army has long been focussed on internal defence. However, after several incidents with China in the South China Sea, the presidency of Benigno S. Aquino III brought about significant changes, and serious steps have been taken to reform the defence establishment and upgrade the military.

The author examines the main aspects of the defence reforms then the political-military aims of the government in the context of the South China Sea conflict. In conclusion, the article argues that the change of the international and domestic security environment compels the cabinet to try to upgrade the armed forces capabilities and achieve a minimum credible defence posture. The process however required careful balancing from the cabinet between the strategic directions and development options, not forgetting the financial constraints and the political factors as well.

Key words: the Philippine military, South China Sea, military modernization.

Introduction

Recent studies argue that at present in Southeast Asia the Philippines have one of the weakest armed forces of the region (Storey 2007; De Castro 2012). For decades, the Philippine military has been compelled to fight with communist insurgents and Islamist groups alike, and the focus was on the internal defence concerning the army. In the Cold War era, the external defence of the country was guaranteed by the United

States (US), but in the first half of the 1990s, resulting from the removal of the US bases on Philippine soil, defending the state against internal threat re-emerged as one of the main task of the Armed Forces of the Philippines (AFP). Nevertheless, years of neglect and corruption passed, then the slow process of the modernization due to lack of funds, the armed forces' capabilities remained extremely weak. However, due to China's aggressive foreign policy, the presidency of Benigno Aquino III heralded important changes, and serious steps have been taken to reform the defence establishment and upgrade the military, mainly the navy and air force, with modern technology, while the country's strategic maritime interests in the South China Sea have been prioritized (De Castro 2012, p. 78). Observers are divided on the rationality and value of these efforts that demand high financial capacity and all-out reforms by the government.

This article starts off with a review of the main aspects of the defence reforms introduced since 1990. After that it examines the present state of the AFP, the results of the modernisation programmes initiated after 2010, and the medium- and long-term political-military aims of the Aquino administration relating to the South China Sea with the possible options as well. In doing so, for reasons of space my study does not comprise a detailed analysis of the Philippine military's capabilities such as cyberwarfare, which became increasingly relevant in the 21st century.

I argue and state that the very limited capabilities of the AFP affected by the international and domestic security situation leave no other option to the government, but to try to transform the national defence system to become more efficient and capable in the future.

The Philippine military and the start of the reforms

In the Marcos era, the armed forces became the main supporter of the regime, for this reason the president made great allowances to secure the loyalties of the generals and by instituting numerous self-reliance programs, the AFP's expansion could be achieved. Since 1951 under the Mutual Defense Treaty, the US provided the external defence of the country and gave serious help in financial aid and military hardware. In the 1970s, the fight against the secessionist Moro in the South and the

Communists insurgents laid heavy tasks on the army but due to the US interests by the end of the Cold War the Philippines became one of the most equipped military in Southeast Asia (Ferrer 2013, pp. 139–148).

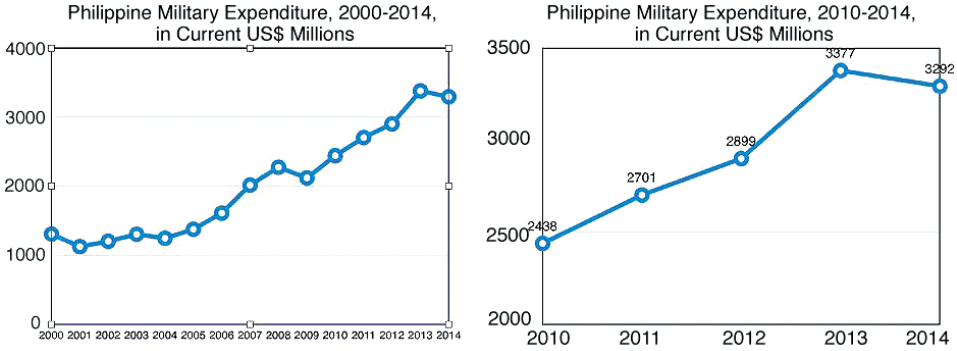


Figure 1. Philippine Military Expenditure 2000–2014

Source: Abuza 2014.

After 1990, the change of the international and domestic situation caused dire consequences for the Philippine armed forces. The 1947 Military Base Agreement provided the use of military bases like Subic Bay for the US, which led to a very close cooperation between the US and Philippine military. Beyond the financial aid – which in 1992 peaked at \$200 million per year – the AFP received significant technical and training assistance from the US, by the way of keeping the armed forces operational against the insurgencies in the post-Marcos period (Comer 2010, p. 5). However, in 1992 the process ended as the Philippine Congress, in order to demonstrate the country’s sovereign status in the post-Cold War order, rejected the extension of the US military presence by voting down the new Base Treaty. The US withdrawal resulted in the loss of the direct support, without which the AFP’s capabilities declined rapidly, and to make matter worse, the government kept the budget allocations of armed forces at minimum, “making the Philippines one of the most chronically underfunded militaries of the world” (Comer 2010, p. 5).

President Fidel Ramos was not preoccupied by the AFP’s problems, but the events in the South China Sea instantly shed light on the meagre capabilities of the armed forces. In February 1995, after China had occupied Mischief Reef (part of the Philippine claimed Spratly Islands), all the country could do was watch the Chinese expansion helplessly, as the armed forces, specifically the Navy and the Air Force, no longer

possessed real power. The need for reforms and modernization became evident, and the Ramos cabinet planned to spend \$7.7 million over 15 years for military modernization (Fisher 2012); the Republic Act No. 7898 or the “AFP Modernization Act” as approved by the Congress, aimed to declare “the policy of the State to modernize the Armed Forces of the Philippines (AFP) to a level where it can effectively and fully perform its constitutional mandate to uphold the sovereignty and preserve the patrimony of the Republic of the Philippines” (Republic Act No. 7898 1995, p. 2). This included the following thrusts: “Development of a self-reliant and credible strategic armed force along the concept of a Citizen Armed Force”; development in doctrines; reforms in the training and recruitment of AFP personnel; upgrading technology and equipment; providing suitable bases; and other facilities for the AFP (Republic Act No. 7898 1995, p. 2). Without stable economic foundations, however, the plan had no chance to succeed: the 1997 Asian financial crisis eliminated most of its results and the deterioration of the nation’s defence capability continued.

The Philippine Defense Reform and the Capability Upgrade Program

The withdrawal of US troops from Philippine land did not result in the end of military-military relations, as the US was interested in the preservation of its positions in Southeast Asia and bolstering its ally. The occupation of Mischief Reef by China, the al-Qaeda attacks in 2001, then the War on Terror moved the US to revitalize the old alliance by deepening the two countries’ security-military relations.¹ In 1999 a policy level consultation, the Joint Defence Assessment (JDA), began to formulate between the Philippine Department of National Defense and the US Department of Defense. Followed by the 2001 JDA report, in 2003 President Gloria Macapagal-Arroyo officially requested US “assistance in conducting a strategic assessment of the Philippine defence system as a part of a larger defence reform agenda” (Comer 2010, p. 7). The 2003 JDA revealed serious deficiencies in the institutional and strategic sphere,

¹ As resulted from the ‘Chinese threat’, the Philippine–US military cooperation was placed on firmer institutional foundations, concluding in the 1999 Visiting Force Agreement, which provided the legal framework for the US military activities in the country (De Castro 2009, p. 400).

it also declared that the “AFP was only partially capable of performing its most critical missions” (Comer 2010, p. 7). To implement the JDA recommendations, the Arroyo cabinet worked out the Philippine Defense Reform (PDR) as a multilayer plan for the coordination of the all-out military reforms. The main ingredients of the PDR, constructed by the Priority Program necessitated introducing “comprehensive, institutional and systemic reforms in the defence establishment” (Comer 2010, p. 12). The reform process was divided into three mutual based phases: 2004–2005 creating the suitable environment for the reforms; 2005–2008 empowering the defence establishment; and 2008–2011 institutionalizing and implement the reform. The funding of the programs was to be accomplished by the allocation of US and Philippine national funds, but the expenses mostly charged the Philippine government. Between 2004 and 2008, the US paid \$51 million, while the Philippines made a \$514 million allowance (Comer 2010, pp. 16, 26–27).

The PDR was aligned with the National Internal Security Plan (NISIP) released in 2001, which gave the necessary policy guidelines and framework for the administration security actions for the 21st century. According to the Plan, the main security threats were of domestic origin, meaning the insurgencies. These could be broken down to three major challenges: the communist New People’s Army (NPA), the Moro Islam Liberation Front (MILF) in Mindanao, and the terrorist groups such as the Jemaah Islamiya and the Abu Sayyaf. The counter-insurgency operations against these organizations were prioritized over the AFP’s other tasks, so as to defeat the insurgent groups decisively, while simultaneously instituting the military reforms was an endless task for the military. The armed forces were not able to crush the communist and Islamist resistance even if the external defence developments were sidelined and significant financial sources were transferred to combat operations and personnel cost to the disadvantage of the modernization process. In the second half of the 2000s, an average of 70% of the defense budget was spent on personnel services, leaving only 29% for operational and technical maintenance (De Castro & Lohman 2012, pp. 2–3).

By 2010 the progress of the PDR went more slowly than had been hoped, because the early assumptions based on “steady rise in economic growths coupled with an equally steady decline in the military threat from terrorists and separatists” did not come true (Comer 2010, p. 34). Moreover, the underfunding of the reforms by the Philippine government continued, which also had its negative effect.

The Capability Upgrade Program (CUP) started in 2006, based on three six-year plans aimed to provide the AFP with the necessary hardware for internal security operations, which in reality meant the upgrading of the existing capabilities. The three periods of the project (2006–2011, 2012–2018, and 2019–2024) strategically focus on the containment of domestic rebels, but for the first time since a long term, it included the shift to “the full consolidation of territorial defense” (Chalk 2014, p. 3).

The Philippine Defense Transformation

Despite the abovementioned reforms and modernization efforts, by the time President Benigno Aquino assumed office in June 2010, the Philippine defence establishment remained “Southeast Asia’s military laggard” (De Castro 2012, pp. 70–71). The former administrations reckoned, that the internal security operations to suppress the rebels could have been prioritized, because until 2018 at least, an external enemy would not menace the country. Looking even in this way the AFP’s dire condition became striking. The Air Force, the weakest in Southeast Asia, in 2005 decommissioned the last F5A fighter planes in service, this way denuding the state of all air offensive-defensive capabilities. The 2010 audit report concluded that all the Air Force could muster were 31 antiquated airplanes and 54 helicopters, thus the service had become “ill equipped to be operationally responsive to national security and development” (Romero & Ponungbayan 2011). This fact was no better illustrated than the May 2011 incident, when the patrolling Philippine planes above the South China Sea met unidentified jet fighters, but knowing they had no chance against the enemy, watched haplessly the manoeuvres of the foreign fighters (Laude 2011).

The Philippine Navy was also in a forceless state. Until 2011, the flagship was a 1943 vintage ex-US anti-submarine destroyer, the *Rajah Humabon*, which was reclassified as a patrol frigate. Only in recent years has the Navy succeeded in procuring two Gregorio del Pilar class frigates from the US, with other minor warships from the United Kingdom and US (Chalk 2010, p. 7). The Army was in a little better shape, but the President pledged himself immediately to overhaul and upgrade the military and defence establishment. In consequence, the preceding programs like PDR and CUP were to be accomplished as planned, although in terms of the latter the modification according to the shift from internal operations to

external territorial defence was inevitable (Republic of the Philippines Department of National Defense 2012, pp. 6, 26).

From 2010, the new reform program, named the Philippine Defense Transformation (PDT) had to build upon the PDR and the 1995 Modernization Plan, and the PDT had to continue those aims they involved. As the 2012 White Paper summarized: while “the Modernization Program focused on the improvement of material and technological capabilities [...] the PDR Program focused on addressing the systemic deficiencies in the defence establishment [...] the PDT Program shall wrap these two as an integrated program and are thus synchronized” (Republic of the Philippines Department of National Defense 2012, p. 1). The PDR was finished by 2010 and the Modernization Plan was officially terminated in 2011, but the results were far from those that had been originally hoped for. In 2012, to help to achieve the goals of the PDT, the Congress approved Republic Act No. 10349 or the “Revised Modernization Act” declaring that the foremost aim of the state is “to develop and transform the AFP into a multi-mission oriented force capable of effectively addressing internal and external security threats” (Republic Act No. 10349 2012, p. 1, (2)). For the full implementation of the act, 15 years were envisaged with a budget of at least P75 billion for the first five years. The Aquino-cabinet clearly attached the greatest importance to the following article: “to develop its capability to uphold the sovereignty and territorial integrity of the Republic and to secure the national territory from all forms of intrusion and encroachment” (National Defense College of the Philippines 2013).

The 2010 National Internal Security Plan (IPSP) – Oplan Bayanihan (Operational Plan Community Spirit) also revealed the need to overhaul the AFP. It provides a three-year transition period in which the armed forces have to develop the capabilities required for multilateral offensive operations against internal and external aggression (Armed Forces of the Philippines 2010, pp. 19, 35–36). To modernize the AFP’s technical and equipment assets in accordance with the immediate shift from internal to external defence, a joint DND-AFP group was established, which formulated the Long Term Capability Development Plan, calculating in detail the necessary procurement and acquisition, especially for the Navy and the Air Force, with an annual rolling budget of \$160 million for five years. As the AFP’s Chief of Staff Lieutenant-General Jessie Deloso announced, the Defense Transformation will focus on four main areas: “strengthening territorial defence particularly in terms of developing the

capabilities of the Philippine Navy to ensure maritime security in the West Philippine Sea;² full implementation of the Internal Peace and Security Plan"; organizational reforms, aiming fiscal transparency; and greater disaster preparedness (Atencio 2011).

In 2012, the DND prioritized the maritime security and territorial defence and the reduction of the Army formations to the advantage of the other services still conceived (De Castro 2013, p. 156). But for the nation's maritime interest to be effectively protected, this necessitated new innovations, which can be summarized as follows: creation of "appropriate strategic response forces", establishment commanding central communications, intelligence, surveillance, and reconnaissance system (C4ISR), according to the National Coast Watch System (Republic of the Philippines Department of National Defense 2012, pp. 10–12).³ It is also necessary to build security and defence infrastructure on the Philippine-controlled islands on the Western Philippine Sea and to develop modern satellite network communication, maybe together with other nations as well.

The foremost aim of the government was that by the end of President Aquino's term in 2016, the AFP has to be "capable of conducting joint maritime surveillance, defence and interdiction operations" (Chalk 2010, p. 7). Therefore, the cabinet started several interconnected procurement projects, including the acquisition of fighter jets, patrol aircrafts, naval helicopters, frigates, patrol ships, and multipurpose attack vessels. On the top of this program, the Navy planned to purchase three decommissioned Hamilton-class cutters from the US, from which two already were put into service as Gregorio del Pilar-class frigates (De Leon 2012) (The third, USCG Boutwell, will arrive in 2016).⁴ Japan promised the construction of 10 multi-purpose response vessels by 2018 with the total cost of \$200 million. The Air Force contracted the Korea Aerospace Industries for 12 FA-50 Golden Eagle fighter jets worth around \$440 million (Jacobson 2013). The government up to now has

² In 2009 the Philippine Congress in a legal manner renamed the South China Sea as the West Philippine Sea.

³ The National Coast Watch System (NCWS), established in September 2011, consists of more than 20 coast watch stations and centres that aim to achieve effective interagency cooperation, related to maritime security.

⁴ In December 2014, the Navy confirmed that in the near future steps will be taken to procure three guided missile fast attack craft, two missile stealth frigates, two anti-submarine helicopters and three submarines, with the total costs of \$885 billion.

tried in vain to purchase F-16 fighters from the US but an agreement may be reached in the future.

By 2016, the progress of the defence transformation is perceptible in several aspects, but the Armed Forces capabilities to defend the country from external threats has left much to be desired.

The domestic security situation and the South China issue

From 2010 the Aquino administration's new policy marked a serious shift from focusing exclusively on the internal security threats to concentrating almost entirely to the maritime security and territorial defence (De Castro 2012, pp. 82–83). Two main factors can be identified, which made this change of course possible: the internal security risks decreased to a large extent, while the external dangers due to China's assertive policy in the South China Sea increased.

The fight against the communist New People's Army has always been given precedence, as its adherents tried to overthrow the central government and establish a socialist order. By transferring major resources for these operations the aim was to achieve a strategic victory by 2010, which could not be thoroughly materialized yet although the New People's Army is now weaker than before and the militants have been driven out from most of the country (Chalk 2014, p. 7). The Moro secessionist ambitions to create an independent Islamic state in the southern part of the islands also represented a constant threat for the nation and put great strain on the AFP. Recently, in accordance with the president's plan through prolonged negotiations, MILF accepted the proposed comprehensive autonomy and an agreement was signed in March 2014, putting an end to a 30-year war (Diola 2014). After 2001, within the scope of the global war on terror, the armed forces, with US assistance, started a campaign to crush the Abu Sayyaf Group (ASG) (an extremist Muslim organization fighting for an Islam state in the South, and responsible for several terrorist attacks), which led to the conclusion that the terrorists could no longer pose a serious threat to the government. Meanwhile, its Indonesian based partner organization, the jihadist Jemaah Islamiyah, also lost its influence in the region and almost ceased to operate on Philippine territory (Chalk 2014, pp. 9–10).

In the 2000s China somewhat departed from the previous 'good neighbour policy' in terms of managing the various territorial and maritime disputes, and started to become assertive, meaning the exploration of energy resources

and increasing military activities in the South China Sea.⁵ As China claims around 90% of the territory based on historical rights, the collision with other claimants (like the Philippines) became inevitable, and beyond the access to energy resources, the strategic factor started to step forward as the main drive of the conflict (Schofield 2015, pp. 26–31). The tensions between China and the Philippines centred on the jurisdiction on the Spratly Islands, Macclesfield Bank, and Scarborough Shoal, delineating the theatre of a potential military clash.⁶ Aquino’s term has witnessed several serious incidents with China, starting in March 2011, when a Philippine seismic ship was threatened of ramming by the Chinese, and has continued in April 2012 with a five-month standoff at the Scarborough Shoal. In March 2014, the Chinese Navy blocked two civil supply ships, allocated to deliver supplies to the Philippine marines on Second Thomas Shoal. In consequence of the incidents, although the Aquino cabinet did not seek war with China, it ordered the speeding-up of the AFP’s modernization program and “the protection of Philippine claims in the South China Sea” was proclaimed as the nation’s “highest external defense priority” (Chang 2012, p. 7).

In response to China’s heavy-handed behaviour, the Philippines attempted to reaffirm the security ties with its traditional ally, the US, and to get full support for the AFP’s modernization. In 2003, the George W. Bush administration ranked the country as a major non-NATO ally and invested serious efforts to the PDR. Some years later the emergence of China and its strategic containment have been prioritized in Washington, thus by the time President Barack Obama took office, the US had already openly backed the Philippine claims and in order to settle the South China Sea disputes advised multilateral negotiations. In 2011 the US confirmed that the two countries are ‘longstanding treaty allies’ and ‘strategic partners’ (Torode 2011). The Mutual Defense Treaty obligations were reaffirmed and the Philippines could count on at least \$40 million in financial aid to “enhance maritime domain awareness” and expeditious power in the South China Sea.⁷ In recent years through regular joint military exercises based on the interoperability of the US and Philippine troops, great emphasis was

⁵ Exact data are unavailable, but the nominal resources in the South China Sea are estimated as 28 billion barrels of crude oil (Schofield 2015, p. 30).

⁶ The Philippines, complying with the United Nations Convention of the Law of Sea claims the disputed islands and reefs as parts of the continental shelf that lies within the 200 miles of the Exclusive Economic Zone (EEZ) of the country (De Castro 2009, p. 418).

⁷ Actually, this is not a big sum, considering that in 2014 the total Philippine defense expenditure was \$3.3 billion (Abuza 2014).

placed on the development of joint defence operations and disaster relief missions (Chalk 2014, p. 15). In April 2014, the partnership was sealed by the Enhanced Defense Cooperation Agreement between the parties, which provides for US troops to “access and use facilities [...] at the invitation of the Philippines” on rotational bases, with the goals of modernizing the AFP and promoting interoperability. The agreement has a term of 10 years and officially is not aimed against China, although alongside the disaster relief missions, the enhanced maritime security is involved in the document as well (Thayer 2014).

Modernizing the Armed Forces: possible courses and solutions

The Aquino cabinet deserves credit for not only realizing the pressing need to reform and upgrade the military, but also after more than 15 years it committed to build a modest maritime and territorial defence system. By now, significant financial resources have been spent to shift the focus from domestic security to external defence, aiming to deter Chinese assertiveness. In just the first 17 months in office of the Aquino cabinet, \$387 million was spent on military modernization (De Castro 2012, p. 81). As the ‘Chinese threat’ is the main factor behind the modernization process, the possible responses by the Philippines need further examination. Obviously, strictly speaking in military terms, the two nation’s capabilities are not comparable.⁸ In the case of a major war the Philippines would have no chance against China, indeed no amount of US assistance will enable the country to stand up against the Asian Great Power in the South China Sea. The only rationale realized by the cabinet is to establish a minimum credible deterrence force as a modest border patrol system (De Castro 2012, p. 82).

Nevertheless, it means a vague concept imagined by the government, which moved the analysts and experts to guess what could be the ideal strategy of the AFP’s modernization, regarding the expected results (Jacobson 2013). As Richard D. Fisher correctly summarized, the credible deterrence to meet China’s limited ambitions in the South China Sea would require

⁸ In 2013, China’s military expenditures comprised a total of \$117 billion, against the Philippines’ budget of \$3.208 billion (Stockholm International Peace Research Institute 2014, pp. 232–233).

“up to four squadrons (48) of F-16s upgraded to a 4+ generation capability [...] to support this capability the PAF [Philippine Air Force] would also need more [...] long-range radar and airborne radar to better manage combat operations. The PN [Philippine Navy] would also need more well-armed frigates and smaller corvette-size combatants and minesweepers. An affordable force of four to six mini-submarines could be obtained from South Korea or Russia” (Fisher 2012). However, the procurement of these weapon systems would outstrip seven times the planned military expenditures (Chalk 2014, p. 12). Beyond doubt, billions of dollars would be needed to transform the Philippine military to a credible defence force, but due to the meagre congressional appropriations and AFP modernization funds, this is not very likely to succeed. Even if the Congress would approve the funds needed, the 1987 Constitution prohibited the state to spend more money on the AFP than for education (Jacobson 2013). For the reduction of costs, the government took steps to enter into partnership with government agencies and private firms, but as the cooperation is still in its initial phase, in the short term results for the military could not be expected. The second option open for the administration is to “lease rather than buy the military equipment” (Chalk 2014, p. 13). Although this concept would also be ideal to save expenses as the US would provide the necessary hardware, they would never come under full Philippine control. Furthermore, this is beyond the country’s financial power.

Felix Chang pointed out a less costly alternative, saying that the modernisation of the Air Force and the Navy does not necessarily mean the acquisition of new planes and vessels, but the effective cooperation between the arms and services can produce the necessary capabilities. In terms of procurement, he suggests to set up a land-based system of long-range anti-ship missiles (ASM) in Palawan Island, from where the network of cruise missiles could cover most of the disputed islands and surrounding seas. The mobile platforms with the necessary airborne surveillance assets, provided by naval helicopters would present a serious menace to the Chinese navy, whilst creating an effective maritime defence at a lower price than the other alternatives. Of course, this solution seems to be the most advantageous, but to upgrade the Navy and the Air Force to a minimum level is inevitable: “this core defensive force of missile batteries and surveillance aircraft could be supplemented with a small contingent of air superiority fighters and high-endurance cutters” (Chang 2012, pp. 10–14).

The modernisation of the Navy requires taking into account some other considerations as well. ASEAN started to put emphasis on the development

of new amphibious capabilities, based on security and Human Assistance Disaster Response (HADR), which the Philippine Government willingly supported (Collin 2014). Creating 'specialized amphibious ground forces' involves the procurement of amphibious vessels (landing platform docks, amphibious troop carriers, amphibious helicopter docks etc.) "To assert airlift and sealift capabilities in addressing the rapid responses needs of [...] human made and natural disasters" (Salvador 2014). However, due to fiscal problems, the country has no potential to develop territorial and HADR-oriented defences simultaneously. In consequence, the cabinet is compelled mainly to acquire dual-purpose vessels, like modern frigates, which can be used "in realpolitik terms and humanitarian assistance alike" (Salvador 2014). In theory, President Aquino has laid great stress on the defence against non-traditional security threats, like disaster response, although this was not considered by the budget allocations.⁹ In November 2013, Typhoon Hainan demonstrated in full reality the AFP's unpreparedness, when the Navy and the Air Force almost remained inactive during the critical period and only the immediate foreign (mainly US) help could save the situation¹⁰ (Lee 2013).

The US alliance also influences the modernization process in two different ways, in political and economic considerations; Washington has an interest in the success of the Philippine Defense Transformation, which comprises an important segment of the US strategic planning in Southeast Asia (Fisher 2012). However, the advantage of being allied with a Great Power, is associated with several commitments, in this case the need to upgrade the country's defence, needs more than just count on the great ally. As Foreign Secretary Albert del Rosario remarked: "For the Philippines to be normally reliant upon the U.S. regional partner [...] it therefore behoves us to resort to all possible means to build at the very least a most minimal credible defence posture" (De Castro & Lohman 2012, p. 9). Of course, for the support of the regional partners such as Japan, South Korea, and Australia would likewise be relied upon (Amador 2013).

⁹ In 2011–2012, from the operations budget of the Army and the Navy, disaster response obtained less than 1% share (Salvador 2012).

¹⁰ Because of Typhoon Hainan, 5719 people died and more than 4 million were displaced (Wood 2013, p. 3).

Conclusion

By the end of the Cold War, the once strongest military in Southeast Asia, the AFP became the region's military laggard. With the closure of the US bases in 1992, followed by the departure of the US, the AFP lost its direct support necessary to be effective, whilst the underfunding by the government and the fight against the rebels continued. Not until China had occupied the Mischief Reef in 1995 did the Ramos cabinet realize the need for military reforms and modernization. The AFP modernization act, aiming to modernise the Armed Forces, however, could not succeed, as the Asian financial crisis compelled the process to a standstill. Resulting from the growing Chinese threat and the global war on terror, the US tried to reaffirm the old partnership, which led President Macapagal-Arroyo to request US assistance in reforming the Philippine military. This cooperation resulted in the start of the PDR, but the domestic security operations continued to consume up the greatest part of the defence budget, and lack of funds hampered the process. CUP was arranged to upgrade the military with the necessary hardware, although developing new capabilities remained only a vision.

The real watershed, in regard to the Philippine military policy arrived by the inauguration of President Aquino. Realizing the AFP's weakness, the President immediately stressed the need for modernization, at the same time giving new guidelines for the development. From 2010, the Philippine Defense Transformation, supported by the 2012 Revised Modernisation Act, was set off as the continuation of the terminated PDF and CUP. The connected CUP was to coordinate the procurement and acquisition for the services, whilst the shift to focus on external / maritime defence from domestic security has been prioritized. The internal and external political situation greatly affected the decisions of the administration and in reality left only one alternative: stabilizing the situation at home must be followed by securing the country's interests in the South China Sea. Since the Aquino cabinet assumed office serious procurements have started to bolster the Navy and the Air Force, with the aim of establishing the needed minimum credible deterrent force. The analysts are divided in view of its progress. Although the Philippine government had been in a difficult position when it tried to set a course for the military modernisation program, the necessity of the reforms was beyond doubt. Due to the limited resources, upgrading the services requires cautious balancing between the procurement of alternative weapon systems (traditional military hardware

vs. cruise missiles network) and the different strategic directions (territorial defence or HADR), considering the economic and political factors as well. The development in the field of technology is just one segment of the process. However, the human resources, force structure and doctrine development, are also important not forgetting the battle against corruption and bureaucracy. In sum, the future of the military modernization greatly depends on the decisions of the government, and its capability to reform the government system, whilst securing the appropriate funds alike.

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