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In an article in *The Washington Times* retired Admiral James A. Lyons suggests that with China's influence on the rise in the South China Sea, the United States should reinvigorate military ties with the Philippines. After the U.S. left the islands in 1991, China began laying claim to and occupying contested islands in the region. In 1995 China built a facility on Mischief Reef, a region recognised as within the Philippines' economic zone. According to Lyons, the Clinton administration's failure to effectively respond to China's illegal actions began fifteen years of regional policy inertia. Yet at the recent Association of Southeast Asian Nations (ASEAN) meeting in Hanoi, Secretary of State Hilary Clinton signalled a change in U.S. policy. In a challenge to China's bilateral approach to addressing territorial claims, the Secretary of State emphasised that Washington wished to see disputes resolved through collaborative diplomacy. Yet in the case of the Philippines, Lyons suggests the United States should be doing more.

The downsizing of the U.S. presence in the region nevertheless allowed China to build closer ties with ASEAN. For Lyons, China's policies have a clear objective; to diminish the United States' influence and become the dominant regional power. Accordingly the Obama Administration's more assertive regional policies need to be supported by concrete actions. In this respect Lyons should be encouraged by the United States' most recent activities. On the 8th August 2010 the USS *George Washington* commemorated the 15th anniversary of renewed diplomatic relations between Vietnam and the United States by visiting the port of Da Nang. This was followed three days later by a week-long joint naval exercise. Whilst Washington and Hanoi indicated that the drills were of a non-combatant nature, they have nevertheless caused consternation in China. Beijing responded via comments from high-ranking officers and academia. All argue that China should re-appraise its stance towards the United States after such provocative gestures.

Whilst improving U.S.-Vietnamese relations provide grounds for optimism, Washington's ties with the Philippines remain the most established within the region. U.S.-Philippine military relations are unique in that they are enshrined in the 1951 Mutual Defense Treaty. For the past twenty years Washington's primary contribution has been the provision of materiel and training to the Armed Forces of the Philippines (PAF) to counter domestic Islamist and communist insurgencies. Post 9/11 the then President Gloria Macapagal-Arroyo offered the United States access to their former facilities at Clark Air Base and Subic Bay. In response to China's perceived 'creeping' regional assertiveness Manila and Washington also revived Exercise *Balikatan*. Since 2001 annual exercises have focussed upon counterinsurgency and counterterrorism, the cross-training of forces, practical exercises and civil-military operations. Despite such assistance Lyons is nevertheless sceptical that the Philippines have the wherewithal to defend its entire territory.

Lyons's assertion arguably has its origins in the U.S. withdrawal from the Philippines.

Throughout the Cold War, American military facilities provided the Philippines with comprehensive maritime and air defence. When Washington finally withdrew its military facilities external defence became the sole responsibility of the PAF. In 1992 the Philippines began planning a force modernisation programme that sought to transform the PAF into a regional conventional military force. Force modernisation was eventually enshrined in Republic Act 7898 1995. It states the aim that the PAF will be sufficiently modernised to fulfil its constitutional mandates of safeguarding territorial integrity and assisting government agencies in socio-economic development.

Yet the Philippines' attempts at force modernisation have been hampered by organisational inexperience and bureaucracy. After the U.S. withdrawal the PAF began to plan its external defence capabilities and prioritised the purchase of fighter aircraft and naval vessels. But after U.S. military aid dried up, the Philippines were unable to replace Washington's annual \$200 million contribution to defence expenditure. As Manila prioritised 80% of its defence budget to personnel costs, military acquisitions were limited. Procurement was further hampered by the PAF's lack of experience within the global defence market. A 2002 Modernisation Programme report, for example, indicated that the PAF failed to use the \$137 million earned from the sale of a military camp because it lacked experience of conducting large-scale arms bids with foreign companies. This has left the PAF with an ageing, largely American inventory best suited to fighting local insurgencies rather than safeguarding the disputed territories of the South China Sea.

To remedy this situation Lyons proposes a joint assessment with the PAF to identify immediate requirements and equipment that can be maintained. This is crucial as the Philippines' defence expenditure between 2006 and 2009 was approximately \$1 billion per annum. Despite being the organisation's second most populous state, the Philippines' expenditure is eclipsed by all the other large ASEAN states. Vietnam – a country with a population similar to the Philippines – spent approximately \$2.9 billion on defence in 2009. Indonesia – ASEAN's most populous state – spent approximately \$4.5 billion throughout the same period. Defence expenditure may also be affected by the rhetoric of the newly elected President Benigno Noynoy Aquino. Noynoy's election campaign was underpinned by the dual commitment of ending corruption and poverty. The latter is particularly important as an estimated 32% of Filipinos live below the poverty line.

Beyond budgetary constraints, the joint assessment will also need to take a short-to-medium term view of China's military capabilities. The U.S. Department of Defense (DoD) has recently published its annual report entitled Military and Security Developments in the People's Republic of China. The report reiterates that the South China Sea remains integral to Beijing's strategic outlook. The DoD also confirm that the People's Liberation Army Navy (PLA-N) base on Hainan Island is essentially completed. This will provide the PLA-N with more opportunities to secure its sea lines of communications and also the potential for a more robust presence in the South China Sea. Whilst defence expenditure reached \$150 billion in 2009, China nevertheless remains compromised by a lack of operational experience. Despite China's continued growing presence within the international system, the PLA still lacks experience in inter-service cooperation, joint exercises and combat operations.

China's operational inexperience - and its lack of territorial ambitions beyond the South China

Sea – should ensure that any U.S.-PAF assessment prioritises the Philippines' air and naval forces. The situation with the air force is particularly acute. In 2005 the PAF withdrew the last of its 40 year old F-5 fighters from active service. The F-5s were extensively used to patrol the disputed Spratly Islands and Scarborough Shoals in the South China Sea. Since then the PAF has relied on a squadron of S-211 jet trainers for air defence beyond the Philippines' largest islands. The modification of the S-211s into fighter aircraft reflects the PAF's tendency to cannibalise parts from obsolete systems to reduce maintenance costs and enhance performance. Originally the optical sight system of the AS-211 precluded the aircraft from performing both air-to-ground and air-to-air missions. To overcome this, the PAF recycled optical sighting from the retired F-5s.

To overcome the PAF's lack of credible air defence Lyons suggests that the United States should consider leasing to Manila a squadron of F-16 fighter aircraft. This is likely to be welcomed by the PAF. Unlike the S-211 the F-16 has a proven track record in air-to-air and air-to-surface combat. During Desert Storm, for example, the F-16's flew more sorties than any other aircraft deployed to the Persian Gulf. Deployment of the F-16 may also provide a short-term counter to a Peoples' Liberation Army Air Force (PLAAF) that remains in a process of transformation. Whilst DoD assessments continue to suggest that China is preparing to fight short-duration, high intensity conflicts along its periphery, the PLAAF remains largely reliant on older generation fighter aircraft. Furthermore, a 2008 conference indicated that despite ongoing logistics and maintenance reform PLAAF field stations are unable to support multiple types of aircraft for the conduct of mobile offensive operations.

Taken at face value leasing a squadron of F-16s also seems like a financially attractive proposition. In 1998 the New Zealand Government announced plans to lease-buy 28 F-16s kept in storage at the Aircraft Maintenance and Regeneration Centre at Davis-Monthan Air Force Base. The ten-year lease was expected to cost about \$105 million. Whilst this arrangement will cost more in 2010, leasing F-16s appears prudent in light of the PAF's limited defence budget. Alongside F-16s, Lyons also suggests that Washington should lease two FFG-7 guided missile frigates to the PAF. This also appears to be a financially viable option. In 1998 the United States agreed a ten-year lease with Turkey for three FFG-7s and eight FF1052 Knox class frigates. The combined cost of this deal was \$205 million. The addition of two FFG-7s would also allow the PAF to maintain a constant presence in its contested territorial waters. Furthermore, as FFG-7s can be fitted with Mk 13 Mod 4 Missile launchers these vessels may also provide the PAF with a more robust anti-air capability against a PLAAF that will remain in a state of transition for some time to come.

However any U.S.-Philippine leasing agreement should only be regarded as a short term measure. Manila's continued reliance on U.S. military assistance has left the Philippines with a limited experience of dealing with the global defence sector. This has also resulted in the PAF misappropriating crucial revenue which could have bolstered a limited defence budget that has traditionally favoured personnel costs over hardware. As the People's Liberation Army remains in a state of transformation the PAF should utilise this time to make better use of its defence budget and improve its business acumen. This could result in the Philippines relying less on short-term leases and recycled hardware and developing a conventional military capability on a par with its larger ASEAN neighbours.