

Chapter 3

From Balancing to Appeasement: President Duterte's Untangling of the Aquino Administration's Geo-Political Agenda in the South China Sea

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Since 2011, former President Benigno Aquino III pursued a balancing policy on China's expansive claim in the South China Sea. He challenged Chinese maritime expansion by shifting the AFP's focus away from domestic security to territorial defense, bolstering closer Philippine-U.S. security relations; acquiring American military equipment; seeking from Washington an explicit security guarantee under the 1951 Mutual Defense Treaty (MDT); and promoting a strategic partnership with Japan. In late April 2014, the Philippines signed the 2014 Enhanced Defense Cooperation Agreement (EDCA) with its strategic ally—the U.S. Designed to constrain Chinese maritime expansion in the South China Sea, the agreement allowed American forces a strategic footprint in Southeast Asia through rotational presence in Philippine territory. By strengthening the country's security relations with the U.S. and Japan, the Philippines got involved again in a traditional geo-political game among the great powers in East Asia.

President Rodrigo Roa Duterte, however, is determined on undoing former President Aquino's geo-political agenda in the South China Sea. Less than three months in office and after the Permanent Court of Arbitration (PCA) land-mark award to the Philippines in its territorial row with China in the South China Sea, President Duterte launched a charm offensive to earn Chinese goodwill. He downplayed the South China Sea dispute in the Association of Southeast Asian Nations (ASEAN) summit meeting in Laos. President Duterte also declared that he wanted to distance the Philippines from the United States, a move that will not only alter the region's strategic balance but mark a dramatic departure from his country's long-standing policy of maintaining close security ties with its only strategic ally. After this trip to Laos, he announced that the Philippine Navy (PN) would stop joining the U.S. Navy in patrolling the South China Sea to avoid upsetting Beijing. He also said that he wanted American Special Forces (SOF) supporting the AFP in counter-terrorism operations in Mindanao to withdraw from the island.

President Duterte is seeking Chinese assistance for the construction of drug-rehabilitation centers for Filipino drug dependents, soft loans for the construction of railways in Mindanao, and even the acquisition of Chinese-made weapons for the

Philippine military and police. His goal is to foster closer economic and diplomatic relations with China while distancing the Philippines from the U.S. President Duterte's policy of effecting a dramatic departure from the Philippines' long-standing policy of maintaining close security ties with its traditional and only strategic ally—the U.S.—has also altered the regional balance of power in favor of China. It has also transformed the Philippines' approach in the South China dispute from challenging China's expansion in the South China Sea to an outright appeasement of this expansionist regional power. Consequently, his pronouncements and actions eroded the Philippines' influence in the ASEAN on the South China Sea issue and generated a major crisis in the Philippine-U.S. alliance.

This article addresses a central question: how is the Duterte Administration unraveling its predecessor's geo-political agenda in the South China Sea dispute? It also raises the following questions: 1) what are the foreign policy goals of the Duterte Administration? 2) How does the Duterte Administration pursue these goals? 3) In what ways does the pursuit of these goals affect the Philippine-U.S. alliance? 4) And finally, how does this affect the Philippines' approach in the South China Sea dispute?

The Aquino Administration's Geo-political Agenda

On March 2, 2011, two Chinese patrol boats harassed a survey ship commissioned by the Philippine Department of Energy (DOE) to conduct natural gas exploration in the Reed Bank (also called Recto Bank). The Reed Bank lies 150 kilometers east of the Spratly Islands and 250 kilometers west of the Philippine island of Palawan. Stunned by this maritime encounter which happened within the Philippines' Exclusive Economic Zone (EEZ), the Aquino Administration filed a protest before the Chinese embassy in Manila. A Department of Foreign Affairs spokesperson commented that "the Philippines is (simply) seeking an explanation for the incident." Brushing aside the Philippine complaint, a Chinese embassy official insisted that China has indisputable sovereignty over the Nansha (Spratly) Islands and their adjacent territory. Beijing then went on to demand that Manila first seek Chinese permission before it could conduct oil exploration activities even within the Philippines' EEZ. Furthermore, China badgered the Philippines and other claimant states into recognizing undisputable China's sovereign claim over the South China Sea.

With these incidents, the Aquino Administration hastened to develop the AFP's territorial defense capabilities. In June 2011, the executive branch of the Philippine government and the AFP agreed on a multi-year, multi-billion peso defense

upgrade spending and military build-up. In its first 17 months in office, the Aquino Administration spent Php33.596 billion (US\$387 million) to boost the AFP's internal security and territorial defense capability.¹ According to then Secretary Gazmin, the DND-AFP signed 138 defense contracts that would be implemented in the next five years to improve the AFP's force protection, maritime surveillance, transportation, and combat support system.² In January 2012, the DND reduced the number of army and marine battalions to divert resources and personnel for internal security and civil-military operations to maritime and territorial defense priorities.³

The Philippines' territorial defense goal was to establish a modest but "comprehensive border protection program." This task was anchored on the surveillance, deterrence, and border patrol capabilities of the PAF, the PN, and the Philippine Coast Guard (PSG) that extend from the country's territorial waters to its contiguous and exclusive economic zone (EEZ).⁴ This objective required enhancing the AFP's capabilities, prioritizing its needs, and gradually restructuring its forces for territorial defense. The long-term goal, according to the 2011 *AFP's Strategic Intent*, is to maintain a "credible deterrent posture against foreign intrusion or external aggression, and other illegal activities while allowing free navigation to prosper."⁵

In building up the country's territorial defense capabilities, the Aquino Administration sank its teeth into challenging China's expansive claims in the South China Sea as the latter directly encroaches into the country's EEZ. The Philippines' territorial defense goal was very modest—to develop a credible posture for territorial defense and maritime security through building a competent force capable of defending the country's interests and the land features it occupies in the South China Sea.⁶

¹ BBC Monitoring Asia-Pacific, "Philippines Spends US\$387 million on Armed Forces Upgrade," *BBC Monitoring Asia-Pacific* (16 January 2012). p. 1. <http://search.proquest.com/news/docview/916135970/fulltext/1348...>

² Anonymous, "AFP Modernization Program in Full Swing-Gazmin," *The Philippines News Agency* (18 March 2012). p. 1. <http://search.proquest.com/docview/928841133/1367BFEC0AABC...>

³ BBC, "Philippines Mulls Reorganization of Military to Boost Territorial Defense," *BBC Monitoring Asia-Pacific* (02 January 2012). p. 1. <http://search.proquest.com/docview/913215230/fulltext/1348735E9...>

⁴ National Security Council, *National Security Policy 2011-2016* (Quezon City: National Security Council, April 2011). p. 39.

⁵ Office of the Deputy Chief-of-Staff, *Armed Forces of the Philippines: Strategic Intent* (Quezon City: Camp Aguinaldo, 2011). p. 27.

⁶ Secretary of Defense, *op. cit.* p. 4.

Balancing an Emergent China: The U.S. and Japanese Factors

The Aquino Administration also decided to enhance its security ties with the United States—the country’s longtime strategic ally—and to foster a security partnership with Japan. In mid-June 2011, it publicly acknowledged the exigency of U.S. diplomatic and military support. Aware of its military inadequacies, Manila asked for an unequivocal U.S. commitment to Philippine defense and security as provided for in the 1951 MDT, specifically American naval/air support in the Spratlys. Philippine officials rationalized that an armed attack on Philippine metropolitan territory and forces anywhere in the Pacific, including the South China Sea, should trigger an automatic U.S. armed response.

American position regarding this matter, however, is ambiguous for two reasons:⁷ On the one hand, the U.S. tried its best to address legitimate Philippine concerns about the absence of a clear guarantee of military support in case of an armed confrontation in the South China Sea. On the other hand, the U.S. avoided giving an explicit and *carte blanche* security guarantee that could tempt the Philippines to act provocatively against China based on its broad interpretation of its sovereignty over the islands it controls in the South China Sea and on a mistaken assumption about the prospect of an automatic American armed response in case of an outbreak of armed hostilities in the disputed waters. Fortunately for the Philippines, an increasing number of U.S. policy-makers shared the Philippines’ view that the archipelago is a strategic bellwether of China’s maritime expansion in the West Pacific and at the same time, the natural barrier to check China’s expansionism.⁸ Hence, the U.S. should assist in developing the Philippines’ naval capabilities to counter China’s efforts at power-projection in the Asia-Pacific.⁹

Aside from strengthening its alliance with the U.S, the Philippines also promoted a security partnership with Japan, China’s main rival in East Asia. In July 2011, then Prime Minister Yoshihiko Noda met with President Aquino to bolster security relations between Japan and the Philippines. After President Aquino’s third visit to Japan, Tokyo and Manila held high-level talks on maritime and oceanic affairs, exchanges between Filipino and Japanese defense and maritime officials, as well as Japan’s capacity-building training of the 3,500-strong PCG.

In July 2012, then Japanese Defense Minister Satoshi Morimoto and his Filipino

⁷ See Sheena Chestnuts Greitens, “The U.S. Alliance with the Philippines: Challenges and Opportunities,” *U.S. Alliances and Partnership at the Center of Global Power* (Eds) Ashley J. Tellis, Abraham M. Denmark, and Greg Chaffin (Seattle and Washington, D.C.: The National Bureau of Asian Research, 2014), p. 144.

⁸ *Ibid.* p. 128.

⁹ *Ibid.* p. 128.

counterpart, former Defense Secretary Gazmin, inked a bilateral agreement on maritime security. The agreement calls for high-level dialogues between defense officials and reciprocal visits by the MSDF chief-of-staff and the PN flag commander. It also features various security-related activities such as the Multinational Cooperation Program in the Asia-Pacific (MCAP), Multilateral Logistic Staff Talks (MLST), Training Exchanges and Subject Matter Exchanges on HADR and Logistics, and Exchange Visits and Student Exchanges in the two countries' respective staff colleges. A few days later, then Philippine Foreign Affairs Secretary Del Rosario announced that Tokyo was likely to provide the PCG with ten 40-meter boats as part of Japan's ODA to the Philippines by the end of the year. Newspapers also reported that two additional bigger vessels were being considered for transfer to the Philippine government under a grant.

Pursuing Strategic Balancing: The EDCA

During the 2012 Scarborough Shoal stand-off between a Philippine Coast Guard (PCG) vessel and several Chinese civilian ships, then President Aquino asked former President Barack Obama for a definite security guarantee when the two met in the Oval Office on 8 June 2012. Then President Obama assured him that the U.S. would honor its obligations under the 1951 MDT. In a press conference, former President Aquino also sought the Pentagon's assistance to upgrade the AFP's capabilities to patrol the country's extensive coastlines and requested the deployment of the U.S. Navy P-3C Orion and Global Hawk drones in the Philippines. He also expressed interest in acquiring U.S.-made land-based radars for the AFP to monitor the expanse of the South China Sea.

In the aftermath of the Scarborough Shoal stand-off, and later, China's occupation of the shoal made it urgent for Manila to negotiate the "Framework Agreement on Increased Rotational Presence (IRP) and Enhanced Agreement" with Washington. The agreement facilitates the deployment of American troops and equipment on a rotational basis, thus skirting the controversial issue of re-establishing U.S. bases in the country. Curiously, the negotiation was conducted against the backdrop of recurring tension between the Philippines and China over the South China Sea. With its small and weak naval force and an almost non-existent air force, the Philippine military relies on the U.S. for technical assistance through joint training, humanitarian missions, and disaster response operations.

After two years of mulling over the concept of rotational U.S. troop presence in the country, Manila finally decided to negotiate with Washington. On 28 April 2014, former Philippine Defense Secretary Gazmin and then U.S. Ambassador to the

Philippines, Philip Goldberg, signed the Enhanced Defense Cooperation Agreement (EDCA) a few hours before then President Obama arrived in Manila for his first state visit. Actually, EDCA is not a new security pact; it is merely an updated version of the 1951 Mutual Defense Treaty.¹⁰ This executive agreement provides the framework by which the Philippines and the U.S. can develop their individual and collective (defense) capabilities. Such a task could be accomplished through the rotational deployment of American forces in Philippine bases.¹¹ Although the EDCA allows American forces to utilize AFP owned and controlled facilities, the Philippine base commander has unhampered access to these locations. Likewise, American-built or improved infrastructure inside these installations can be used by the AFP. Furthermore, any construction and other activities within the Philippine bases require the consent of the host country through the Mutual Defense Board (MDB) and Security Engagement Board (SEB).

During the Sixth Annual Bilateral Security Dialogue (BSD) held in Washington D.C. on March 18, 2016, American and Philippine defense officials announced that U.S. forces would be allowed access to five AFP bases: Antonio Bautista Air Base in the westernmost island of Palawan, Base Air Base and Fort Magsaysay in the main island of Luzon, Lumbia Air Base in northern Mindanao, and Mactan-Benito Ebuen Air Base in the central Philippine island of Cebu. The two allies' utilization of these AFP facilities would protect their respective security interests by expanding their joint military exercises/training and, more significantly, would enable the U.S. to deploy again a credible deterrent force (withdrawn in 1992) in Southeast Asia on a rotational basis.

Fostering a Strategic Partnership with Japan

The Chinese occupation of the Scarborough Shoal further pushed the Philippines closer to Japan. The Philippines and Japan conducted several high-level meetings and consultations to solidify their security cooperation and counter China's assertiveness. In December 2013, former President Aquino discussed with Prime Minister Shinzo Abe in Tokyo, China's establishment of an Air Defense Identification Zone (ADIZ) in the East China Sea. He was worried that China might extend the zone into the South China

¹⁰ Jim Garamone, "U.S.-Philippine Pact Expands Defense Cooperation," *Targeted News Service* (28 April 2014). p. 1. <http://search.proquest.com/docview/1519453450/17CC0F621D4441CBPQ/55?accountid=...>

¹¹ Philippine News Agency, "New Defense Agreement Enhances Philippine, U.S. Alliance on Security Challenges—DND Chief," *The Philippines News Agency* (28 April 2014). p. 1. <http://search.proquest.com/docview/1519443096?accountid=28547>

Sea adversely affecting Philippine security.¹² Prime Minister Abe assured then President Aquino that Japan would not tolerate China's attempt to change the status quo in the region by force, and would cooperate with the Philippines to ensure that the freedom of flight and navigation is respected. To help build up the PCG's capability, Prime Minister Abe approved the yen-based soft loan to finance the Philippines' acquisition of ten 40-meter long multi-purpose patrol boats from Japan.¹³

In June 2014, then President Aquino again met PM Abe in Tokyo to discuss ways and means to further Philippine-Japan security relations. Tackled in particular are areas of possible cooperation to enhance the recently forged Philippines-Japan Strategic Partnership. He followed up on the PCG's request for 10 patrol boats to be acquired by the Philippines through a US\$184 million soft loan from Japan International Cooperation Agency (JICA). PM Abe assured former President Aquino that three of the vessels would be delivered in 2015, while the remaining seven will be ready for delivery in 2016. The PCG needs the patrol boats to secure the waters around the seven islands claimed and occupied by the Philippines in the Spratlys. The boats would also monitor foreign naval presence in the several reefs and shoals within the country's EEZ currently occupied by Chinese forces. For the PCG's maritime domain awareness operations, Japan promised to provide VSAR and Inmarsat communication systems.

More significantly, then President Aquino endorsed Prime Minister Abe's initiative to expand Japan's security role in the region. In the light of the Sino-Japanese dispute over the Senkaku Islands, Prime Minister Abe has pushed for the reinterpretation of the pacifist 1947 Japanese Constitution to accommodate the Japan Self-Defense Forces' (JSDF) right of "collective self-defense," allowing the Japan Maritime Self-Defense Force (JMSDF) to assist allies such as the U.S., even if Japan is not attacked. Former President Aquino declared that expanding the JMSDF' role and cementing bilateral economic and security ties between the Philippines and Japan would ensure regional security.¹⁴

In June 2015, then President Aquino discussed with PM Abe the strengthening of their countries' strategic partnership in the face of China's aggressive behavior in the

¹² Jiji Press English News Service, "Japan, Philippines to Cooperate on China's Air Defense Zone," *Jiji Press English News Service* (13 December 2013). p. 1. <http://search.proquest.com/docview/1467745056?>

¹³ Gulf News, "Aquino and Abe Discuss Maritime Disputes," *Gulf News* (25 June 2014). p. 1. <http://search.proquest.com/docview/1539577105?accountid=28547>

¹⁴ Kwan Weng Kin, "Aquino Backs Japan's Bid to Widen Defense Role," *The Strait Times* (25 June 2014). p. 1. <http://search.proquest.com/docview/1539737436?accountid=28547>

South China Sea.¹⁵ In the first day of his visit, he signed a contract with the Japan Marine United Corporation for the acquisition of ten patrol vessels for the PCG. Funded by the Japan International Cooperation Agency (JICA), the Japan Marine United Cooperation would build ten 40-meter long multi-role response vessels (MRRVs) to be delivered to the PCG starting in 2016. With their top speed of 16 knots and a range of 1,500 miles, the MRRVs would be deployed in the Coast Guard Districts across the country including in the island of Palawan—the country’s westernmost part that faces the South China Sea. The deal also included the supply of standard spare parts and tools, crew training, ocean transportation, and marine insurance.

The following day, then President Aquino and PM Abe signed “A Joint Declaration on A Strengthened Strategic Partnership for Advancing the Shared Principles and Goals of Peace, Security, and Growth in the Region and beyond.” The five-page document provided a strategic vision to the Philippines-Japan evolving security partnership. The declaration affirmed the strategic partnership based on the long-standing friendship between the peoples of both countries and their shared goals of ensuring peace and stability in the Asia-Pacific region, promoting regional economic growth, and addressing international challenges. It also contained their commitment to ensure maritime safety and security, their serious concern about unilateral actions to change the status quo in the South China Sea including large-scale reclamation and building of outposts.¹⁶ This was directed against China’s construction of artificial islands in the contested area.

On 5 June, former President Aquino announced forthcoming talks on a Status of Forces Agreement (SOFA) that would allow the JSDF access to Philippine military bases.¹⁷ In a press briefing in Tokyo, he revealed that Japanese and Filipino officials explored the possibility of a SOFA since both countries have boosted their security relationship significantly over the past few years. In early June 2013, then Secretary Gazmin raised the possibility of allowing ships and planes of the JMSDF access to the former American military facilities in the Philippines if Tokyo is interested in negotiating and signing an access agreement with Manila. The possible use of the JSDF of Philippine

¹⁵ The Philippines News Agency (PNA), “Japan Shares Philippines Serious Concern over China’s Reclamation Activities in West Philippines Sea,” *The Philippines News Agency* (5 June 2015). p. 1. <http://search.proquest.com/docview/1686051792?accountid=28547>

¹⁶ The Philippines News Agency (PNA), “Japan Shares Philippines’ Serious Concern over China’s Reclamation Activities in the West Philippine Sea,” *The Philippines News Agency* (PNA) (05 June 2015). p. 1. <http://search.proquest.com/docview/1686051792?accountid=28547>

¹⁷ Priam Nepomuceno, “VFA Possible with Japan Due to Robust Relationship with the Philippines,” *The Philippine News Agency* (24 June 2015). p. 1. <http://search.proquest.com/docview/1690936480>

bases on a limited and rotational basis is useful for Japan as it actively pursues a policy of Pro-Active Contribution to Peace in East Asia. With refueling and basing facilities in the Philippines, units of the Japan Air Self-Defense Force (JASDF) and JMSDF can conduct joint patrols with their American counterparts for a longer period of time and over a larger area of the South China Sea.

President Duterte's Agenda: Undoing the Geo-Political Agenda

During the 2016 presidential campaign, Davao Mayor Rodrigo Duterte was highly critical of the Aquino Administration's geo-strategic agenda in the South China Sea. He proposed joint exploration of the South China Sea's natural resources with China.¹⁸ He also declared that he would keep silent about the dispute if Beijing would build railroads in the troubled island of Mindanao.¹⁹ He was also open to bilateral negotiations and was willing to downplay the sovereignty dispute if China would stop insisting on its sovereignty claim.²⁰ He likewise disparaged the Philippine-U.S. alliance saying he had little confidence that the U.S. would honor its treaty commitment to the Philippines relative to the South China Sea dispute.

In the first months after assuming office, however, President Duterte seemed to be pursuing his predecessor's geo-political agenda of challenging China's expansion in the South China Sea. A few days after the presidential inauguration, Defense Secretary Delfin Lorenzana assured the AFP and the Filipino public that the Duterte Administration would pursue the modernization of the Philippine military.²¹ He stressed the fact that territorial defense is one of the priorities of the Duterte Administration because "it is very important as we need to protect our territories against encroachment by other parties."²² He said that the 15-year AFP modernization program will continue as scheduled. Secretary Lorenzana, however, clarified that there will be some "redirection" as the Duterte Administration is determined to deal decisively with criminality, especially the Abu Sayyaf, which gives the Philippines a bad name due to its series of kidnappings

¹⁸ Dan Steinbock, "Could Duterte's Ascent Mean Cooler Philippine Ties with U.S.," *CNN Wire Service* (10 May 2016). p. 1.

¹⁹ *Ibid.* p. 1.

²⁰ Aileen Baviera, "President Duterte's Foreign Policy Challenges," *Contemporary Southeast Asia* 38, 2 (2016). p. 203.

²¹ Jaime Laude, "Duterte to Continue AFP Modernization Program," *The Philippine State* (2 July 2016). p. 1.

²² Philippine News Agency, "AFP Modernization Will Continue as Scheduled Under Duterte Administration," *Philippine News Agency* (2 July 2016). p. 1.

of Malaysians and Indonesian sailors off the Sulu Sea.²³

After a three-year wait, the Permanent Court of Arbitration (PCA) at The Hague in the Netherlands decided on the maritime dispute between the Philippines and China on 12 July 2016. The five-judge PCA unanimously ruled in favor of the Philippines on almost all of its claims against China. It determined that China's claim to historic rights through its nine-dash line in the South China Sea is contrary to international law.²⁴ The court noted that none of the Spratlys are legally islands because they cannot sustain a stable human community or independent economic life.²⁵ Finally, it found China guilty of damaging the marine environment by building artificial islands, and of illegally preventing Filipinos from fishing and conducting oil explorations in the Philippines' EEZ.²⁶

Despite the Philippines' overwhelming legal triumph over China, the Duterte Administration met the eagerly anticipated decision with sober, cautious, and even muted reaction. Its response was ultra-low key as it neither flaunted the victory nor taunted China with the favorable ruling. Although the domestic reaction was overwhelmingly positive and jubilant, then Foreign Secretary Yasay merely said that he welcomed the ruling and called on the Filipinos to exercise restraint and sobriety. During the ASEAN Foreign Ministers' Meeting in Laos, former Secretary Yasay withdrew the country's motion to include the PCA decision in the ASEAN Joint Communique after Cambodia objected to its inclusion. Designated as the country's special envoy to China, former President Fidel Ramos, suggested that the PCA award be set aside as the Duterte Administration pursues bilateral negotiations with China. Clearly, the government is adopting an appeasement policy on China despite the PCA ruling favorable to the Philippines.

In the aftermath of the 12 July PCA award to the Philippines, Defense Secretary Lorenzana underscored the urgent need for the Philippines to upgrade the PCG, PN, and PAF to prevent other countries from encroaching on its maritime territory.²⁷ He remarked that the "15-year modernization program of the AFP will continue as schedule."²⁸ He further said that "in the long run, we will still follow our modernization

²³ *Ibid.* p. 2.

²⁴ Permanent Court of Arbitration, "The South China Sea Arbitration (The Republic of the Philippines versus the People's Republic of China)," *Press Release* (The Hague, 12 July 2016). p. 1.

²⁵ *Ibid.* p. 1.

²⁶ *Ibid.* p. 1.

²⁷ Priam Nepomuceno, "Need to Upgrade Coast, Navy, Air Force Now More Urgent—DND Chief," *Philippine News Agency* (20 July 2016). p. 1.

²⁸ News desk, "AFP Modernization Remains A Priority of New DND Leadership," *News Desk* (18 July 2016). p. 1.

(program) because you know it jibes with what our long-term plans (of) having credible deterrence to secure our territory (especially) maritime plan.”²⁹ These developments signified that despite its earlier pronouncement about reviving the bilateral negotiations with China and conducting joint developments in the South China Sea, the Duterte Administration was still pondering on its predecessor's geo-political agenda of challenging China's expansive claim in the disputed waters. In fact, one prominent Filipino academic observed: “Duterte's foreign policy will not only depend on his personal preferences and inclinations, but like his predecessors will be defined by other internal and external factors.”³⁰

President Duterte, however, changed gears after the Obama Administration became critical of his domestic agenda of waging a so-called war on drugs and criminality that had claimed more than 3,000 lives since May 2017. His current pronouncements and decisions point to his foreign policy agenda of distancing the Philippines from the U.S. At the same time, he forges cordial and closer relations with China despite the PCA's ruling and the presence of Chinese Coast Guard vessels around the Scarborough Shoal and the Mischief Reefs, which are within the Philippines EEZ.

During the two ASEAN Summits and the East Asian Summit (EAS) in Laos, President Duterte made remarks that were interpreted as insulting to former President Barack Obama. This caused the cancellation of the scheduled bilateral meeting between the two heads of states. President Duterte also skipped the U.S.-ASEAN Summit and instead of reading his prepared speech on the PCA award to the Philippines, he denounced American atrocities committed against the Filipino Muslims in Mindanao in the early 20th century. This was President Duterte's overreaction to Washington's condemnation of human rights violations resulting from his anti-narcotics/anti-criminal campaign in the Philippines.³¹

From Balancing to Appeasement

On 12 September 2016, President Duterte suddenly announced that U.S. Special Operations Forces in Mindanao must leave the country. He argued that there could be no peace in this southern Philippine island as long as American troops are operating

²⁹ *Ibid.* p. 1.

³⁰ Baviera, *op. cit.* p. 206.

³¹ Oxford Daily Brief Service, “Philippines: New Foreign Policy may be Destabilizing,” *Oxford Analytica* (16 September 2016). p. 1.

there.³² He also warned that U.S. troops are prime targets of Abu Sayyaf bandits who could kidnap them for ransom or outright kill them, thus complicating the prevailing problem of peace and order in Mindanao.³³ The following day, he announced that the PN would terminate joint patrol with the U.S. Navy in the Philippines' EEZ to avoid upsetting China.³⁴ Former Foreign Secretary Yasay explained that "the inadequately armed Philippine military cannot fight China in any battle, thus, President Duterte ordered the Navy not to conduct joint patrols in the South China Sea with the U.S. Navy."³⁵ He commented that Philippine-U.S. patrols in the South China Sea could be perceived by China as a provocative act, making it more difficult to peacefully resolve the two countries' territorial dispute.³⁶ Accordingly, rather "than worry over a possible war in the South China Sea," President Duterte admonished the military "to focus on domestic security challenges such as fighting drug lords and traffickers and insurgents."³⁷

During his two-day official visit to Vietnam in late September 2016, President Duterte announced that the Philippine-U.S. Amphibious Landing Exercise (Phiblex) 2016, that was taking place from 4-12 October 2016, would be the last military exercise between the two allies during his six-year term.³⁸ Though he promised to honor the long-standing defense treaty with the U.S., he said that China opposes joint U.S.-Philippine military drills in the country. This left him no choice but to serve notice to the U.S.³⁹ President Duterte's announcement on the termination of joint Philippine-U.S. military exercise was considered as the strongest indication of a slow but definite break-down in the alliance that the Obama Administration was trying to shore up in the light of the U.S. strategic rebalancing to Asia.

While creating a wide diplomatic and strategic cleavage between the Philippines and the U.S., President Duterte conducts a calibrated foreign policy characterized by

³² David Cagahastian, "Malacanang Clarifies Duterte Statement on Kick out of U.S. Troops in Mindanao," *BM News* (13 September 2016). p. 3.

³³ *Ibid.* p. 3.

³⁴ Trefor Moss, "Philippine President's Shift on U.S. Alliance Worries Military: His Willingness to Upend Alliance with the U.S. has Dumbfounded even those in His Inner Circle," *The Wall Street Journal* (16 September 2016). <http://www.wsj.com/articles/philippine-presidents-shift-on-u-s-alliance-worries-military-1474058666>

³⁵ Jose Katigbak, "Philippines Eyes Talks with China Sans Preconditions," *The Philippine Star* (18 September 2016). p. 1. http://www.philstar.com/headlines/2016/09/18/1624973/philippines-eyes-talks-china-sans-preconditions?utm_source=Arangkada+News+Clips&utm_campaign...

³⁶ *Ibid.* p. 1.

³⁷ Moss, *op. cit.* p. 2.

³⁸ Julie M. Aurelio, "Duterte Out to End War games with the U.S.: Bilateral Relations Get More Uncertain," *Philippine Daily Inquirer* (30 September 2016). p. 1.

³⁹ *Ibid.*

gravitating toward to China. He declared that he is open to direct bilateral negotiations with China. In contrast, former President Aquino brought the South China Sea dispute for international arbitration at the PCA. To earn China's confidence, President Duterte declared that the PCA award to the Philippines is purely a bilateral issue between the Philippines and China and is not a concern of the ASEAN, echoing the Chinese position on this matter.⁴⁰ Then Foreign Secretary Yasay, even declared "that the relationship between the two countries (China and the Philippines) was not limited to the maritime dispute. There were other areas of concern in such fields as investment, trade, and tourism and discussing them could open the doors for talks on the maritime issues."⁴¹

In late September 2016, President Duterte announced that he would forge "new alliances" with China and Russia to cushion the impact of the eventual withdrawal of U.S. forces from the Philippines in 2017.⁴² Speaking in the province of Pampanga, he urged the Filipinos to make a small sacrifice for his plan of proverbially crossing the Rubicon in his ties with the U.S. as he is pursuing partnerships with rival countries (China and Russia) or the countries on the other side of the ideological barrier.⁴³ He also announced his visits to Russia and China to chart an independent foreign policy and "open (new) alliances" with these two major powers that have historic rivalries with the U.S.

Intentionally, President Duterte is creating a diplomatic/strategic cleavage between the Philippines and the U.S., while pivoting towards the U.S.'s geo-strategic rivals—China and Russia.⁴⁴ Accompanied by 250 Filipino businessmen, he visited China on 20-21 October to seek a new partnership at a time when tension between the Philippines and the U.S. was mounting.⁴⁵ President Duterte's foreign policy agenda involves developing and maintaining an independent and pro-active posture so he can adroitly balance the major powers in East Asia. This is aimed to create a more positive and conducive

⁴⁰ Oxford Daily Brief Service, *op. cit.* p. 2.

⁴¹ Katigbak, *op. cit.* p. 2.

⁴² Gil Cabacungan, "Duterte Seeks Alliances with China and Russia," *Philippine Daily Inquirer* (28 September 2016). p. 1. http://globalnation.inquirer.net/145595/duterte-seeks-alliances-china-and-russia?utm_source=Arangkada+News+Clips&utm_campaign=57936169b7-Aran...

⁴³ *Ibid.* p. 1.

⁴⁴ AFP, "Presidential Remarks on China, Russia Send Investors Fleeing," *Business World* (28 September 2016). p. 1.

⁴⁵ Neil Jerome Morales and Karen Lema, "The Philippines is Preparing a Major Pivot toward China amid Tension with the U.S.," *Business Insider* (11 October 2016). p. 1. http://www.businessinsider.com/the-philippines-is-preparing-a-major-pivot-toward-china-2016-10?source=Arangkada+News+Clips&utm_campaign=2df..

atmosphere in Philippine-China bilateral relations that can allow both sides to embark on major infrastructure and investment projects, as well as other forms of cooperation to restore mutual trust and confidence.⁴⁶

Appeasing China

Ironically, despite President Duterte's efforts win China's confidence and gravitate toward its orbit, Beijing initially did not trust him for two reasons. First, China was skeptical that it could persuade the Philippines to cut its ties with the U.S. and Japan and totally side with China the way Laos and Cambodia consistently do when forced to choose between the two great powers.⁴⁷ Many Chinese sensed that what President Duterte was doing was playing the U.S. off against China and vice-versa, to hopefully earn the greatest benefit for the Philippines.⁴⁸ They suspiciously viewed President Duterte's proposals to buy arms from China and pronouncements about distancing the Philippines away from the U.S. as mere posturing to please Beijing—which was infuriated by the Hague ruling on the South China Sea—rather than a realistic plan.⁴⁹ Second, China cannot offer any substantial territorial concession to President Duterte, like allowing Filipino fishermen access to Scarborough Shoal or recognize its occupation of some land features in the South China Sea, because it would never yield what it considers its sovereign rights to waters, reefs, and rocks in the disputed waters off the Philippine coast.⁵⁰

To dispel China's doubt about his appeasement policy and earn Chinese trust and confidence, President Duterte undertook measure to accommodate Beijing's security interests at the expense of Manila's alliance with Washington. Confronted by the defense department's and the AFP's resistance to his policy of downgrading the country's alliance with the U.S., President Duterte opted to continue the conduct of joint Philippine-U.S. military exercises. Nevertheless, he reduced the numbers of these joint exercises from 28 to about 13. He redirected as well the focus of these military exercises from territorial defense and maritime security to non-traditional security

⁴⁶ Baviera, *op. cit.* p. 205.

⁴⁷ New York Times News Service, "Prospect of Philippine Thaw Slows China's Plans in the South China Sea," *New York Times News Service* (25 September 2016). p. 1. <http://www.mb.com.ph/prospect-of-philippine-thaw-slows-chinas-plans-in-south-china-sea/>

⁴⁸ Kristin Huang, "Just Empty Talk? Philippines Duterte is Playing China off Against U.S. on Arms Purchases, Analysts Say Philippine President is Playing Washington against Beijing in Hopes of Improving Position," *South China Morning Post* (15 September 2016). p. 1. <http://O-search.proquest.com.lib1000.dlsu.edu.ph/docview/1819240990/C9201BE5244CE4PQ/162?accountid=28547>

⁴⁹ *Ibid.* p. 2.

⁵⁰ *Ibid.* p. 1.

concerns such as Humanitarian Assistance and Risk Reduction (HADR), cybersecurity, anti-terrorism, and anti-narcotics operations.⁵¹

Most significantly, he cancelled the holding of joint naval and amphibious exercises such as the PHILBEX and Cooperation Afloat Readiness and Training (CARAT).⁵² On 11 November, President Duterte admitted his dislike of the EDCA and he hinted that he might eventually decide to scrap the agreement that allows the American forces access to Philippine air bases.⁵³ Nevertheless, he greenlighted the EDCA's implementation in which the defense department had already firmed up. In addition, and he did not want to renege on the Philippine government's legal obligation under an international agreement.⁵⁴ President Duterte also revoked an arms deal with the U.S. for the purchase of 26,000 assault rifles for the Philippine National Police (PNP) after members of the U.S. Senate announced their opposition to the arms deal because of allegations that large-scale extra-judicial killings in the country are linked with the war on drugs. President Duterte then turned to China which offered US\$14 million worth of small arms and patrol boats along with another US\$500 million in soft loans for the Philippine military's acquisition of Chinese military equipment.⁵⁵

In December 2016, Defense Secretary Lorenzana declared that it is unlikely that the Philippines will allow the U.S. military to continue using the Philippines as a base for its freedom of navigation (FONS) patrols in the South China Sea.⁵⁶ Later, President Duterte, in response to reports that China is installing weapons on islands deep inside the Philippines' EEZ, said that he would not protest these Chinese actions.⁵⁷ In support, former Foreign Secretary Yasay admitted that the Philippines is helpless in stopping China's maritime expansion and militarization activities on the disputed island in the South China Sea.⁵⁸ He declared that it was wiser to let other countries with special concerns on China's activities take action (themselves), citing the U.S. and Japan which

⁵¹ Fernan Marasigan, "Philippines, U.S. Set Talks on Reduced War Games," *TCA Regional News* (09 November 2016). p. 1.

⁵² *Ibid.* p. 1.

⁵³ Xinhua News Agency, "Philippine Duterte Says He is Against 2014 Defense Pact with the U.S.," *Xinhua News Agency* (10 November 2016). p. 1.

⁵⁴ *Ibid.* p. 1.

⁵⁵ Chin-Hao Huang and Robert Sutter, "Beijing Presses its Advantages," *Comparative Connections* 18, 3, (January 2017). p. 7.

⁵⁶ *Ibid.* p. 7.

⁵⁷ *Ibid.* p. 7.

⁵⁸ Jeannette I. Andrade, "Philippine Helpless versus China—Yasay," *Philippine Daily Inquirer* (17 December 2016). p. 1.

have raised concern over the freedom of navigation and overflight operations.⁵⁹ He added that anyway “the Philippines has its own bilateral engagement with China to ensure no further actions.”⁶⁰

Later in December 2016, Mr. Yasay remarked that it will be beneficial for the Philippines and the U.S. to reassess their relationship in the light of the current geo-political realities.⁶¹ Clearly, he was referring to President Duterte’s earlier statement “that China now is the power (in East Asia), and they (the Chinese) have military superiority in the region.” Parroting China’s mantra on the South China Sea dispute, he argued that “the present circumstances, such as the South China Sea (dispute), may no longer require a strategy based on the old concept of the Cold War.”⁶² He said that the Duterte Administration intends to utilize EDCA to give more emphasis on “coming up with a rapid response during natural calamities, to address terrorism, and to enhance Philippine law-enforcement capabilities.” He added that “joint military exercises will not be given focus or just down-graded, at least.”⁶³ In effect, the continued existence of the Philippine-U.S. alliance depends on the Duterte Administration’s domestic agenda such as the war on drugs, HADR, and counter-terrorism operations against Islamic militants in Mindanao. This focus has essentially rendered the alliance useless in constraining China’s maritime expansion in the South China Sea.

The following year, President Duterte warned the U.S. that he would unilaterally abrogate the EDCA because he had received information that the American forces were building permanent arms depots in violation of the agreement and the Philippine Constitution.⁶⁴ President Duterte’s warning was followed by Defense Secretary Lorenzana’s statement “that absent a U.S. guarantee of support to its ally, the Philippines would consider scrapping the EDCA to avoid becoming entangled with the U.S. just in case war breaks out in the South China Sea.”⁶⁵ In late March 2017, President Duterte continued his rant against the U.S. by focusing on the U.S. Navy’s FONs as he argued that they (the FONs) risked a “miscalculation” that could trigger a conflict in the South

⁵⁹ *Ibid.* p. 2.

⁶⁰ *Ibid.* p. 2.

⁶¹ Ronron Calunsod, “Philippines Says Review of U.S. Relations Good for Both Sides,” *Kyodo News Service* (22 December 2016). p. 1.

⁶² *Ibid.* p. 1.

⁶³ *Ibid.* p. 1.

⁶⁴ Sheldon Simon, “Mixed Messages,” *Comparative Connections: A Triannual E-Journal on East Asian Bilateral Relations*, Vol 19, No. 1 (May 2017). p. 44.

⁶⁵ *Ibid.* p. 44.

China Sea.⁶⁶ He also accused the Obama Administration of pushing the Philippines to provoke China without any guarantee of American support.⁶⁷

The Duterte Administration's appeasement policy on China stems from its calculation that the U.S. will not assist the Philippines in case of an armed confrontation with China in the South China Sea and that geography dictates that the country has no choice but to co-exist and even cooperate with this emergent power in its own backyard. Consequently, President Duterte's appeasement of China expands Chinese clout in Southeast Asia and might convince other Southeast Asian claimant states to negotiate directly with China to manage or eventually resolve the territorial row. This will decrease American (and even Japanese) status and influence in maritime Southeast Asia.

Maintaining the Philippine-Japan Security Partnership

Japan's pressing diplomatic goal is to assist the Philippines to improve its maritime surveillance capabilities in the light of increasing Chinese maritime activities in the South China Sea and despite worsening Philippine-U.S. relations. Aware that strained Philippine-U.S. relations benefit China, Japan is strengthening its relations with the Duterte Administration by fostering periodic consultations between the two countries, and strengthening the Philippine Navy's and Coast Guard's maritime domain awareness capabilities. For the Philippines, keeping its security partnership with Japan intact is necessary because it remains the country's most important trading partner, its largest investor, and the home of several thousands of Overseas Filipino Workers (OFWs) and the millions of dollars of remittance income they send home each year, an important boost to the local economy.⁶⁸ Moreover, Japan is the only country in the Western alliance with a healthy and cordial relationship with the Philippines, making it an important countervailing force to an expected increase in Chinese influence in the light of President Duterte's efforts to gravitate closer to China's economic orbit.⁶⁹

In January 2017, PM Abe went on a two-day state visit to Manila as the Philippines became closer to China while taking a taking hostile posture towards the two countries' common security partner—the U.S. PM Abe's visit to the Philippines was his first stop in a four-nation diplomatic swing as he pressed his efforts to boost Japan's trade and security

⁶⁶ *Ibid.* p. 44.

⁶⁷ *Ibid.* p. 44.

⁶⁸ See Anthony Rivera, "Simply by Design," *Business Mirror* (28 June 2016). p. 1. <http://0-search.proquest.com.lib1000.dlsu.edu.ph/docview/1800132718/fulltext/C41F2428DA1E4763PQ/23?accountid=28547>

⁶⁹ Alastair Wanklyn, "Amid Duterte-U.S. Row, Attention Turns to Japan," *TCA Regional News* (4 October 2016). p. 2. <http://0-search.proquest.com.lib1000.dlsu.edu.ph/printviewfile?accountid=28547>

engagements amidst China's increasing economic and diplomatic clout in Southeast Asia. Upon his arrival, PM Abe mentioned that he chose the Philippines as his first destination in his four-country tour to emphasize the importance of Philippine-Japan bilateral relations.

During his talks with the Philippine president, he pledged one trillion Yen (US\$8.7 billion) in ODA package that would include government grants and public investments for the Philippines over the next years for infrastructure development. This is Japan's bid to strengthen strategic ties with a key Southeast Asia state that is on the path of China's maritime expansion in the South China Sea.⁷⁰ PM Abe emphasized the importance of Japan's role in developing Philippine infrastructures as he announced that Japan will leverage its "technology and know-how to the fullest extent to positively cooperate for the improvement of Metro Manila and the whole of the Philippines."⁷¹ The two leaders then agreed to form a joint committee that will expedite Japan's participation in infrastructure development in the country.

The two leaders also discussed defense matters as they pledged to deepen maritime security cooperation between their two countries. PM Abe emphasized that since both the Philippines and Japan are maritime nations, Japan will support the Philippines' capacity-building in the field of maritime security.⁷² For his part, President Duterte expressed hope for the fast-track delivery to the Philippines of patrol vessels already in the pipeline and the acquisition of new boats.⁷³ Both leaders also reaffirm their commitments to pursue a peaceful resolution to the long-standing South China Sea dispute. PM Abe also stated Japan's readiness to fully support President Duterte's ASEAN Chairmanship for a successful ASEAN-Related Summit Meetings and the East Asian Summit in 2017.⁷⁴ Commenting on the high-profile visit by a Japanese head-of-government to the Philippines, an American analyst observed that PM Abe's 12-13 January 2017 visit to the Philippines reflected "Japan's goal to upset growing Chinese influence in the geo-politically strategic Southeast Asian country by ensuring the steady flow of (Japanese)

⁷⁰ BBC Monitoring Asia-Pacific, "Japan, Philippines Agree to Enhance Maritime, Security Ties," *BBC Monitoring Asia-Pacific* (12 January 2017). p. 1. <https://search.proquest.com/docview/1857584233?accountid=28547>

⁷¹ *Ibid.* p. 1.

⁷² Catherin Valente, "Abe Offers PhP430 B Package," *TCA Regional News* (13 January 2017). p. 2. <https://search.proquest.com/docview/1857825130?accountid=28547>

⁷³ *Ibid.* p. 2.

⁷⁴ Asia News Monitor, "Japan/Philippines: Duterte, Abe Eye Higher Level of Philippines-Japan Relations," *Asia News Monitor* (16 January 2017). p. 2 <http://search.proquest.com/dcoview/1858311749?accountid=28547>

aid and investment to the Philippines.”⁷⁵

On 28 March 2017, the first two former JMSDF Beechcraft King Air TC-90 reconnaissance planes were formally transferred to the PN. The two-donated aircraft augmented the PN's six 40-year old Britten-Norman Islanders that are used in maritime patrol, surveillance and humanitarian assistance and disaster relief (HADR) and rapid assessment missions. Along with PM Abe's pledges of more grants and investment, the lease of the TC-90 reconnaissance aircraft to the PN was part of Tokyo's efforts in assisting the Philippines economically and militarily to counter China's growing influence on the Duterte Administration.

From Tactical to Strategic Appeasement?

Current developments indicate the Duterte Administration is gravitating from a tactical to an outright or strategic appeasement of China as shown by its pronouncements and efforts. Instead of correcting the imbalance in the Philippines' relations with the two major powers, President Duterte plans to replace the U.S. with China as the Philippines' most important strategic partner. In March 2017, President Duterte publicly admitted that the Philippines cannot stop China's reported plan to construct an environmental monitoring station on the disputed Scarborough Shoal.⁷⁶ Questioned by a journalist about his view on the prospect of China building a radar station on the shoal, President Duterte exposed his appeasement scheme vis-à-vis Chinese maritime expansion when he answered: “We cannot stop China from doing this thing. So, what do you want me to do...declare war on China? I can, but we'll all lose our military and policemen tomorrow.”⁷⁷ Interestingly, President Duterte even wants Chinese ships “to pass or come and dock” in the Philippines as long as “they will not do anything to the Philippine Coast Guard as it patrols the country's maritime waters.”⁷⁸

President Duterte's statements that he would not do anything to stop China from building on a disputed shoal was based on the calculation that appeasing China has its rewards in the form of US\$6 billion dollars in deals including an agreement for

⁷⁵ Ralph Jennings, “Japan Seeks to Limit China As Abe Visits Philippines,” *Voice of America News/FIND; Lanham* (13 January 2017), p. 1.

⁷⁶ Christina Mendez, “No One Can Stop China on Panatag-Duterte,” *The Philippine Star* (March 20, 2017), p. 1.

⁷⁷ The American Interest, “Duterte: We Can't Stop China at Scarborough Shoal,” *The American Interest* (March 21, 2017) p. 1. <http://www.the-american-interest.com/2017/03/20/duterte-we-cant-stop-at-scarborough-shoal/>

⁷⁸ Mendez, *op. cit.* p. 2.

agricultural exports to China and loans for infrastructure projects such as railways and hydroelectric dams. In March 2017, Chinese Third Vice Premier Wang Yang visited Davao City and witnessed the exchange of letters between Philippine and Chinese officials on the feasibility studies on infrastructure projects China will be financing.⁷⁹ Mr. Wang visited portions of the proposed Davao Coastline and Portland Development Project. He was also briefed on the Davao City Expressway and the Mindanao Railway. Accordingly, Premier Wang expressed China's interest to finance the various infrastructure projects presented to him while he was in Davao City.⁸⁰

During Primer Wang's visit to the country, the Philippines and China signed a six-year economic cooperation agreement.⁸¹ The agreement commits China to finance 15 big-ticket infrastructure projects such as the US\$53.6 million Chico River Pump Irrigation, the US\$374 million New Centennial Water Source-Kaliwa Dam, and the South Line of the North-South Railway.⁸² Interestingly, China also extended to the Philippine government a credit package worth US\$500 million for the AFP's procurement of Chinese-made military hardware.⁸³ Under the initial part of this package, China would extend to the Philippines US\$144.4 million for the Philippine military's acquisition of small-arms, speedboats, and night-goggle vision to enhance its counter-terrorism, counter-insurgency, and anti-narcotics capabilities.⁸⁴ Historically, the AFP has acquired its hardware from the U.S. However, under the Duterte Administration, the Philippine military's procurement pattern might change as President Duterte explores the possibility of reducing the AFP's dependence on the U.S. by procuring Chinese made-weapons financed by Chinese loans over a 25-year period.⁸⁵

Not surprisingly, President Duterte is alarmingly resigned to heightened Chinese

⁷⁹ Philippine News Agency, "Chinese Leader's Visit Brightens' Realization of Mindanao Railway, 4 Other Development Projects," *Philippines News Agency* (March 21, 2017). p. 1. <http://www.businessmirror.com.ph/chinese-leaders-visit-brightens-re...>

⁸⁰ *Ibid.* p. 1.

⁸¹ Czeriza Valencia, "Philippines, China Sign Development Plan," *The Philippine Star* (19 March 2017). p. 1.

⁸² *Ibid.* p. 2.

⁸³ Jon Grevatt, "China Offers US\$500 Million in Military Assistance to Philippines," *Jane's Defense Weekly: Horley* 54, 8 (December 2016). p. 1. <http://search.proquest.com.lib1000.dlsu.edu.ph/docview/1851029631/834095F0419D406CPQ12?accountid=28547>

⁸⁴ Peter Layton, "The Battle for Southeast Asia's Soul," *Real Clear Defense* (02 June 2017). http://www.realcleardefense.com/articles/2017/06/02/the_battle_for_southeast_asias_soul_111504.html

⁸⁵ Jon Grevatt, "China Offers US\$500 Million in Military Assistance to Philippines," *Jane's Defense Weekly: Horley* 54, 8 (December 2016). p. 1. <http://search.proquest.com.lib1000.dlsu.edu.ph/docview/1851029631/834095F0419D406CPQ12?accountid=28547>

island-building activities in the South China Sea. Clearly, he has been lured by the Chinese promise of trade concessions, grants, loans, and investment. Consequently, his administration has adopted Beijing's official line "that after several years of disruption caused mainly by 'non-regional countries (Japan and the U.S.),' the South China Sea has calmed with China and Southeast Asian countries agreeing to peacefully resolve [their] disputes."⁸⁶

President Duterte's objective of appeasing China at the expense of the Philippine-U.S. alliance became apparent during the conduct of the joint U.S.-Philippines military exercise *Balikatan* (Shoulder-to-Shoulder) 2017. Unlike previous *Balikatan* that involved massive combat drills directed at a hypothetical threat emanating from the South China Sea, *Balikatan 2017* was scaled down and was refocused on exercises involving Humanitarian Assistance and Disaster (HADR) and counter-terrorism, with the usual visible live-fire components purposely removed. *Balikatan 2016* entailed 11,000 Philippine and American forces conducting live-fire exercises geared toward territorial defense and maritime security. This year's joint military drill involved only 5,400 American and Filipino troops with the U.S. sending only 2,600 members.

To further assuage China that *Balikatan 2017* was not a veiled warning from the Philippine-U.S. alliance that Chinese expansion in the South China Sea would not go unchallenged, the joint exercise followed a single-scenario involving a massive storm from the Pacific, moving from the eastern part of the central Philippines to the main island of Luzon.⁸⁷ Observing President Duterte's scheme of down-grading the *Balikatan* exercise in particular, and the Philippine-U.S. alliance in general, an analyst notes: "*Balikatan* has been one of the early victims of Duterte's desire to rebalance Philippine foreign policy, which has meant less dependence on its traditional ally the United States relative to newer partners like China and Russia and has led to the cancellation of some drills and the refocusing of others."⁸⁸

⁸⁶ Robert G. Sutter and Chin-Hao Huang, "Beijing Presses Its Advantages," *Comparative Connections* 13, 3 (September-December 2017). p. 43.

⁸⁷ Raul Dancel, "U.S. and Philippines Begin Scaled-Down Military Drills: This Year's Exercise Focuses on Disaster, and Terrorism, Instead of External Threats," *The Strait Times* (19 May 2017). p. 1. <http://0-search.proquest.com.lib1000.dlsu.edu.ph/docview/1896611926/fulltext/E16FA4E157914CCBPQ/15?accountid=28547>

⁸⁸ Prashanth Parameswaran, "How Significant is the 2017 U.S.-Philippines *Balikatan* Military Exercise?" *TCA Opinion* (16 May 2017). p. 1. <http://0-search.proquest.com.lib1000.dlsu.edu.ph/docview/1898743286/A261FE21069D4E6EPQ/27?accountid=28547>

Unravelling the Geo-Political Agenda

From 2011 to 2016, former President Aquino pursued a balancing policy on China as he promoted closer security cooperation with the U.S. This policy could be traced back to 2011 when he stood up to China's expansive claim and heavy-handed behavior in the South China Sea. He ordered the AFP to focus on territorial defense, fostering deeper Philippine-U.S. security arrangements, acquiring American military equipment, and seek from Washington an unequivocal security guarantee under the 1951 MDT. The most significant offshoot of this foreign policy is the EDCA, which provides American forward-deployed forces strategic rotational presence in the Philippine territory, as well as extensive access to Philippine military facilities. The agreement has been forged to strategically constrain China, which has stepped up its territorial foothold in the South China Sea.

President Duterte's pronouncements and actions are reversing President Aquino's geo-political agenda of balancing China's expansive claim in the South China Sea. He distances his country from its long-standing treaty ally and gravitates toward an emergent regional power bent on effecting a territorial reconfiguration in East Asia. This is shown by his efforts to harness China for several major infrastructure and investment projects in the Philippines and to resort to bilateral negotiations with Beijing. However, President Duterte's appeasement policy was initially hampered by two factors. First, Chinese analysts and decision-makers cynically view President Duterte's pronouncements as mere posturing aimed to please Beijing rather than a realistic plan. Second, China's refusal to extend territorial concessions to the Philippines stems from its original and unwavering position never yield what it considers its sovereign rights to waters, reefs, and rocks so close to the Philippine coast.

Strategically, President Duterte shows his sensitivity to Chinese security interests. He distances his country away from the U.S. by watering down the Aquino Administration's balancing policy on China. He terminated joint patrols in the South China Sea, limited the scope and reduced the number of interactions between the Philippine and U.S. militaries, and threatened to unilaterally abrogate the EDCA. Interestingly, President Duterte finds it necessary to keep the Philippine-Japan security partnership intact. The Philippines continues to accept Japanese security assistance to boost the capabilities of the PN and the PCG. For the Philippines, keeping its security partnership with Japan intact is necessary because it remains the country's most important trading partner, its largest investor, and the home of several thousands of Overseas Filipino Workers (OFWs) and the millions of dollars of remittance income they send home each year, an important

boost to the local economy. Furthermore, Japan is the only country in the Western alliance that maintains a healthy and cordial relationship with the Philippines, making it an important countervailing force to an expected increase in Chinese influence in the light of President Duterte's efforts to gravitate closer to China's economic orbit.

Unfortunately, the Duterte Administration's current pronouncements and actions indicate a shift from a tactical to a strategic appeasement of China. Instead of correcting the imbalance in the Philippine relations with the two great powers, President Duterte aims to replace the U.S. with China as the country's main strategic ally. This is reflected in President Duterte's statements expressing his sense of helplessness in the face of China's militarization of the rock and land features in the South China Sea, his continuing tirades against the U.S., and recently, his efforts to rebalance Philippine foreign policy by gravitating to the orbit of America's strategic competitors like Russia and China while at the same time, degrading the country's traditional close security ties with the U.S. If left unchecked by the U.S. and its East Asian allies such as Japan and Australia, the combination of China's growing economic importance and its demonstrated power to militarize several land features in the disputed waters might cause the Philippines to break its strategic relationship with the U.S. Eventually, the Philippines will end up fostering mutual security and economic interests with its former adversary in the South China Sea dispute—China.

