

CHAPTER 4

Traversing Turbulent Waters: The Philippines' Evolving Indo-Pacific Strategy

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Introduction

Since assuming office in June 2022, President Ferdinand Marcos Jr. has undertaken a significant recalibration of the Philippines' foreign and security policy to align with new strategic objectives. Under the banner of an independent foreign policy, his administration has reinvigorated its alliance with the United States while simultaneously adopting a more assertive stance toward China, particularly concerning the South China Sea. Beyond the confines of the U.S.-China rivalry, the Philippines has also deepened security cooperation with key Indo-Pacific states, including Australia, India, Japan, and South Korea.

This strategic pivot surprised both domestic and international observers, given that Marcos Jr. campaigned on a platform of policy continuity with his predecessor, Rodrigo Duterte. Duterte's administration embraced China unconditionally while taking an adversarial stance toward the United States and the European Union, even initiating the abrogation of the Philippines-U.S. Visiting Forces Agreement, a fundamental pillar of the region's oldest military alliance. In contrast, Marcos Jr. has reasserted the country's traditional commitment to upholding a rules-based international order, encapsulated in his "friends to all, enemies to none" foreign policy doctrine.²

However, several critical questions emerge regarding the long-term viability of this foreign policy direction. Can the Philippines sustain its current trajectory under Marcos Jr. amid an increasingly unstable regional security environment? To what extent might domestic political developments disrupt the government's ability to maintain strategic coherence? Addressing these questions is essential for assessing the country's security outlook, which demands strategic foresight, bureaucratic discipline, and effective statecraft. Nevertheless, as a small regional power grappling with persistent political and economic challenges, the Philippines' strategic position remains highly susceptible to external developments beyond its direct control.

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² Aries A. Arugay, and Ian Storey, "A Strategic Reset?: The Philippines-United States Alliance under President Marcos Jr.," *Perspective*, ISEAS-Yusof Ishak Institute, 2023/40.

More Uncertainty in the Regional Strategic Environment

Although Marcos Jr. initially signaled continuity with his predecessor's policies, his swift moves to re-engage with the United States introduced new complexities in the Philippines' approach to its principal strategic challenge: navigating the intensifying U.S.-China rivalry in the Indo-Pacific. The president, as the country's chief architect of foreign policy, wields significant authority in shaping strategic decisions. In this sense, foreign policymaking in the Philippines is both a highly personal endeavor and the product of institutionalized processes.³

The shift in policy, however, extends beyond personalizing decision-making or leveraging the alliance for political gain. Since 2016, the Indo-Pacific region has faced increasing instability due to the escalating tensions between the United States and China, drawing other regional actors into a widening geopolitical contest. As Marcos Jr. observed, "we are now confronted with a different and complex security environment, which brings with it new challenges that require us to adapt." The Philippines' geopolitical concerns now extend beyond the South China Sea to the Taiwan Strait, marking a stark departure from Duterte's foreign policy approach. Marcos Jr. has articulated his firm belief that strengthening the alliance with the United States is critical to enhancing the Philippines' national security and strategic posture. Emphasizing the enduring significance of this relationship, he stated, "I cannot see the Philippines in the future without having the United States as a partner. When we are in crisis, we look to the United States."⁴

This foreign policy "new normal" should not be mistaken for a simplistic shift from China back to the United States. The notion of a binary foreign policy approach misrepresents the Marcos Jr. administration's strategic recalibration. Thus far, the administration has not explicitly adopted a confrontational posture toward China. Instead, it has pursued a diversified strategy that strengthens security ties with like-minded states while reaffirming the country's commitment to a rules-based international order—an approach that aligns with the Philippines' historical foreign policy trajectory.⁵

Paradoxically, the 2023 National Security Policy (NSP) under Marcos Jr. bears notable similarities to the defense and security orientations of the Aquino administration (2010–2016), despite the historical political rivalry between the Aquino and Marcos families. Unlike Duterte's security priorities, which were centered on domestic law enforcement—particularly the war on drugs, criminality, and counterinsurgency—the NSP has reoriented national security toward external defense and regional stability. For the first time, the policy explicitly defines the Philippines as an archipelagic and maritime nation, placing the protection of its maritime borders at the core of its national security

³ Bich T. Tran, "Presidential Turnover and Discontinuity in the Philippines' China Policy," *Asian Perspective* 43, no. 4 (2019): 621-646.

⁴ Arugay and Storey, p. 2.

⁵ Aries A. Arugay, "Philippines: A New Leader and a New Strategic Policy", *CSCAP Regional Security Outlook 2024*. Council for Security Cooperation in the Asia-Pacific, 2023, pp. 67-70.

strategy. As commander-in-chief, Marcos Jr. has underscored the Armed Forces of the Philippines' primary mission as territorial defense, identifying Chinese incursions in the West Philippine Sea as the foremost external security threat.⁶

To operationalize this shift, the Marcos Jr. administration has moved decisively to revitalize the Philippines-U.S. alliance through regular high-level engagements, policy coordination, and enhanced security cooperation. One of the most significant outcomes of this effort has been the reinvigoration of the Enhanced Defense Cooperation Agreement (EDCA). To Beijing's dismay, EDCA now includes an additional site in the northeastern frontier of the Philippines, strategically proximate to the Taiwan Strait and forming part of the "second island chain," where Chinese military activity has already been observed. Once fully implemented, EDCA will facilitate the first major deployment of U.S. troops on Philippine soil since the closure of American military bases in 1992.⁷

Predictably, the decision to expand U.S. military access in the Philippines has drawn criticism from China, as well as from pro-Beijing Filipino politicians who argue that such measures invite unnecessary escalation and external aggression. However, Marcos Jr.'s firm stance on alliance revitalization effectively neutralized these dissenting voices. The policy shift has been widely welcomed within the Philippine defense establishment, which views a strengthened alliance with the United States as essential to accelerating military modernization. Moreover, public sentiment in the Philippines remains overwhelmingly pro-American, fueled by deep-seated distrust toward China.

The Biden administration has responded by reaffirming the Philippines as an "irreplaceable ally," extending America's "ironclad" security commitment to Manila, particularly in the South China Sea. The Bilateral Defense Guidelines issued in May 2023 serve as an update to the 1951 Mutual Defense Treaty, outlining a long-term trajectory for the alliance. These guidelines explicitly extend U.S. security assurances to include a broader spectrum of contingencies, including attacks on non-military Philippine assets, such as coast guard vessels, in the South China Sea.⁸

In less than three years, Marcos Jr. has overseen a dramatic recalibration of the Philippines' strategic policy, significantly improving its security position. However, history has demonstrated that Philippine-U.S. relations have often alternated between phases of heightened engagement and periods of strategic ambivalence. The challenge ahead is to institutionalize this renewed momentum into long-term security commitments. Ensuring that alliance cooperation remains insulated from domestic political fluctuations will be critical in preventing future political actors from reversing these gains or

⁶ Alexander C. Tan, "The Philippines in 2023: Politics, Economy, and Foreign Affairs under Marcos Jr." *Asian Survey* 64, no. 2 (2024): 299-307.

⁷ Aries A. Arugay, "The Curious Case of Cagayan: Localization of U.S.-China Rivalry in the Philippines", *Fulcrum*, 6 April 2023, <https://fulcrum.sg/the-curious-case-of-cagayan-localisation-of-u-s-china-rivalry-in-the-philippines/>.

⁸ Arugay and Storey, p. 3.

undermining the country's evolving security posture.

A New Approach to the South China Sea

To China's surprise and irritation, the Marcos Jr. administration continued and even expanded its approach to characterizing its legitimate claims in the South China Sea. This new policy has three components: transparency, coherence, and collaboration. Unlike the Duterte administration that dealt clandestinely with China on this issue, the current government did not just silently file diplomatic protests regarding China's incursions in the SCS. Because of this, the entire world has borne witness to China's tools of harassment, intimidation and bullying such as lasers that seek to temporarily blind the Philippine Coast Guard (PCG), water cannons, and even floating barriers in Scarborough Shoal to prevent access by Filipino ships. As journalists can report on each instance of unlawful Chinese activity, it was not difficult to rally both domestic public opinion and even international support to the side of the Philippines. Marcos Jr. also did not hesitate to summon the Chinese ambassador several times to 'account' for such behavior.⁹

The most severe clash between the two countries since the 2019 ramming incident was in October 2023 when a Chinese Coast Guard ship rammed a Filipino ship on a rotation and resupply mission to the Ayungin/Second Thomas Shoal which is part of the Philippines' exclusive economic zone. Such aggression was immediately revealed by the government and was immediately condemned by the country's allies and strategic partners.

This new approach was also seen as more coherent with the entire government speaking with one voice rather than the confusing cacophony of contradictory bureaucratic positions that one saw during the Duterte administration. And finally, rather than treat this as a matter solely between China and the Philippines, the Marcos Jr. administration welcomes assistance from other like-minded countries in improving its maritime security in the SCS.

Marcos Jr.'s new SCS policy seems to be delivering substantial gains as the Philippines has caught the world's attention by being a small country with a highly limited security sector standing up to an assertive superpower in the SCS. Sceptics, including pro-Beijing voices, however, are wary that this is a dangerous move as it can invite further escalation as the superpower is unlikely to de-escalate its maneuvers in the SCS. However, the main challenge seems to lie in the ability of the Philippines to maintain control of its strategy in the SCS and not to be lured by other major powers to do things that may not serve the country's interests. Similarly, the generous supply of hardware and other forms of security assistance to the Philippines to improve its maritime situation must be also carefully processed

⁹ Ibarra, E.J.A. and Arugay, A.A. "Something Old, Something New: The Philippines' Transparency Initiative in the South China Sea", Perspective, ISEAS-Yusof Ishak Institute, 2024/27.

and incorporated into its own defense planning. In other words, the Philippines under Marcos Jr. must ensure that it remains in charge and calling the shots as far as its own national security is concerned.¹⁰

More Strategic Partners

Few anticipated that President Ferdinand Marcos Jr. would initiate deeper security cooperation between the Philippines and other Indo-Pacific states. Rather than being constrained by the U.S.-China dichotomy, the administration has pursued an expanded network of strategic partnerships with like-minded countries. This shift reflects a broader effort to strengthen the Philippines' regional security posture while maintaining flexibility in its diplomatic engagements.

One of the most notable developments has been the elevation of Philippine-Australian relations to a comprehensive strategic partnership in 2024. The active implementation of their visiting forces agreement is expected to enhance security collaboration through joint military exercises, intelligence-sharing, and capacity-building initiatives. Beyond defense cooperation, this partnership also extends to economic cooperation and increased people-to-people exchanges, further strengthening bilateral ties.¹¹

The Philippines has also achieved a significant milestone in its security relationship with Japan. Given their shared concerns over China's growing assertiveness in the region, both countries have initiated negotiations for a Reciprocal Access Agreement (RAA), a defense pact designed to streamline military cooperation and facilitate logistical interoperability between their armed forces. Japan has long been a trusted economic partner and aid provider for the Philippines. Under Marcos Jr., multiple Japanese-assisted infrastructure projects have been implemented, reinforcing bilateral ties. This strategic collaboration is particularly relevant as the Philippines reduces its reliance on China's Belt and Road Initiative and diversifies its economic and security partnerships.

Beyond its partnerships with Australia and Japan, the Philippines is actively pursuing deeper security cooperation with India, South Korea, and ASEAN member states. While the United States remains a central pillar of the Philippines' national security strategy, Marcos Jr.'s complementary diversification strategy is designed to mitigate uncertainties in U.S. foreign policy and reduce overdependence on a single strategic partner. Notably, the trilateral security cooperation between the Philippines, Japan, and Australia has emerged as a promising regional security minilateral, with significant potential for

¹⁰ Maria Gabriela Alano and Deryk Baladjay, "The Philippines and West Philippine Sea: Bringing Deterrence Into the Picture," *Fulcrum*, 15 August 2024, <https://fulcrum.sg/the-philippines-and-west-philippine-sea-bringing-deterrence-into-the-picture/>.

¹¹ Lowell Bautista, "The Philippines-Australia Strategic Partnership in an Era of Geopolitical Realignment," *Fulcrum*, 21 March 2024, <https://fulcrum.sg/the-philippines-australia-strategic-partnership-in-an-era-of-geopolitical-realignment/>.

enhancing collective deterrence and defense capabilities.¹²

The Philippines and Japan: A Closer Partnership

On 8 July 2024, Japanese Foreign Minister Kamikawa Yoko and Philippine Defense Secretary Gilberto C. Teodoro Jr. signed the RAA between their two countries. This landmark agreement was recognized as a significant step toward enhancing a rules-based international order and promoting peace and stability in the Indo-Pacific. The RAA builds on the momentum of security initiatives undertaken by the Marcos Jr. administration, including the inaugural Japan-Philippines-United States trilateral summit in April 2024 and the second Australia-Japan-Philippines-United States quadrilateral defense ministers' meeting in May 2024. In both meetings, leaders expressed concerns over China's increasingly assertive behavior in the South China Sea and East China Sea, reaffirming their commitment to a free, open, secure, and stable Indo-Pacific.

For the Philippines, Japan is only the third country with which it has signed such an agreement, following the visiting forces agreements with the United States in 1998 and Australia in 2007. Given the evolving security landscape in the Indo-Pacific, the RAA represents a strategic milestone, complementing the existing alliance system and strengthening the Philippines' defense partnerships.¹³

Although formal negotiations for the RAA began in November 2023, discussions for a similar agreement date back to November 2015, during the final months of President Benigno Aquino III's administration. However, these efforts were disrupted when Rodrigo Duterte took office in 2016 and shifted the country's foreign policy toward closer ties with China. Duterte's administration deprioritized security cooperation with Japan, despite China's continued assertiveness in the South China Sea. It was not until the final year of Duterte's presidency that Manila reconsidered its approach. In April 2022, during the inaugural Japan-Philippines Foreign and Defense Ministerial Meeting (2+2), both countries reaffirmed their commitment to strengthening defense ties, including through agreements that would facilitate military cooperation.¹⁴

Following President Ferdinand Marcos Jr.'s visit to Japan in February 2023, Manila and Tokyo formally committed to the RAA. Negotiations progressed swiftly, particularly after Japanese Prime Minister Fumio Kishida's visit to the Philippines in November 2023, which coincided with Japan's provision of a coastal surveillance radar system under its Official Security Assistance framework.

¹² Justin Baquisal, "You Can't Put the Genie Back in the Bottle: Marcos Jr.'s Defence Cooperation Policy," *Fulcrum*, 20 March 2023, <https://fulcrum.sg/you-cant-put-the-genie-back-in-the-bottle-marcos-jr-s-defence-cooperation-policy/>.

¹³ Arugay, A.A. and Galang, Mico A. "The Japan-Philippines Reciprocal Access Agreement: Complementing and Cementing the Hub-and-Spokes System", Perspective, ISEAS-Yusof Ishak Institute, 2024/70.

¹⁴ Aries A. Arugay and Mico A. Galang, "The Philippines-Japan Security Relationship: A New Golden Age?", *Fulcrum*, 16 November 2023, <https://fulcrum.sg/the-philippines-japan-security-relationship-a-new-golden-age/>.

The RAA represents a significant evolution in Japan-Philippines security relations. Historically, their ties were primarily focused on economic and development cooperation. However, since the 2010s, both countries have increasingly emphasized the strategic dimensions of their relationship in response to shifting geopolitical dynamics in the Indo-Pacific.

The evolving Indo-Pacific security framework consists of two major components: the U.S.-led system of alliances and multilateral platforms for dialogue and cooperation, particularly those spearheaded by ASEAN. For much of the post-Cold War era, the U.S.-led alliance system has played a crucial role in maintaining regional stability, enabling economic development across Asia, including China.

As the regional security environment becomes increasingly complex, the U.S.-led alliance system must adapt to the shifting balance of power between Washington and Beijing. While the continued presence of the United States in the region is widely welcomed, it may not be sufficient in deterring China's assertive actions, particularly in the South China Sea. This underscores the need for greater security cooperation among U.S. allies and strategic partners. Unlike Europe, which benefits from the NATO collective defense framework, the Indo-Pacific lacks a comparable overarching security mechanism, making bilateral and trilateral partnerships crucial for regional stability.

As China has pursued expansionist policies using both military and non-military tools, states with shared security concerns have sought to strengthen their defense relations. In 2017, Australia, India, Japan, and the United States revived the Quadrilateral Security Dialogue (Quad), emphasizing a commitment to a free, open, and rules-based Indo-Pacific. In 2021, the trilateral security partnership between Australia, the United Kingdom, and the United States (AUKUS) was established, providing Australia with nuclear-powered submarine capabilities. In 2023, Japan, South Korea, and the United States held their first independent trilateral summit to ensure greater strategic alignment in the Indo-Pacific. Additionally, in April 2024, Japan, the Philippines, and the United States convened their first trilateral summit, agreeing to launch the Luzon Economic Corridor. This summit was preceded by a Maritime Cooperative Activity involving Australia, Japan, the Philippines, and the United States.¹⁵

Amid these evolving security partnerships, the RAA between Japan and the Philippines plays a complementary role in advancing a rules-based international order and strengthening regional deterrence.

Strategic Implications of the RAA

First, the agreement enhances defense diplomacy between Japan and the Philippines. By establishing a legal framework for Japanese Self-Defense Forces to operate in the Philippines, Tokyo can deepen

¹⁵ Arugay and Galang, "The Japan-Philippines Reciprocal Access Agreement," p. 2.

its cooperation with the Armed Forces of the Philippines through joint training exercises, intelligence-sharing, and maritime security coordination. Given that the RAA is a reciprocal agreement, it also facilitates similar engagements for Philippine defense personnel in Japan.

Second, the RAA reinforces broader security ties among the United States, Japan, and the Philippines. As the third such agreement signed by the Philippines, it expands Manila's defense network and complements existing agreements such as the visiting forces agreements with the United States and Australia. Japan's participation in security exercises such as Balikatan—previously as an observer—can now be formalized, further integrating Japan into regional security cooperation. The agreement also raises the possibility of Japanese involvement in U.S.-Philippines security initiatives under the Enhanced Defense Cooperation Agreement, should Washington and Manila agree to such an arrangement.

Third, the RAA enables Japan and the Philippines to provide mutual support in times of crisis. For instance, when Super Typhoon Haiyan devastated the Philippines in 2013, the United States was able to deploy its military for disaster relief operations swiftly due to existing legal frameworks. With the RAA in place, Japan and the Philippines can now expedite military-led humanitarian assistance and disaster response efforts in each other's territories.¹⁶

The RAA provides a critical mechanism through which Japan and the Philippines can enhance their capabilities to address shared security threats, particularly those posed by China in the maritime domain. Unsurprisingly, China has criticized the RAA, perceiving it as a step toward "bloc confrontation" or a rekindling of Cold War dynamics. Chinese state media, including the *Global Times*, has characterized the agreement as a strategic maneuver orchestrated by the United States, allegedly using the South China Sea issue to contain China, with Japan and the Philippines acting as mere proxies. According to Beijing, the RAA is primarily a tool for Washington to exert influence over its allies amid its broader strategic competition with China.¹⁷

This portrayal, however, overlooks a fundamental aspect of the RAA: it is a manifestation of the strategic agency of Japan and the Philippines. Both countries have legitimate security concerns—concerns that happen to align with the interests of the United States—regarding China's increasingly assertive behavior in the maritime domain. The Philippines faces direct challenges from overlapping maritime and territorial claims with China in the South China Sea, while Japan has an ongoing territorial dispute with China over the Senkaku Islands (known in China as the Diaoyu Islands) in the East China Sea. Additionally, both nations are keenly aware of the potential risks associated with any

¹⁶ Arugay and Galang, "The Japan-Philippines Reciprocal Access Agreement," p. 3.

¹⁷ Jason Gutierrez, "In China's shadow, Philippines and Japan sign groundbreaking defense pact," *Benar News*, 8 July 2024, <https://www.benarnews.org/english/news/philippine/philippines-japan-defense-pact-07082024050049.html>.

escalation in the Taiwan Strait, given their proximity and strategic interests.

More broadly, Japan and the Philippines, alongside Taiwan, are key components of the “first island chain,” a critical geopolitical zone that China seeks to dominate to shift the regional power balance in its favor. By establishing the RAA, Manila and Tokyo are not simply yielding to external pressure from another power. Instead, they are exercising their strategic autonomy to collaboratively address the security challenges they face. This agreement reflects a proactive effort by both countries to safeguard their maritime interests and enhance regional stability amidst an evolving security environment.

The Japan-Philippines RAA marks a historic step in their defense relations, as it is the first such agreement Japan has signed with an Asian country. The agreement underscores the Philippines' growing role as a key partner in Japan's regional security strategy and demonstrates the broader shift in Japan's defense posture in Southeast Asia.

The successful implementation of the RAA has the potential to significantly enhance both countries' defense and deterrence capabilities. It also complements broader regional efforts to uphold a rules-based international order. As strategic competition between major powers intensifies, Japan and the Philippines must ensure that their evolving security partnership remains resilient and adaptable to emerging geopolitical challenges.

Challenges and Prospects

Unlike many of its Southeast Asian neighbors, the Philippines under President Ferdinand Marcos Jr. has not pursued a strategy of “strategic decoupling”—a policy of engaging China economically while reinforcing security ties with the United States. The Duterte administration attempted such an approach, but it ultimately failed to yield favorable results for the country. While China remains the Philippines' largest trade partner, the Marcos Jr. administration appears increasingly wary of Beijing's capacity for economic coercion, coupled with its growing assertiveness in advancing its maritime claims. As the Philippines adopts a more assertive stance, it must simultaneously develop contingency measures to mitigate potential Chinese retaliatory actions, whether through economic pressure or other instruments of state power.

While the Marcos Jr. administration remains dependent on the United States for security, it must ensure that its reliance does not become excessive. History has demonstrated that domestic political shifts in Washington can quickly alter U.S. strategic priorities in the Indo-Pacific. However, the impact of domestic politics is a two-way dynamic. Political instability within the Philippines has, at times, hindered the country's ability to maintain a coherent foreign policy. If Marcos Jr. faces significant political challenges at home, his capacity to advance national interests on the international stage may weaken, potentially affecting regional stability. To address this, the United States and other security

partners should complement their defense assistance with economic initiatives that support public order and sustainable governance. A persistently weak economic outlook could diminish the resolve of Filipino political leaders to sustain the country's strategic trajectory. Although maritime security in the South China Sea remains a top priority, the Philippines also faces a range of interconnected security and development challenges, including internal peace and order, terrorism, organized crime, natural disasters, food insecurity, and energy vulnerabilities.

Recognizing the need for a more robust national defense posture, the Marcos Jr. administration has prioritized key military and security enhancements. These efforts include improving maritime domain awareness, modernizing defense capabilities, and preparing for potential regional security contingencies. In 2024, the Philippines significantly expanded its international security partnerships. This included a comprehensive partnership with Australia, a new trilateral security arrangement with the United States and Japan, and defense agreements with Germany, Sweden, and Singapore. A major milestone in this strategy was the signing of the RAA with Japan, which functions similarly to a visiting forces agreement and strengthens bilateral defense commitments. While the RAA still requires parliamentary ratification in both countries, it represents a foundational pillar in the Philippines' evolving defense strategy. Additionally, within ASEAN, the Philippines has positioned itself as the closest partner of the Quad, composed of the United States, Japan, Australia, and India.

The Marcos Jr. administration has achieved notable progress in reshaping the country's security and foreign policy direction. However, sustaining this momentum will require continued discipline and cohesion within the government and among its political allies. One of the most pressing concerns is Beijing's persistent influence operations, aimed at fostering pro-China sentiment among Philippine political elites. This influence should be recognized as a potential threat to national security, as internal actors sympathetic to Beijing could undermine the country's strategic interests. Left unaddressed, such vulnerabilities could jeopardize the Philippines' current security policies. After all, external threats are less formidable when internal divisions weaken a nation's ability to defend its interests.

Marcos Jr.'s foreign policy represents a significant departure from the China-centric orientation of his predecessor, instead adopting a more comprehensive and strategic approach to regional security. However, ongoing Chinese assertiveness in the West Philippine Sea, coupled with domestic governance challenges—such as the Alice Guo case—highlight the complexities of managing both external threats and internal vulnerabilities. While the administration has taken decisive steps in strengthening international security partnerships and bolstering national defense, the broader challenges of maritime security and foreign influence require sustained vigilance and long-term strategic planning.