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Philippines' Defence Build-up: Revival of the Self-Reliant Posture

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Synopsis

The Philippines has embarked on a surge in defence spending to modernise its military capability. The Department of National Defence also plans to revive its four decade old policy push towards defence industrial self-sufficiency.

Commentary

The Philippines has embarked on a surge in defence spending under President Benigno Aquino III, who, in his first formal address in July 2010, vowed to modernise the Armed Forces of the Philippines (AFP) for both territorial defence and disaster relief missions.

In his first months as president, Aquino disbursed more than \$395 million on AFP modernisation projects compared with an average of only US\$51 million annually during the previous 15 years. Some 140 procurement projects valued at US\$1.6 billion were being considered for funding by end July 2012. Having acquired decommissioned coast guard cutters from the US and basic trainer aircraft and combat utility helicopters from Italy and Poland, the Department of National Defence (DND) is looking to South Korea, Spain and France as possible suppliers.

This increase in defence spending from 2011 is a big leap from its previous poorly funded status, at just \$1.2 billion per year. It is partly driven by the increased effort to eliminate domestic insurgency and in reaction to the threat of China's military buildup. The increased expenditure is also related to the country's robust economic growth, 6.4% in the first quarter of this year.

Revival of Self-reliant Defence Posture

The DND plans to revive the Self-Reliant Defence Posture (SRDP) as part of its Capability Upgrade Program, focused on securing indigenous production of weapon systems, platforms and armaments. The SRDP was initiated in 1974 by President Ferdinand Marcos to meet the immediate need for military hardware to support the AFP's mission against the escalating secessionist movement in southern Philippines and the insurgency by the New People's Army in the 1970s. The SRDP served as the necessary mandate to uphold the sovereignty of the state through non-dependent protection of the national territory. Its underlying mission was to develop a local defence industry to support material requirements of the AFP.

Although in the early years the program enjoyed some success, with 15 defence corporations supplying military hardware to the AFP, the Philippines later lost its way in ensuring the provision of broad-based security. The country's resilience faced a series of testing challenges including coup de tats, terrorism and insurgencies, natural disasters, as well as threats to sovereignty such as the Mischief Reef incident.

The Philippines today finds itself as one of the weakest members of ASEAN in both military capability and defence expenditure. The Philippines' defence and security sector is one of the worst resourced in Southeast Asia. The AFP is in the ignominious position of scraping together resources to maintain the operability of its remaining aging aircraft and warships. The Philippines Navy is in a sorry state with most of its warships of World War II vintage. As an archipelagic country comprising 7,107 islands, the Navy badly needs ships to patrol its vast territorial waters.

After over four decades the SRDP has failed to achieve any of its objectives. Except for some companies like ARMSCOR, most private defence corporations have found it difficult to sustain production, due to insufficient defence acquisition budgets, graft, corruption, inflation and a lack of support from the national leadership. The malaise in the Philippines defence sector was revealed in a 2003 Joint Defence Assessment Report that examined the performance of the AFP in the long running battle against the insurgents, as a means of determining the degree and nature of technical assistance, field expertise and funding from the United States.

Stimulus or Drag on Development?

Manila is exploring whether a defence build-up might benefit both the AFP and the country's economic and social development. Research has shown that military spending stimulates economic activity, creating beneficial economic and technological spin-offs to local industry. In essence, successful defence reform requires rapid economic growth, and vice versa.

The challenge for the government is to be more creative in managing its defence resources to ensure a meaningful contribution to broader national security capability. For years, government institutions, the defence department included, have been plagued with corruption and financial mismanagement.

From neighbouring countries, two lessons can be learned. One is to encourage technology transfer through acquisition-related offsets. In this regard, Indonesia is currently seeking to implement its first official offset policy, having the potential to leverage acquisition-related investment through Jakarta's strong trading ties with the United States and South Korea.

Second, is to look at Singapore's defence industry and R&D efforts in terms of integrating systems from diverse sources and tailoring them to specific local requirements. If funds are appropriately channeled and properly managed, SRDP can be developed and enhanced to promote a local defence industry that can offer employment opportunities, improve the woefully low level of Philippine technological expertise, and thus eventually support both defence and development.

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