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The Philippines' Security Outlook

By Charmaine Misalucha-Willoughby

SYNOPSIS

While there are nascent indicators, the new Marcos administration has yet to demonstrate a clear strategy for dealing with the competitive dynamics between China and the US, implications of the war in Ukraine, and mounting economic challenges on the domestic front. This has clouded the security outlook for the Philippines.

COMMENTARY

In May 2022, the Philippines elected Ferdinand “Bongbong” Marcos, Jr. as president. Marcos is the son of the former leader and his namesake who ruled the country from 1965 to 1986 in what is documented as one of the most violent periods in Philippine history.

Marcos' campaign relied heavily on an intricate information ecosystem, which he utilized for years before the 2022 election. Coordinated amplification online depicted the martial law years under his father's rule as the “golden age” of the country.

The information network also emphasized the Marcos family's success. The underlying narrative on which his entire campaign ran on was that the opposition stymied the country's development, and that Filipinos now need to unite to continue enjoying what his father started.

In many ways, therefore, Bongbong's bid to the presidency is a means to restoring the family's name and image in Philippine history. Restoration is one thing, but effective governance requires a careful balancing act to navigate geopolitical challenges. While there are nascent indicators, the new Marcos administration has yet to demonstrate a clear strategy for dealing with great power competition.

Navigating the US-China Competition

A major factor in the Philippines' security outlook is the US-China competition. Members of the Philippine strategic community are cognizant of the implications of the rivalry, which is an especially sticky situation because the Philippines has a longstanding alliance with the US and is economically dependent on China.

A complicating factor that overshadows the Philippines' outlook is the South China Sea issue. Instead of leveraging the 2016 arbitration award in favour of the Philippines, former President Rodrigo Duterte's "independent foreign policy" entailed a pivot towards China and away from the US.

Closer ties to China meant lowering tensions in the South China Sea, gaining support for the war on drugs, and receiving investment pledges that fueled the Duterte administration's flagship 'Build, Build, Build' programme. The costs of this foreign policy, however, were too great.

For one, investment pledges did not translate to infrastructure projects. Another collateral damage was the alliance with the US when Duterte initiated the abrogation of the Visiting Forces Agreement (VFA). The VFA and the alliance have since been restored but downplaying the arbitration award also meant that discussions on the South China Sea were marginalized during the Philippines' ASEAN chairmanship in 2017, maritime incidents involving Chinese militia and Filipino fishermen were understated, and the patrols and presence of the Armed Forces of the Philippines and the Philippine Coast Guard in the West Philippine Sea were severely constrained.

In contrast to Duterte, Marcos seems more inclined to put the South China Sea front and centre. In his first State of the Nation Address in June 2022, he put his foot down about "not giving up an inch" of Philippine territory to any foreign power. The strong stance stood out in a positive way.

At the same time, however, it obscured the concrete steps that are necessary to achieve that objective. He made no mention of the 2016 arbitration award, and neither did he indicate the platforms that the Philippines could use to leverage the award. The devil is in the details, and the lack thereof stand out in Marcos' foreign policy to date.

Dealing with the Ukraine Crisis

A second factor in the Philippines' security outlook is the Russia-Ukraine crisis. When the invasion took place in February 2022, Duterte was still sitting as president and his immediate response was to stay neutral, arguing that it was not the Philippines' battle and thus not taking sides would translate to the country not getting dragged into a war.

Even though the Philippines eventually voted to support the UN resolution that condemned the invasion, Duterte's neutrality was understandable, considering his plans early in his administration to acquire weapons from Russia, including aircraft and submarines.

Similar to his approach to China, Duterte wanted to deepen the Philippines' bilateral relationship with Russia, which took the form of an expansion of defence relations, including port calls, naval exercises, and arms sales. A memorandum of agreement

was signed in 2017 that resulted in the exchange of Russian and Philippine defence attaches.

Under Marcos, the reinvigorated bilateral relationship with Russia, likewise did not bear fruit. The supposed submarine acquisition for the Armed Forces of the Philippines and the procurement of 17 Mi-17 heavy-lift helicopters were cancelled in light of the Ukraine crisis.

Marcos took on the presidency months into the invasion. By then, the inevitable impact of Russia's actions on global supply chains began to be more palpable. To fulfill the modernization programme of the Philippine armed forces, Marcos managed to secure an alternative supply from the US to fill the canceled Russian helicopter contract.

However, with mounting pressure from the OPEC+ to cut oil production by 2 million barrels per day of output, Marcos announced that he might need to turn to Russia to fulfill the Philippines' fuel requirements, this despite the rising number of states that have imposed sanctions on Russia.

This move puts the Philippines in an untenable position because its stance on defending the rules-based international order should be consistent with its position against China in the West Philippine Sea. If the Philippines continues to vacillate from one decision to another, the country then becomes an unreliable member of the international community. To be fair, Marcos does seem to portray the Philippines as an upstanding state: he says the right things at the right time and he does not go off-script, unlike his predecessor.

Despite some changes from the previous administration, many things remain the same. The Philippine economy, for instance, remains mired in debt. Largely due to borrowings during the COVID-19 pandemic, the Duterte administration left behind an outstanding debt of PhP12.79 trillion (roughly US\$223 billion). This is understandable, considering that the government's revenue collection was severely impacted by tight restrictions during the pandemic that almost completely dampened economic activity.

A month into Marcos' presidency, Philippine debt reached a new record of PhP12.89 trillion (US\$224 billion) in July 2022 and to PhP13.5 trillion (USD\$235 billion) in September 2022. The latest amount breached the Bureau of Treasury's programmed obligations for the year, although the country's debt-to GDP ratio has slightly improved from the first quarter of 2022. This is also to be expected now that the economy continues to recover from the pandemic.

The breach, however, not only means more debt repayment in the future, but also that the country will be more dependent on growth to repay its obligations. Higher taxes can be imposed to create new sources of revenues, but to make this sustainable, the Marcos administration's economic team needs to ensure that the resulting growth rate should be higher than the interest rates of loans owed by the government. Additionally, the groundwork should have already been done to introduce new revenue sources, and to do this, Marcos' team needs to be as transparent as possible.

In sum, the Philippines' security outlook has China and Russia in sight, with its alliance with the United States on the side. Driving this outlook are domestic considerations

regarding the Philippines' position in the South China Sea and the impacts of the disruption in global supply chains as a result of the Ukraine crisis.

These domestic pressures can be seen in the way the Marcos administration takes pain to differentiate itself from the previous presidency of Duterte. Nevertheless, the country remains deeply in debt and without a clear economic strategy, the Philippines' ability to navigate the post-pandemic geopolitical environment will be severely challenged.

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