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In Defense of the Spratly Islands: The Philippines' Bilateral Defense Policy Against a Looming China

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The Philippines' Bilateral Defense Policy against a Looming China

Eric Cruz

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April, 2015
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Abstract

This research paper examines how China’s encroachment of the Spratly Islands has forced the Philippines to increase their dependency on bilateral defense agreements with the United States. Beginning with the significance of the Asia-Pacific in the 21st century and its key waterway, the South China Sea, this paper examines the Spratly Island dispute beginning in 1995 and continuing to present. Both China’s actions in claiming territory and the Philippines’ strategy of intensifying their ties with the U.S. are detailed throughout. The Philippines have found it essential to take such actions as Chinese aggression has increased since 1995, despite appeals to international laws and norms. In conclusion, the research suggests that the South China Sea will continue to be the definitive body of water in the 21st century; the Philippines success or failure in stemming Chinese expansion into the Spratly Islands will serve as model for the future of the Asian seascape.
The Asia – Pacific

As described by the United States Pacific Command, “There are few regions as culturally, socially, economically, and geopolitically diverse as the Asia-Pacific.” Over fifty-percent of the world’s populations, speaking over 3,000 different languages live in the thirty-six nations which comprise the region. Asia houses two of the largest economies while at the same time ten of the fourteen smallest. It is a land of extremes: the largest democracy, the largest Muslim majority nation, the smallest republic, the largest city, and the most authoritarian state. In terms of militarization, Asia has seven of the world’s largest militaries and five nuclear-capable nations (USPACOM Area of Responsibility, 2015). There is little doubt that the definitive issues of the coming decades will arise from and be resolved within the Asia Pacific.

Southeast Asia and the South China Sea

Within this dynamic expanse lies South East Asia—the region which appears determined to shape the 21st century. The definitive ground within Southeast Asia is not land; it is water. As Robert Kaplan writes in his book, Asia’s Cauldron, “East Asia is a seascape—the physical contours of East Asia argue for a naval century.” This seascape has a crucial choke point, as Kaplan calls it: the throat of the Western Pacific and Indian oceans—the mass of connective economic tissue where global sea routes coalesce. The body of water referred to is the South China Sea (SCS). The SCS encompasses an area of approximately 1.4 million square miles, stretching from Eastern Sumatra and Borneo to the Strait of Taiwan. Nearly half of the world’s merchant fleet tonnage, a third of all crude oil and half of all liquefied natural gas will pass through the SCS this year.

Location is not the SCS’ only asset. There are seven billion barrels worth of oil reserves under the ocean floor and an estimated 900 trillion cubic feet of natural gas. Although the claims
are difficult to verify, if true, they would place the SCS second only to Saudi Arabia in terms of energy potential (Kaplan, 2014). Put simply, it is one of the most important bodies of water in the world (Overview: SCS, 2013). There is another category which the SCS fits into: the most contested body of water in the world. Claims over waterways are difficult to establish and even more difficult to enforce. Oceans, unlike land, are better at creating borders thus reducing the potential for conflict (Kaplan, 2014). Nonetheless, though small, there do exist geographic formations which have become the battlegrounds for domination in the SCS.

The Spratly Islands

Two hundred and fifty reefs, atolls, partially submerged rocks, and uninhabitable islands comprise the Spratly Islands, the highly sought after footholds which lie center of the SCS (Hogan, 2013). Currently, they encompass less than three square miles in total land. The archipelago rests west of Palawan, north of Malaysia and Brunei, and east of Vietnam. The majority are within either the Philippines’ or Malaysia’s 200 nautical mile Exclusive Economic Zone (EEZ) as established by the United Nations Convention on the Laws of the Sea (UNCLOS). There are currently six claimants to the islands: China, the Philippines, Vietnam, Malaysia, Taiwan, and Brunei (Q&A: SCS dispute, 2014). With such insignificant features, many are tempted to ask why countries would go through such great lengths to secure their claims? Naval War college professor, James Holmes, states:

The Spratlys [É] command enviable geographic positions, but they feature next to nothing in terms of the benchmarks of strength and resources. Many are uninhabited, habitable only if outside supplies are brought in. At most these small, resource-impoverished, hard-to-defend islets could play host to small units armed with antiship cruise missiles, providing the force that occupies them a sea-denial option vis-à-vis
passing merchant or naval traffic. These are tenuous positions for military forces in search of forward bases. (p. 40)

Holmes also goes on to explain that although the islands appear unpromising from a military perspective, China is best positioned and has by far been the most proactive to exploit what small advantages these islands offer. China has laid claim to the entirety of the SCS including the Spratly Islands and is moving to match claims with ability and to transform to the Islands into much less tenuous positions for their use as naval strongholds. As of 2014, China has placed some type of structure on a total of seven different shoals and reefs (Kaplan, 2014).

**China’s Claims in the South China Sea**

China’s claims are manifested in their nine dash line which snakes around the coast of Vietnam, south to Eastern Malaysia and then up the western coast of Palawan and Manila, ending at Taiwan. China harks back to its 2000 year history in which it claims it held undisputed sovereignty over the islands. In Beijing’s eyes, the SCS is, blue national soil (Kaplan, 2014).

While the claims may be historical, their physical manifestation is militaristic.

As of 2014, China has spent an estimated 131 billion on their defense budget. China now sits second only to the United States in defense spending, with many experts believing the figure to
be higher in reality. Further buildup of naval and coast guard capabilities include the acquisition of cruise and ballistic missiles, submarines, armed aircraft, and patrol craft (Martina & Torode, 2014). The Annual Report to Congress on the military and security developments involving China is very telling. It states that China’s People’s Liberation Army (PLA) is continually increasing its ability to “fight and win short-duration, high-intensity, regional military conflict.” The report notes:

The PLA also continued to improve capabilities in nuclear deterrence and long-range conventional strike; advanced fighter aircraft; limited regional power projection, with the commissioning of China’s first aircraft carrier, the Liaoning; integrated air defenses; undersea warfare; improved command and control; and more sophisticated training and exercises across China’s air, naval, and land forces. (Executive summary, para. 2)

The PLA Navy still shrinks in comparison to the United States; however, as the U.S. forces are decreasing, China’s are increasing. Rather than increasing in the purely traditional sense, China is diversifying their navy in what Kaplan describes as “niche capabilities” (p.14). Rather than acquiring large warships, China is focusing on ballistic missile technology and subsurface warfare aimed at denying the larger U.S. Navy the unimpeded access it has long enjoyed. China has a clear desire to project its power into the blue water area and military polarity is likely to decrease in the coming decades (Kaplan, 2014).

China understands the significance of the SCS and knows that in order to project its power into Asia it must dominate such a crucial body of water. In their analysis of several standoffs in the Spratly Islands in the late 1990 and early 2000s,Daojiong Zha and Mark Valencia write that China’s actions are, “not a surprise but a rationally calculated move by
Beijing, indeed a manifestation of China’s growing nationalism, economic power, and confidence.” Kaplan takes this a step further writing:

There is nothing unusually aggressive about anything China is doing. China is a great demographic and economic power, enjoying the geography of a vast continent with a long seaboard in the tropics and temperate zone. The fact that it seeks to dominate an adjacent sea crowded with smaller and much weaker powers, where there is a possibility of a plentitude of oil and natural gas is altogether natural. If it weren’t, great power politics over the course of the past few millennia would not have been as they are. (p. 43)

The control China is trying to exert over the SCS has caused many to draw comparisons between China in the SCS and United States in the Caribbean. While this comparison does draw several similarities, as both countries have sought to maintain dominance in their own maritime backyard, the analogy breaks down on two key points. First, China claims actual sovereignty over the territory including countries’ Exclusive Economic Zones. Second, while the U.S. largely denied foreign powers access to their maritime backyard, they never sought to marginalize Latin America’s claims in the way China has to its South East neighbors. China is also keenly interested in breaking through what is known as the “first island chain.” This chain stretches from southern Japan through Taiwan, the Philippines and south to Brunei and Malaysia. China sees these island groups as encircling the mainland and putting a cap on Chinese expansion. Control of the SCS would allow China to project its power beyond this chain.

**The Spratly Island Conflict: China and the Philippines**

The clearest picture of what is happening in the SCS is shown by the actions of three major contestants: China, the Philippines, and the United States. China’s behavior in the South China Sea should be analyzed through its physical encroachment of the Spratly Islands. From
naval and coast guard maneuvers, to land reclamation and construction on the islands, China is very intentional about its strategy in the SCS. The Philippines are taking the lead on what many other South East Asian nations are subtly vying for: increased U.S. presence in the SCS. Also, in tandem with almost all of the Philippines’ neighbors, they are increasing their maritime defenses through increased spending and acquisitions of vessels and aircraft. The Philippines, a former colony of the U.S., has laid claim to the Spratly Islands which fall within its 200nm EEZ since the 1950s, and does have the second and third largest islands under their control. The Philippines’ location is also crucial; it clearly marks the eastern edge of the SCS. The Philippines also has the distinction of being the only Spratly Islands claimant which has a formal alliance with the U.S. (Ortuoste, 2013). In short, though underdeveloped when compared to almost any of its neighbors, the fate of the Philippines will shape the sea scape in the SCS in the coming years (Kaplan, 2014).

The standoff between the Philippines and China beginning in 1995 has demonstrated the extreme disparity between the Chinese navy and the navies of its neighbors, of which the Philippines is one of the most underdeveloped. In terms of the two countries, China outweighs the Philippines in nearly every category. Therefore the Philippines’ response has been multifaceted but has avoided direct confrontation. Even the Philippines’ geography, which consists of three main islands has hindered attempts at a political unity and left the country vulnerable to expansive countries such as China (Kaplan, 2014). Their main efforts focus around gradually drawing the U.S. back into Philippine territory to deter Chinese aggression. The United States, through a series of bilateral talks and defense agreements with Manila, is slowly increasing their footprint in the troubled waters as part of the larger pivot to Asia.
**International Law**

To give the appearance that the Philippines have only sought bilateral talks with China or defense agreements with the U.S. would be an injustice to the Philippines’ strategy which has also sought to use and respect international laws in resolving the disputes. During many of the issues over the Spratly Islands, Manila has used the United Nations Convention on the Law of the Sea and the International Tribunal on the Law of the Sea to settle the dispute with mixed reactions from Beijing. The Association of Southeast Asian Nations has also been instrumental in providing a framework agreement as well as forums to peaceably resolve the disputes.

**The United Nations**

The U. N. Convention on the Law of the Sea (UNCLOS) seeks to settle all issues relating to the law of the sea. It covers laws and regulations from the twelve nautical miles of territorial sea guaranteed to every state to the definition of warships and submarines and right of innocent passage. The International Tribunal for the Law of the Seas is a judicial body created to rule in disputes arising out of the interpretation or application of the Convention on the Law of the Sea.

In relation to the disputes, Article 121 and Article 60 are key references. Article 121 specifies that an island is, “a naturally formed area of land” which would seem to preclude artificial or manmade islands from qualifying. Article 60 grants coastal states the right to construct artificial islands, installations, and structures within their EEZ; stipulations include that the state provide due notice of such activities.

Ian Storey of the Institute of Southeast Asian Studies in Singapore told the *Wall Street Journal* that China (which has created manmade islands) would not be able to use its new islands to solidify its claims in the area (Storey, 2013). Solidifying their claims in the eyes of the U.N. may not be Beijing’s main concern however. Philippine maritime affairs expert, Professor Jay
Batongbacal, pointed out in an interview that the tribunal won't be able to impose its ruling on China because the latter already said that it would not participate in or accept the results of the arbitration; in essence what the tribunal has is just moral suasion (Milla, 2015). Lastly, it should be noted that although the U.S. recognizes and largely abides by UNCLOS, it has never ratified the agreement.

**Association of Southeast Asian Nations**

The Association of Southeast Asian Nations or ASEAN is a political and economic union of ten Southeast Asian countries. The Philippines and China have both sought to use ASEAN to strengthen their claims in the SCS. The first such case in was in 1998 when the Philippines pressured ASEAN to call on China to respect international laws and promote regional peace. Although an internal report did criticize China's action, ASEAN chose not to deal publically with the dispute. In August 1999, the Philippines proposed a code of conduct on behalf of ASEAN. Although China refused the proposed code of conduct, it did agree to further discussions on the draft. The following year China kept its word and presented its own draft while ASEAN presented a revised one (Zha & Valencia, 2001).

The deliberations came to a head on November 4, 2002, when China and ASEAN signed the Declaration on the Conduct of Parties in the South China Sea (DOC). As its title implies, the DOC is a declaration, not meant to resolve the underlying issues or impose legally binding obligations on any parties. In the two page document, the 1982 U.N. Convention on the Law of the Sea is mentioned three separate times, each emphasizing all parties respect and commitment to its principles. The fifth article of the DOC states:

The Parties undertake to exercise self-restraint in the conduct of activities that would complicate or escalate disputes and affect peace and stability including, among others,
refraining from action of inhabiting on the presently uninhabited islands, reefs, shoals, cays, and other features and to handle their differences in a constructive manner. The language would imply that creating structures and placing garrisons is prohibited under the spirit of the agreement.

China habitually uses ASEAN as a projection of Beijing’s soft power and diplomacy. In 2011, China unveiled a "China-ASEAN Maritime Cooperation fund" to support marine and navigational research in the SCS. In 2013, Chinese President Xi Jinping proposed that China and ASEAN collaborate on the "maritime silk route," a key trade route for Beijing, stretching from the SCS into the Indian Ocean and Mediterranean. Most recently, the year 2015 has been deemed the "ASEAN-China Year of Maritime Cooperation." ASEAN does offer great hope for solving territorial disputes in the SCS peaceably; however, major obstacles still remain (Hong, 2015).

In some cases, the Philippines’ attempted use of ASEAN has exacerbated the issues. In the April 2012 summit in Cambodia, the Philippines pressured ASEAN to clarify the maritime boundary claims in the SCS. China, however, convinced Cambodia to keep the dispute out of the summit, while Beijing took note of the Philippines’ behavior and took steps to stake more claims in the islands. On April 8, 2012, eight Chinese boats were spotted around Scarborough Shoal, and on April 9, China’s Global Times warned of, "the strength and will-power of China to defend its territorial integrity."

Most recently, ASEAN has taken a less neutral stance. In March 2015, ASEAN Secretary General accused China of complicating the situation in the SCS, going so far as to call China’s expansion an "illegal occupation." China expressed acute anger after the statements, claiming that ASEAN should remain neutral in the dispute and referring to the Secretary
General’s comments as "biased" and "untrue." (China urges ASEAN secretary-general to stay neutral on South China Sea issue, 2015) Despite the Philippines appeal to international law, China continues to expertly raise tensions only to quickly lower them diplomatically. The danger lies in the fact that after the diplomatic de-escalation, China is nearly always left with more than they started with (Kaplan, 2014).

**China’s Actions in the Spratly Islands**

China’s actions have not matched their words in regards to international laws and norms. Over a decade after signing the Declaration on the Conduct of Parties in the South China Sea, China has continued to encroach in the Spratly Islands and lay claim to the territory within the nine-dash line. They have now repeatedly ignored the deadlines set by the international court to defend their expansion. Beijing insists they will not recognize the case and that bilateral talks with the Philippines are the only way to move forward. Although on the surface, Beijing’s actions may seem irrational and disjointed, there is a simple underlying strategy that is continuing to prove very effective for the expanding nation.

**The Chinese Strategy**

China’s strategy in the SCS has earned many titles. Robert Haddick writing for the Joint Special Operations University in 2014 deemed it, "The Salami Slicing Strategy" and Robert Kaplan describes it as, "The Small-Stick Policy" (p. 127). Despite the difference in terms, both authors agree about what is actually happening. Haddick further describes it as:

Based on patience, the slow accumulation of incremental gains, and the avoidance of overt conflict [É ] China hopes to gradually assume control over the territories it claims without sparking a conflict, and then use its land-based and maritime military power to dissuade adversaries from attempting to reclaim these disputed islands and seas. (p.33)
During nearly every standoff, China has demonstrated a high level of confidence. Rather than sending warships they often use large numbers of civilian or coast guard vessels. This gives the appearance that China is simply patrolling the waters it already owns. Though this trend has at times been broken, Beijing has always been careful to avoid violent clashes.

Herein lies the small-stick policy. The asymmetry between the PLA Navy and the Armed Forces of the Philippines (AFP) Navy is such that China does not have to worry about military confrontation, simply because it is currently beyond the Philippines' ability to take such action. Often times, smaller Chinese civilian vessels will engage in illegal fishing or other provocative actions while larger Chinese naval vessels lurk in the background should the Philippines or any other claimant move to intercept the offenders. China is also not afraid to use civilian crafts to monitor foreign naval activities. (Kaplan, 2014) With the absence of true naval confrontations, the smaller skirmishes will often fail to make major headlines. The condescending actions are gradually allowing China to attain dominance in the SCS.

Over the course of twenty years, Chinese expansion has shown that there is a desperate need for the Philippines to focus their defense efforts beyond their western borders. Bilateral talks have proven unsuccessful. ASEAN's vulnerability has been exposed to Beijing; it has been thirteen years since the signing of the Code of Conduct, yet the agreement has proven futile at best. Militarily, Manila cannot match Chinese power. As previously noted, the one distinction the Philippines has is its history with the United States.

**The Reunification of the Philippines and the United States**

Zha and Valencia stated in 2001, in the Journal of Contemporary Asia: "The most significant gain the Philippines seems to have made in attempting to internationalize the issue is a seeming change of position in the Mischief/South China Sea dispute on the part of the United States. As the conflicts developed, the Philippines did not hesitate to remind China of the strong
Philippine-U.S. relationship. In a 1996 strategy research project, written for the United States Army War College, Lieutenant Colonel Stanley E. Meyer stated:

Manila continues to push the issue into regional and international forums, hinting that Sino/Filipino conflict over the Spratlys could involve the United States via the 1951 Mutual Defense Treaty between the United States of America and the Republic of the Philippines. (p.7)

This statement came only four years after the abrogation of the Military Bases Agreement by the Philippines which closed Subic Naval Base and Clark Air Base; during this period, U.S. remained very standoffish to such proposals. Prior to their expulsion, the U.S. had patrolled the waters, taking on the role of the Philippines’ external defense (Ortuoste, 2013). The tone of LTC Meyer’s report remains skeptical of the commitment of U.S. forces or the possibility of U.S. intervention. LTC Meyer states: ‘The United States does not agree with Manila’s Interpretation of the 1951 Mutual Defense Treaty with regard to the Spratly Islands—the Philippines did not claim the islands when the United States and the Philippines signed the 1951 treaty.’ Although the U.S. still maintains neutrality in regards to individual claims, the tone would greatly change in the coming decades as China’s assertiveness became a threat to U.S. interests in the SCS.

Before detailing how the Philippines have attempted and succeeded to use their bilateral defense agreements during the current conflict, it is important to look at the historical context behind Philippine-U.S. defense agreements.

From Colony to Treaty Allies

The Philippines fell under American colonial rule 1898 after the Spanish-American War. In 1945, the allied power emerged from WWII victorious and the Philippines gained their independence the following year. The U.S. maintained its naval bases as it entered the Cold
War. Shortly thereafter, both countries would enter into a mutual defense treaty which would shape their relationship through the present day. (Woolf, 2013) As described by the U.S. Department of State, the Mutual Defense Treaty (MDT) is, Óa foundation for a robust, balanced, and responsive security partnership.Ó The MDT remains the historical cornerstone for the bilateral relationship between the two nations. The Philippines entered into the MDT on August 30, 1951, in Washington DC. They remain one of only two U.S. treaty allies in Southeast Asia, the other being Thailand.

**Particulars of the Mutual Defense Treaty**

There are several important articles in the MDT which should be noted. The third section under the preamble reads:

Desiring to declare publicly and formally their sense of unity and their common determination to defend themselves against external armed attack, so that no potential aggressor could be under the illusion that either of them stands alone in the Pacific Area.

Articles IV states that:

Each Party recognizes that an armed attack in the Pacific Area on either of the Parties would be dangerous to its own peace and safety and declares that it would act to meet the common dangers in accordance with its constitutional processes.

The reference to the ÓPacific AreaÓ gives Article IV particular significance, as an attack on the Philippine mainland is not the only justification for intervention. Article V takes the commitment even further stating:

For the purpose of Article V, an armed attack on either of the Parties is deemed to include an armed attack on the metropolitan territory of either of the Parties, or on the island
territories under its jurisdiction in the Pacific or on its armed forces, public vessels or aircraft in the Pacific.

The term “island territories” has obvious implication for the current conflicts in the Spratly Islands. As we will see the current rhetoric from Washington shows the U.S. hesitant to include territorial claims in their defense agreement and remains non-committal when hypothetical scenarios of armed conflict in the SCS are raised.

Until recently, the majority of U.S. military support has been committed to combating the insurgency in the Southern Philippines Mindanao region, not towards naval upgrades. A large portion of the defense and development assistance for the Philippines is dedicated towards, “Non-Proliferation, Anti-Terrorism, Demining and Related Programs” (PH-US Bilateral Relations, 2015) The U.S. State department has specifically named Mindanao as a large target for the assistance. Following the 9/11 attacks and through the early 2000s, U.S. Special Operations Forces were very active in the country, executing counterinsurgency operations and maintaining a military presence in the Philippines. (Kaplan, 2015) As the SCS continues to be a dynamic and volatile area, both Washington and Manila are re-evaluating their application of the MDT. Although the transition has been gradual, the MDT is now repeatedly referenced in defense agreements whose focuses are clearly on maritime issues.

1992: The U.S. Leaves the Philippines

Before surveying the Philippines’ strategy for using defense agreement with the United States to counter an expanding China, why the U.S. left in the first place should be discussed. In late December, 1991, after an impasse in negotiating the future of American bases, the Philippines abrogated the Military Bases Agreement and informed the U.S. that it must withdraw from Subic Naval Base by the end of 1992. The withdrawal also included Clark Air Base, which
that same year was devastated when Mount Pinatubo erupted. The Philippine Senate rejected a treaty which would have extended the United States’ stay by another decade. The Senate argued that American presence was a relic of colonialism and violated Philippine sovereignty. The closing of the bases caused a massive reduction in the United States’ ability to project itself into the Asia-Pacific. Although the U.S. searched, there were no alternatives that offered what the Philippines did. The advantages included deep water ports, access to the strategic SCS and a two-mile airstrip adjacent to the port (Sanger, 1992). These decisions by the Philippine government were made before China’s naval capabilities and political aims began to materialize. The concern in the 1990’s was still focused on Chinese–Taiwan relations, which obviously did not directly affect the Philippines. While the U.S. patrolled the country’s waters, the Philippines were unintentionally falling behind in their development of a maritime force. (Ortuoste, 2013) This period marked an all-time low for defense agreements between the two allies. In hindsight, it is very plausible that the breakdown in U.S. - Philippine relations did not go unnoticed by Beijing, who only three years later would begin their aggressive expansion into Philippine territorial waters, beginning first with Mischief Reef.

1995: Mischief Reef

Mischief Reef is a submerged, oval shaped, coral formation spread over fifteen square miles resting approximately 130nm west of Palawan and 600nm from Hainan Island, the closest Chinese territory. The reef itself is approximately nine kilometers east to west and six north to south. Only at low tide are a few rock formations visible (Mischief on the Reef, 2015). The confrontation at
Mischief Reef in 1995 marks a turning point in Sino–Filipino relations. The reef is also claimed by Vietnam and Taiwan. Prior to the Mischief Reef dispute, China had no history of military confrontation with the Philippines. The dispute has retained its importance as China continues inflammatory actions on the reef (Zha & Valencia, 2001).

In January 1995, Philippine fishermen began reporting that Chinese vessels were constructing buildings on the reef. On February 8, 1995, a Chinese flag, surrounded by eight Chinese ships occupied the ring of coral. The largely ignored coral formation was suddenly thrust into the international spotlight as the Chinese began constructing facilities, using the coral and rock as the foundation. The building began with small huts, which the Chinese claimed were for use by fisherman during the dangerous monsoon season (LTC Meyer, 1996). Philippine demands for China to halt their activities were ignored and the stalemate continued into 1998 as China upgraded the shelters into multistory buildings. These were soon expanded and now include a large three-story building and helipad (Zha & Valencia, 2001). Although the Philippines increased low-level reconnaissance flights over the reef, no attempts, outside of diplomacy, were made to force the Chinese off the reef (Mischief on the Reef, 2015).
Armed Forces of the Philippines Modernization Act.

In a swift reaction from the Philippines, then President Fidel Ramos, signed into law the Armed Forces of the Philippines Modernization Act. As detailed by the document:

It is hereby declared the policy of the State to modernize the Armed Forces of the Philippines (AFP) to a level where it can effectively and fully perform its constitutional mandate to uphold the sovereignty and preserve the patrimony of the Republic of the Philippines. (Sec.2 Declaration of Policy)

The bill dedicated fifty billion pesos for the first five years. A large portion of its aim was the acquisition and upgrading of appropriate technology and equipment. (Armed Forces of the Philippines Modernization Act, 1995) To acquire the upgrades several conditions would need to be met: a willing supplier, an economy which could support the budget, and a stable political atmosphere. It was not until the bill expired and was brought back under a new administration that it would begin to make a noticeable impact.

Bilateral talks prove unaffected and the dispute stagnates.

Throughout the disagreement, bilateral talks made little headway. A meeting in Manila in March 1999 only resulted in China demanding the Philippines cease reconnaissance flights over the reef while refusing to dismantle the structure or allow joint access. China also refused anything further than a verbal commitment not to construct any new facilities. In the same month, the Philippines suggested the United Nations Convention on the Law of Sea and the International Tribunal on the Law of Sea be allowed to rule in the case of Mischief Reef; the suggestion was rejected by China (Zha & Valencia, 2001). Since then little direct confrontation has occurred; however, this does not mean China has not been at hard at work. On July 11, 2012, a Chinese frigate ran aground on the reef, sparking an awkward diplomatic situation for both countries. In the same year, a Chinese ship ran aground at Half Moon Shoal. When other
Chinese vessels arrived on the scene to rescue the ship, it was revealed that they had traveled from Mischief Reef. A senior security official stated that the ships had been based out of Mischief Reef and that the reef had been transformed into a forward naval station. (Jaime, 2013) Philippine naval authorities were quick to note the dangers of civilian vessels operating near the uncharted shoals and new islands and questioned the quality of seamanship as well. The incident also high-lighted China’s failure to abide by Article 60 of UNCLOS and the possibility of accidental clashes which would escalate tensions (Tania, 2012). The crisis in the late 1990’s and into the 2000’s would get worse before it got better, as China moved to conquer another small foothold.

1997: Scarborough Shoal

In terms of land mass, Scarborough Shoal is similar to Mischief Reef. It is a triangular shaped, shallow reef interrupted by several rocks and the remains of a dilapidated iron watchtower. Once again, the Philippines’ claim to the shoal stems from its place within their EEZ as it lays 128nm west of Luzon. The shoal is roughly 1000nm from China (Zha & Valencia, 2001).

Tensions began to rise in 1997, when China placed boundary markers around Scarborough Shoal. The Philippine navy promptly destroyed the barriers, infuriating China who claimed the Philippines were violating their sovereignty. Three years later, in 2000, a Philippine navy patrol boat fired warning shots over two Chinese fishing boats near the shoal. In the same year, a Chinese fisherman was shot dead by another patrol
vessel (Zha & Valencia, 2001). China accused the Philippines of harassing, stealing from, and murdering Chinese fishermen. The Philippines' response was that the fishermen were engaging in poaching and illegal dynamite fishing. China ignored the claims and warned against such acts in the future. As diplomatic gabs went back and forth, the Philippine Senate President made allusions to the U.S. Philippines 1951 Mutual Defense Treaty and Chinese fisherman continued to encroach on the reef (Cruz De Castro, 2013). Hostile encounters continued in the early 2000s, but it was not until 2012 that the Shoal would return to headlines and symbolize a major turning point in the dispute.

1998: Visiting Forces Agreement

Before Scarborough Shoal would again become a point of contention, the Philippines realized there was a need for a larger U.S. presence in their waters. This would usher in a comeback for the U.S. just six years after they had left. Understanding their vulnerability after the Mischief Reef stand-off, the Philippines negotiated the Visiting Forces Agreement (VFA) with the U.S. on February 19, 1998. The agreement entered into force on June 1, 1999. Manila realized that a larger U.S. presence in the SCS would serve as a deterrent to China and the VFA served this purpose (Zha & Valencia, 2001). The preamble reaffirms the obligations under the MDT and states, "from time to time elements of the United States Armed Forces may visit the Republic of the Philippines (para. 4)." Security is a central theme throughout; the preamble also states both parties, "desire to strengthen international and regional security in the Pacific area (para. 2)." The agreement gives provisions for the deployment of military and civilian personnel and military exercises. Specifically, under Article VIII, vessels and aircraft are permitted to enter the Philippines upon approval by the Philippine government and may do so free of port fees or other tolls. (Visiting Forces Agreement, 1998). The VFA was an important step forward after
the Military Bases Agreement was repealed. The impasse that Manila and Beijing came to over the Mischief Reef standoff arguably motivated the Philippines to broker such a deal. Shortly after the agreement was entered into, both parties took advantage of its provisions to conduct joint military exercises in the waters close to the disputed islands (Zha & Valencia, 2001).

**Signs of Change for the South China Sea**

Mischief Reef and Scarborough Shoal were pivots not only in Sino-Philippine relations but in relations between the U.S. and both the Asian countries. The diplomatic triangle has continually evolved since the dispute. In May 1995, the U.S. State Department issued a five point statement on the crisis. The five points remained broad and used terms such as, “peaceful resolution, freedom of navigation, neutrality over the question of sovereignty, and respect for maritime norms.” The statements were clearly intended to stress the United States’ neutrality and keen interest in a peaceful resolution. The Philippines clearly wanted a stronger stance from their ally. During the Scarborough Shoal standoff, then Philippine Senate President, Bias Ople, alluded to the Mutual Defense Treaty and guaranteed U.S. intervention in the event of an armed conflict. 2002, however, ushered in an apparent de-escalation with the signing of the Code of Conduct; the U.S. would retain its neutral stance. Although small scale confrontations would continue through the 2000s, it was not until the following decade that the SCS would attract such a large reaction from the United States. From 2011 to the present, the claimants, especially China, began to reassert their claims with more vigor (Fravel, 2014). By 2009, the U.S. began to pay greater heed to events in the SCS. M. Taylor Fravel, in his 2014 policy report for the S. Rajaratnam School of International Studies, notes the crossroad in Philippine-US relations:

Looking back, 2011 appears to have been the turning point in U.S.-Philippine relations.

In January 2011, the United States and the Philippines held for the first time a bilateral
strategic dialogue involving senior officials from the State Department. According to Assistant Secretary of State Kurt Campbell, one purpose of the talks was to discuss how to "increase the Philippines maritime capacity to patrol its waters." (p. 8).


Astute readers will notice a gap from 2000 to 2010 in which the Philippines appear unconcerned with events in their near seas. The truth is that the Philippines were facing major domestic issues during this time. An Islamic insurgency in the south turned to all-out war, displacing hundreds of thousands of civilians (Guide to the Philippines conflict, 2012). In 2001, then President, Joseph Estrada, was forced from office after months of protests. His successor, President Gloria Arroyo, declared a national emergency after foiling a suspected military coup. Political strife and instability defined this decade (Philippines country profile, 2014). The Philippines were in no condition to look at issues beyond their own borders. This does not mean China was not very active. There is good evidence that during this period, Beijing was busy seizing islands, building structures, and stationing garrisons (Rapp-Hooper, 2015).


2011 and 2012 were crucial years for Philippine-U.S relations. A report written for the Congressional Research Service on Philippine-U.S interests states: "In 2011, confrontations between Philippine and Chinese vessels in the South China Sea gave rise to heated and nationalistic verbal exchanges, which helped to propel greater Philippine-U.S. military cooperation and lent urgency to AFP naval upgrades." (p. 24)

The Philippine government compiled a list of grievances throughout 2001. In March 2011, Chinese patrol boats confronted and harassed a survey ship conducting oil exploration around Reed Bank approximately 150nm west of Palawan. Chinese vessels made dangerously
close passes at the survey ship while ordering it to leave. The surveyors radioed for assistance and the Chinese vessels fled before AFP planes arrived on the scene. In February 2011, a Chinese missile frigate approached three Philippine fishing boats anchored at Jackson atoll and ordered them to leave. The fishermen claim that while leaving the area the Chinese ship fired three warning shots (Jamandre, 2011). Reed Bank again became flash point, in October of the same year, when an AFP navy ship collided with a Chinese fishing vessel while similarly ordering it to leave. Philippine officials, however, insisted it was a mishap and apologized to PRC officials. Numerous similar events occurred on a nearly monthly basis in 2011 (Lum, 2012).

**January 2011: The First Bilateral Strategic Dialogue**

On January 27, 2011, the U.S. held what would be the first of the bilateral strategic dialogues. During the dialogue, Assistant Secretary of State Kurt Campbell reaffirmed the Obama Administration’s commitment to boosting the AFPs’ maritime capabilities. In line with U.S. policy, Campbell noted that it was, “part of a larger goal of keeping Asian sea lanes open.” (Lum, 2012) U.S. Ambassador Harry K. Thomas, Jr. stated, “As fellow democracies with a long history of friendship, our countries will affirm our obligation to demonstrate leadership and make efforts for positive advances for the Philippines, the region, and the common good.” (U.S. and Philippines to Hold BSD, 2011) Campbell returned to the Philippines in November; the press release which followed made the purpose and outcome clear: “As always, Foreign Secretary Albert del Rosario and I had an excellent conversation on the range of our partnership activities, including a commitment to hold our second Bilateral Strategic Dialogue early next year in Washington.”(Statement by EAP Assistant Secretary Kurt Campbell on his Visit to Manila, October 26-27, 2011, 2011)
Steps towards defense modernization.

May 2011 was also an important time for the AFP. The new flagship of the AFP navy, a Hamilton-class cutter named the BRP *Gregorio del Pilar* arrived. The cutter is a 1960's decommissioned U.S. Coast Guard vessel, completely antiquated by U.S. standards. Nonetheless, it does represent a major step in the right direction. As Robert Kaplan details in his book:

> When the Americans rushed the decommissioned 1960’s Coast Guard cutter to be converted to the pride of the Philippine navy, much of the world laughed. But the Americans were dead serious. As one told me, *We just raised the Filipinos from a World War II navy to a 1960’s one. That’s progress.* (p.130)

The cutter is viewed with equal if not greater respect by the Philippine Navy. Then Navy Chief, Vice Admiral Alexander Pama, described the *Gregorio del Pilar* as:

> [An] Icon to the revival of the capability upgrade of the Philippine Navy. This will be a symbol of our seriousness [in upgrading the Navy capability]. Because we are a maritime nation, this will jumpstart our revival of our Navy’s capability.” (PHL Navy’s biggest warship arrives at Manila Bay, 2011)

The delivery of the cutter was arguably the first significant step the Philippines took in their transition to an external force. When the cutter was delivered, the U.S. accounted for almost ninety-five percent of all arms transferred to the Philippines. It would be unfair to fail to note that while Manila has continued to build their maritime forces they have also diversified their suppliers. In March of 2015, Manila made steps...
to upgrade their air assets with the purchase of several C-295 transport planes form Spain (Romero, 2015). Patrol boats from Japan and Australia, jet fighters from South Korea, and numerous other vessels and aircraft from European nations have become common purchases since 2011 (Ortuoste, 2013).

**U.S. Support Continues to Grow**

June and July of 2011 were important months as well. The U.S., the Philippines Bangladesh, Brunei, Cambodia, Indonesia, Malaysia, and Thailand carried out annual join naval exercises known as the Cooperation Afloat Readiness and Training (CARAT) despite tensions with Beijing. The 2011 CARAT marked only the second time in recent years that the exercises were held in Palawan, the closest large island to the Spratly Islands. The U.S. main effort for the training included 800 U.S Navy personnel, two guided missile destroyers and one salvage ship (Commander Task Force 73, 2011). During the ceremony commencing the training, U.S. 7th Fleet, Vice Admiral Scott Van Buskirk stated, "The U.S. and the Philippines are allies and that is the strongest and most enduring commitment the two nations can make." (Macaraig, 2011) A series of statements from June and July 2011 show that the Aquino administration was continuously aware of the need for U.S. support, while the U.S. realized its foreign policy in SCS needed to be re-evaluated. In June, then U.S. Ambassador to the Philippines, Harry Thomas, stated: "The Philippines and the U.S. are longstanding treaty allies. We are strategic partners. We will continue to consult each other closely on the South China Sea, Spratly Islands and other issues." (Cruz de Castro, 2013) During the summer of 2011, hundreds of U.S. personnel passed through Philippine ports, Manila began upgrading harbor facilities, and high level American naval and civilian personnel traveled from Washington to Manila on a routine basis (Kaplan, 2014).
The Manila Declaration

This climate set the stage for the signing of the Manila Declaration which would further reaffirm the United States’ commitment to the Philippines. On November 16, 2011, Secretary of State Hillary Clinton stood aboard the USS *Fitzgerald* in Manila Bay alongside the Philippine Secretary of Foreign Affairs, Albert del Rosario, and signed the Manila Declaration. The declaration commemorated the 60th year of the MDT. The document is broad in nature; it recognizes the historic ties between the Philippines and the U.S. and reaffirms the, “shared obligations under the Mutual Defense Treaty.” In the fifth paragraph of the declaration, the U.S. lays out its interests in the SCS:

> We share a common interest in maintaining freedom of navigation, unimpeded lawful commerce, and transit of people across the seas and subscribe to a rules-based approach in resolving competing claims in maritime areas through peaceful, collaborative, multilateral, and diplomatic processes within the framework of international law.

(Signing of the Manila Declaration On Board the USS Fitzgerald in Manila Bay, Manila, Philippines, 2011)

In this section of the document, Secretary Clinton took particular care to end the statement with, “The United States will always be in the corner of the Philippines and we will stand and fight with you” (Lum, 2012). The U.S. also pledged a 30 million dollar foreign military finance package to the AFP (Ortuoste, 2013).

**January 2012: Second Bilateral Strategic Dialogue**

From January 26-27, 2012, Campbell would keep his promise as a second round of Bilateral Strategic Dialogue talks were held in Washington D.C. The press release described the talks as, “an opportunity to consult and exchange views on a broad range of bilateral, regional,
and global issues, reflecting our common values and interests. The dialogue was held by Campbell and Acting Security of Defense Peter Lavoy and the Undersecretaries for both Foreign Affairs and National Defense of the Republic of the Philippines. The U.S. again refrained from explicitly taking sides during the talks. U.S. commitment focused on fulfilling the Manila Declaration which places the emphasis on freedom of navigation rather than territorial rights. The U.S. did, however, commit to further enhance their cooperation in the areas of security and defense while broadening maritime security cooperation. These statements would foreshadow one of largest U.S. policy advancements towards the Philippines which would be named along similar terms as the Enhanced Defense Cooperation Agreement. (Joint Statement of the United States-Philippines Bilateral Strategic Dialogue, 2012) Even during this time of heightened U.S. presence, aimed at dissuading Chinese encroachment, Beijing was by no means scaling back.

April 2012: Scarborough Shoal Standoff

On April 8, 2012, a Philippine Air Force reconnaissance plane reported eight Chinese fishing boats at Scarborough Shoal. Two days later, the Philippine’s newest U.S. bought patrol cutter, the BRP Gregorio del Pilar arrived on scene, confirmed the illegal presence of the fishing boats, and dispatched a boarding party to search the vessels. All this was done in accordance with Philippine and international rules of engagement. As in previous cases, the Chinese boats contained illegally caught corals and other marine life as well as equipment for illegal dynamite fishing. AFP Navy ships had arrested Chinese fishermen in the past with the only reaction from Beijing being the filing of a protest through their embassy in Manila. China had not directly denied the Philippines jurisdiction over the shoal. These norms and the routine nature of the arrests quickly changed. Two Chinese surveillance vessels arrived and positioned themselves so
as to block the Philippine cutter. The fishermen escaped and the Chinese vessels then ordered the captain of the cutter to leave the shoal and a stand-off ensued (Cruz De Castro, 2013).

On April 11, the Philippines realized this was not a normal disagreement they had grown accustomed to in the 1990's and 2000's. In an attempt to deescalate the situation, President Aquino withdrew the BRP Gregorio del Pilar replacing it with a smaller coast guard vessel. China responded by deploying the Yuzheng-310, their most advanced patrol ship. In a move of staunch defiance, the Philippines refused to withdraw the lone coast guard vessel, despite the Chinese foreign ministry demand on April 15 to do so. Just a day after the warning, the U.S. and Philippines conducted joint military exercises, as previously scheduled, along the western coast of Palawan. A month into the standoff, on May 9, an infuriated China deployed another civilian patrol boat followed by more fishing vessels. This brought the count to a total of 14 Chinese ships facing one Philippine coast guard vessel. By mid-June, the onset of the typhoon season gave both counties the option to remove all vessels while saving face (Cruz De Castro, 2013).

The massive tension created by a combination of Chinese actions in the Spratly Islands and domestic rhetoric should not be over looked. China's state controlled news sources routinely ran articles suggesting open conflict would be a viable and easy solution. An article written by Major General Luo-Yuan, of the PLA Academy of Military Sciences, on April 27, 2012 states: It is incorrect to assume that China will completely rule out military action in any event during this period of strategic opportunity. The assumption that China will abandon the notion of war at all costs due to its peaceful rise philosophy is also incorrect. (Yuan, 2012).

Had such rhetoric come from both parties, it is unlikely the standoff would have ended as peacefully as it did.
The Scarborough Shoal incident in 2012 should be seen as a turning point in Sino-Philippine relations and in the SCS conflict as a whole. It demonstrates the asymmetry between China\textsuperscript{5} navy and the Philippines and demonstrated Beijing resolve to establish dominance in the area. Although tensions have not risen to the levels of the 2012 standoff, minor encounters both physically and diplomatically continued on a nearly weekly basis. As recent as early February 2015, a Chinese coast guard ship off the shoal rammed three small Filipino fishing vessels (Mogato, 2014).

**April 2012: The “Two-Plus-Two” Talks**

On April 30, 2012, bilateral talks were taken a step further. In the first \textit{two-plus-two} meeting, then Secretary of State Hillary Clinton and Defense Secretary Leon E. Panetta met with their Filipino counter parts, Foreign Affairs Secretary Albert del Rosario and Secretary of National Defense Voltaire Gazmin, in Washington. The Secretary of State specifically voiced concern over the Spratly Islands, while affirming the U.S. neutral position on territorial claims stating:

\begin{quote}
We both share deep concerns about the developments on the Korean Peninsula and events in the South China Sea, including recent tensions surrounding the Scarborough Shoal. In this context, the United States has been clear and consistent. While we do not take sides on the competing sovereignty claims to land features in the South China Sea, as a Pacific power we have a national interest in freedom of navigation, the maintenance of peace and stability, respect for international law, and the unimpeded, lawful commerce across our sea lanes (U.S. - PHL 2+2 meeting: Remarks , 2012).
\end{quote}

This statement captures the slowly shifting U.S. posture on the SCS. The fresh incident in the Scarborough Shoal just twelve days prior helped expedite this change. The U.S., however, still
held to the importance of freedom of navigation over territorial claims. Secretary Del Rosario’s statements in the press release were more specific than in previous dialogues: “we committed to jointly explore modalities by which the President could build a minimum credible defense posture.” The phrase “minimum credible defense posture” would become the foundational concept for the U.S.-Philippine defense cooperation in the years to come. The Secretary also called for a, “rules-based multilateral” approach in resolving maritime conflicts, most likely in reference to the ASEAN Code of Conduct. Among other significant statements, Panetta announced the delivery of a second U.S. Navy cutter to improve maritime presence and capabilities. Panetta again used the phrase, “enhancing defense cooperation” when describing the U.S. role in peace and stability in the Pacific and also echoed Del Rosario stating that the U.S is “committed to a rule-based” approach. (Pellerin, 2012).

**A revitalization of the Armed Forces of the Philippines Modernization Act.**

Here the AFP Modernization Act should again be discussed. As previously stated, the act expired in 2010, taking with it a valuable program for the Philippines to build their defense forces. On December 11, 2012, the Modernization Act would be revitalized under the Aquino Administration as Republic Act no. 10349. Under section 4, *Components of the Revised AFP Modernization Program*, the purpose is: “to develop and transform the AFP into a multi-mission oriented force capable of effectively addressing internal and external security threats”. The bill extended the program for another fifteen years with a budget of 75 billion pesos for the first five years (Armed Forces of the Philippines Modernization Program, 2012). Whether or not the Philippines are able to sustain their program has yet to be proven, although trends are favorable. The turmoil which defined the period from 2000 to 2010 has mostly subsided, although corruption remains an issue. Peace in the southern regions also seems within reach, thanks in no
small part to U.S. Forces actions there. The region has produced several splinter terrorist groups and it would be unwise for the Philippines not to maintain a flexible ground force (Ortuoste, 2013). These issues aside, the act still relies on a willing seller whom is able to provide true upgrades. From 2011 to present day, Washington has stepped up to the challenge.

**December 2012: Third Bilateral Strategic Dialogue**

The U.S. and Philippines held their third Bilateral Strategic Dialogues from December 11-12 in Manila. The talks remained generic; both allies reaffirmed their commitment to the MDT and discussed steps to further invigorate the alliance with the momentum of the Manila Declaration still fresh. Typhoon Pablo and the North Korean missile launch took up the majority of discussion during the meeting (Joint Statement 3rd Philippines-U.S. BSD, 2012). U.S. Assistant Secretary of State Kurt Campbell described the climate as a, “renaissance in U.S.-Philippine relations and the U.S. did agree to increase their military presence in the Philippines, both in troops, ships, and aircraft. Details were not released; however, it is likely that both sides were beginning the dialogue which would lead to major policy moves in 2014.

**Further upgrades from the United States.**

In August of 2013, the second decommissioned U.S. cutter, BRP Ramon Alcaraz would arrive at Subic Bay as promised. During the ceremony to welcome the new vessel, President Aquino reminded voters that his administration had spent over six hundred million dollars for the Armed Forces of the Philippines Modernization Program (Tan, 2013). The cutter was soon stationed alongside the BRP Gregorio Pilar (Kaplan, 2014). In December of the same year, the U.S. announced a three year program to boost Philippine defenses which promised over forty million dollars (Ortuoste, 2013).
Beijing responds with largest ever naval exercises

In 2013, China also took the opportunity to demonstrate its blue water capabilities. Though less confrontational than their actions in the Spratly Islands, the exercises were clearly intended to demonstrate the PLA’s naval capabilities. From October 18 through November 1, PLA Navy held their Maneuver-5 exercises, marking the largest PLA naval exercises up to that point. China arguably used their media as a mechanism of intimidation during the exercises, as it provided extensive coverage of the drills. Increased media coverage has become a common theme for the PLA Navy during increased tensions. The Security Review Commission Staff report notes that it is, “likely in an attempt to shape regional perceptions of China’s expanding naval operations and boost national pride in China’s growing naval capabilities.” The purpose of the drills was clearly to test and demonstrate the PLAN’s growing ability to operate in blue water environments and to break through the first island chain (Berglund, 2013).

2014: Philippine Claims and Chinese Envy

The Philippines currently lays claim to eight Spratly Islands. Some are merely small geological features, uninhabitable without significant modification, in which the Philippines has not participated in (Kaplan, 2014). Manila does have control over two of the three largest naturally occurring Spratly Islands: Thitu and West York Island; they are second only to Taiwan, who holds the largest: Itu Aba Island (Hogan, 2013). The Philippine occupation of these islands and reefs has continually been an object of envy for Beijing.

Standoff at Second Thomas Shoal.

Just over a month before the U.S. would take their largest step towards enhancing the defense capabilities of the Philippines, Beijing and Manila would again clash over disputed territory. Tensions rose over Second Thomas Shoal, a small reef inside the Philippine’s 200nm
EEZ. In 1999, a former U.S. tanker, the BRP Sierra Madre ran around on the reef while under Philippine ownership. Since then the Philippines have stationed a small garrison on the wreckage and routinely carry supplies to their troops there. On March 9, 2014, a Chinese coast guard vessel stopped two Philippine ships running a resupply mission to their Marines. China gave justification for their actions stating that the ships were loaded with construction material, clearly intended to build structures on the island, and China was merely seeking to enforce the Code of Conduct on the SCS which prohibits such activities. China also claimed that the tanker was intentionally grounded and has demanded that it be towed away, staunchly reaffirming Chinese sovereignty over the Shoal (Baruah, 2014). After personally visiting the Sierra Madre, Rupert Wingfield-Hayes reported for the BBC:

The absurdity of the Sierra Madre is almost comic. Or perhaps it’s tragic. Even the 11 Filipino Marines stranded on board seem embarrassed by their circumstances. There is little of the normal Marine bravado, just a quiet acceptance of their fate. A few hundred meters away we can see the shiny new Chinese coastguard cutters roaming up and down.

(p. 4)

The attempted blockade by Chinese vessels has continued. However, the smaller Philippine ships are often able to out-maneuver the Chinese ones and reach shallow waters which Chinese ships cannot enter. To date, the Philippines have maintained their hold on the small outpost,
often resupplying them with parachute drops should the ships fail to evade their Chinese adversaries (Wingfield-Hayes, 2014).

**The “unavoidable invasion” of Thitu Island.**

The most significant holdings the Philippines has is at Thitu Island or as Manila prefers to call it, Pag-aso Island, it is the second largest naturally occurring Spratly Island. This feature is a true island; it holds a civilian population of roughly two hundred and includes a municipal building, community hall, health center, school, and airstrip. Since early March 2012, the Philippines have been making plans to upgrade the airstrip’s capabilities. Given the island’s size and location, it is of high strategic value for any country wishing to project its power into the SCS (Thayer, 2014). The island gained special significance following an article released in January 2014 by a Chinese news publication titled: *China and Philippines: The reasons why a battle for Zhongye (Pag-aso) Island seems unavoidable*. Once translated into English, the article raised eyebrows in Washington and Manila. The anonymous author states:

> The world’s largest aircraft carrier, *The Ford*, costs $12.8 billion to build but has only a deck area of 0.026 square km. An air base established on Zhongye Island will be a dozen times larger and cost much less, but it is unsinkable and has a very long service life.

The Philippines might have benefited greatly if the U.S. had built an air base there to facilitate the U.S. pivot to Asia and to counter China, but it is a pity that the Philippines drove the U.S. away long ago. (para. 5 & 6)
The invasion has not occurred, but the author’s statements would be prophetic for what the following year would bring for both Chinese gains in the SCS and the Philippines success in enhancing their defense agreements with the U.S.

**March 2014: Fourth Philippines-United States Bilateral Strategic Dialogue**

The U.S. and the Philippines held their fourth Bilateral Strategic Dialogue on March 6-7, 2014, again in Washington D.C. Understandably, a major topic was Typhoon Yolanda, and both parties discussed steps to strengthen cooperation in the areas of humanitarian assistance and disaster relief, while the U.S. expressed their sympathies and the Philippines expressed their appreciation. Both sides also discussed the Enhanced Defense Cooperation Agreement which would soon be signed. The talks did discuss both sides’ concerns over the SCS. The discussion surrounding the troubled water reaffirmed both parties’ commitment to freedom of navigation, stability, and respect for international law. The U.S. did agree that that claims should be derived from land features based on internal law of the sea as spelled out in UNCLOS (Fourth Philippines-United States BSD, 2014). This is perhaps the farthest Washington’s statement have gone in supporting the Philippines’ territorial claims.

**The Enhanced Defense Cooperation Agreement**

The rhetoric on enhancing the defense cooperation between the United States and the Philippines came to fruition on April 28, 2014 with the signing of the Enhanced Defense Cooperation Agreement (EDCA). The EDCA was signed by the Philippine National Defense Secretary Voltaire Gazmin and U.S. Ambassador Philip Goldberg just prior to President Obama’s arrival in Manila for his two day state visit. As Ambassador Goldberg describes it, The Enhanced Defense Cooperation Agreement, serves as recognition that there is even more
we can do together to support the alliance and promote peace and security in the region." (Signing of Enhanced Defense Cooperation Agreement, 2014).

The Twelve Articles

The EDCA is comprised of twelve articles. The first article clearly lays out the purpose and scope of the agreement. It authorizes access, on a rotational basis, to facilities provided by the Philippine Government through the AFP. It also stipulates activities the U.S. may engage in, with broad terms such as, “security cooperation exercises; joint combined training and humanitarian assistance and disaster relief; and other such activities as may be agreed upon by the Parties.” Definitions are spelled out in Article II. It simply delineates key terms such as “United States forces, personnel, and contractors, Agreed Locations, and Designated Authorities.” Article III is arguably one of most crucial as it defines the Agreed Locations, and will be detailed further in a later section. Article IV lays out the regulations on equipment and supplies storage. The EDCA essentially only restricts the storage of nuclear weapons, which was an issue which stifled negotiations prior to U.S. expulsion from Subic Naval Base in 1991. (Sanger, 1992) The article places complete control over access, distribution, and removal of materials to the U.S. Articles V and VI, which encompass ownership and security respectively, further establish Philippine sovereignty. Article V states that, “the Philippines] shall retain ownership of the title to Agreed Locations.” Article VI stipulates that, “The Philippines retains primary responsibility for security with respect to Agreed Locations.” Article VII, Utilities and Communications, places the responsibility of providing water, electricity, and other utilities for rotating forces on the Philippines. It also allows U.S. forces to operate their own telecommunication system free of cost. Contracting procedures are spelled out in Article VIII. It stipulates that the U.S. may contract for any, “Materials, supplies equipment, and services,” yet also states that the U.S. forces will, “strive to use Philippine suppliers” to the greatest extent.
practicable. Under Article IX both parties agree to implement the EDCA in such a way as to protect the environment, human health, and safety. Article X, Implementation, limits the obligations of EDCA to the availability of funds and states that both parties, intend to consult regularly concerning the implication of this Agreement. Article XI stipulates that any disputes which arise between the two countries will be settled bilaterally and without involvement by any international court or body. Detailed in the final article, the EDCA has an initial term of ten years, but does state, it shall continue in force automatically unless terminated by either party.

Analyzing the EDCA

The EDCA should be viewed as building on previous bilateral defense agreements; the preamble describes it as a furtherance of the MDT and VFA. The EDCA cannot be viewed as going back in time to pre-1991 U.S.-Philippine relations when the U.S. had unimpeded access to air and naval bases. Many see the revitalization of Philippine-U.S. bilateral security to be in support of the Philippines minimum credible defense posture and their ability to confront security challenges internally as well as internationally. To say that the EDCA has the sole purpose of addressing global security concerns would be untrue. Humanitarian assistance and disaster relief are common phrases in the EDCA with respect to both activities conducted and materials stored. The Philippines has not forgotten the destruction left by Typhoon Haiyan and understands the importance of having a framework for disaster relief and humanitarian assistance.

It is true that the greater emphasis of the agreement is defense. As the press release for the signing stated:

It will also allow the joint development of agreed locations to support the shared goal of promoting the long-term modernization of the Armed Forces of the Philippines (AFP),
and will help the AFP maintain and develop additional maritime security and maritime domain awareness.

During the Colonial and Cold War eras, the Philippines focused their efforts on internal security and for good reasons. Times have clearly changed and the Aquino administration understands that the AFP desperately needs to be re-oriented to external security. Since 2011, the Philippines has embarked on a slow but deliberate defense modernization. This includes the previously discussed acquisition of the Hamilton-class cutters as well as other defense material purchased from other allies. The Philippines is the United States’ oldest ally in Asia and has a strategically significant position geographically. During Obama’s visit he referenced both of the these points stating, “the Philippines is the oldest security treaty alliance that we have in Asia. And given its strategic location, the Philippines is a vital partner on issues such as maritime security and freedom of navigation.” The EDCA is simply a larger step in this process of the Philippines increasing their defense posture with the assistance of the naval might of the U.S. through bilateral defense agreements.

Negative domestic sentiment: a one-sided deal.

The EDCA has received negative comment in the Philippines and the reasons for this show an important disparity between what Manila wants and what Washington will give. As Professor Aileen Baviera at the University of Philippines states in her analysis of the EDCA, “Many Filipinos believe the U.S.-Philippines MDT to be one-sided, committing Philippine support for the U.S. strategic objective while failing to secure U.S. support for the one external defense issue that truly matters to Manila,” (para. 2) the “one external defense issue” being China’s aggression in and around the Spratly Islands. Manila has repeatedly encouraged the
U.S. to include Philippine territorial claims in the SCS, yet the U.S. has always avoided any such guarantees.

**Not a containment strategy.**

During the press release, Obama repeatedly reaffirmed that the U.S., ŷdoes not take a specific position on the disputes between nations.ŷ When asked about the Unites Statesŷaction should armed conflict breakout between China and the Philippines, Obama deemphasized Chinaŷactions stating, ŷOur goal is not to counter China. Our goal is not to contain China,ŷand remained optimistic about Chinaŷpeaceful rise as well as the ability of international law to settle the disputes (Remarks by President Obama and President Benigno Aquino III of the Philippines in Joint Press Conference, 2014). These statements and similar ones by the Aquino administration show an interesting paradox in both countriesŷpolicies towards China. United States-Sino relations remain extremely important in Washington, and the Philippines are aware of this. Both have economic ties and global and regional security issues which necessitate Chinese cooperation (Baviera, 2014). On the Philippinesŷside, China remains by far the top export destination and import origin for Philippine trade (Trade in The Philippines, 2015). Both countries must tread cautiously in their defense policies. A question to President Aquino during the press conference following the signing of the EDCA perfectly embodied this difficulty; one reporter asked, ŷI understand the tough balancing act that you need to do between China and your allies in Asia. But do you believe that Chinaŷexpansionism is a threat to regional peace and stability?ŷto which Aquino replied:

I think from the onset, our message to China has been I think weŷre all focused on achieving greater prosperity for all our respective peoples, and prosperity and continued prosperity does not happen in a vacuum. There has to be stability. And in turn, they
have responded that the disputes in the South China Sea/West Philippine Sea are not the end all be all of our relationships. And we have had good cooperation with them on so many different fronts, and perhaps one could even argue that this is the only sore point in our relationship. While it is true that the Spratly Islands dispute may be the “only sore point” in Sino-Philippine relations, the statement was clearly intended to downplay just how large that sore point is.

**The window of opportunity.**

The above analysis begs the question “what should the Philippines take away from the EDCA and Obama’s visit? First, as Professor Baviera states, “the EDCA provides [the Philippines] with a window of opportunity to work doubly hard on its own defense modernization.” The United States’ presence is now larger and more flexible than before. The assistance in training and development provides the Philippines with an excellent environment to create their minimum credible defense posture. President Obama laid out the EDCA aims in very plain language, “with the new defense cooperation agreement that was signed today we’ll work together to build the Philippines’ defense capabilities and to work with other nations to promote regional stability, such as in the South China Sea.”

**January 2015: Fifth “Annual” Philippines-United States Bilateral Strategic Dialogue**

From January 20-21, 2015, the U.S. and the Philippines held their fifth Bilateral Strategic Dialogue, this time in Manila. The Philippines was represented by Foreign Affairs Undersecretary Evan Garcia and Defense Undersecretary Pio Lorenzo Batino; the U.S. side was Assistant Secretary of State Daniel Russel and Assistant Secretary of Defense David Shear. The joint statement contained several distinctions from previous talks. For the first time, the dialogue was referred to as “annual.” As in all previous talks, both began by reaffirming their
commitment to the MDT. The press release details the allies’ discussion of issues in the SCS from several perspectives:

The two sides expressed concern over developments in the South China Sea that are inconsistent with the 2002 ASEAN-China Declaration on the Conduct of Parties in the South China Sea (DOC) and international law and emphasized the importance of upholding peace and stability, respect for international law, unimpeded lawful commerce, and freedom of navigation and overflight. (para. 5)

When questioned as to what role both allies would play in stopping China’s encroachment into Philippine territory, both parties emphasized their commitment to peaceful resolution and called on China to respect its commitments to international law. Answering the same question, Defense Undersecretary Batino did reference the AFP modernization program, citing its “substantial support from the legislature,” and its prioritization for addressing territorial defense and maritime security.

**The Great Wall of Sand and China’s Unsinkable Aircraft Carriers**

While the Philippines began to define and build their minimum credible defense posture, China was also hard at work creating their “unsinkable” aircraft carriers. In 2014, the Philippine intelligence sources began to notice a change in Chinese actions in the SCS. Particularly in the smaller reefs, China began dredging operations to create not merely structures, but actual islands themselves capable of housing airstrips and other military infrastructures. In March 2015, U.S. Pacific Fleet Commander, Admiral Harry Harris, described the land reclamation as “unprecedented,” stating:
China is building artificial land by pumping sand on to live coral reefs and some of them submerged and paving over them with concrete. China has now created over four square kilometers of artificial landmass. China is creating a great wall of sand. (p. 4)

While nearly all of the other claimants have built on the exiting features, China stands alone in drastically increasing the physical size of its claims. The reclamation process is fairly simple; large to medium size cutter suction dredgers drag and displace millions of tons of rocks and sand from the ocean floor, creating deeper surrounding waters and inhabitable land (Wingfield-Hayes, 2014).

**China’s Game of Catch-Up**

Before looking at China’s land reclamation, it is important to note that China is actually one of last countries to stake its claim in the Spratly Islands and construct facilities there. As previously stated, the only major distinction between China and the other claimants is the expansion of the physical area of the islands. Taiwan occupied Itu-Aba in 1956. From the 1970s onward, the other five claimants all claimed and began occupying islands. Vietnam, the Philippines, and Taiwan all have their own airstrips. As previously noted, China’s actions in the Spratly Islands should not be a surprise. China’s tardiness in claiming features has left it with some of the least valuable in the area. It should also be noted that some of the islands, include Fiery Cross and Graven Reef are not within the Philippines’ EEZ. Finally, according to Dr. Mira Rapp-Hooper of the Asia Maritime Transparency Initiative:

> When considering Beijing’s acknowledgement, recall that land reclamation is not illegal. It violates the spirit of the 2002 China-ASEAN Declaration on Conduct for the South China Sea and certainly does not improve the chances that China and ASEAN will achieve a binding Code of Conduct, but there is no explicit legal provision against it.
Indeed, China’s Defense Ministry spokesman has defended reclamation against foreign criticism with the claim that it is legitimate under international law. (para. 4)

While this statement brings up important points, it misses others. Namely that UNCLOS allows for construction on islands within a country’s EEZ and nations are required to report construction activities. This does not change the reality that land reclamation is the only option for Beijing as it plays its game of catch-up.

**Land reclamation at Subi Reef.**

One of earliest hints of major land reclamation actually came during the summer of 2012. As the U.S. was increasing its presence in Manila and the surrounding ports, China demonstrated its contempt for such activates by announcing plans to build a one mile runway on Subi Reef (Laude, 2012). Subi Reef sits only 26 km from the Philippine-controlled Thitu Island. At the time, many saw the announcement as purely political, aimed at showing that China was not intimidated by the United States. Satellite imagery has shown that Beijing may intend on following through. Structures on the reef have been expanded and there is an increased presence of Chinese vessels around the reef.

**The new largest island: Fiery Cross Reef.**

Another successful land reclamation is being conducted at Fiery Cross Reef. Dredging operations have expanded the reef into a true island, three kilometers long and between 200 to 300 meters in width. The Fiery Cross Reef now has the distinction of being one of only a few islands capable of supporting an airstrip. A three kilometer airstrip can accommodate most PLA combat and support aircraft. Chinese dredging increased the island’s area eleven times over, making it by far the largest and most strategic land formation in the Spratly Islands. (Rapp-Hooper, 2015) The Asia Maritime Transparency Initiative claims that there are now cement
plants, and over twenty other structures on the island. According to the Philippine Department of Foreign Affairs the island has also received military infrastructure including radars, antiaircraft and naval guns, and helipads. A garrison of as many as 200 troops is believed to be stationed on the island. They also believe a seaport is being constructed to accommodate larger Chinese ships needing to dock and replenish supplies.

A reef aptly named.

Mischief Reef has by no means been neglected by China as their land reclamation projects progress. In April 2015, a Washington based think tank, the Asia Maritime Transparency Initiative, released a lengthy report with up-to-date satellite images and analysis. As previously noted, in 1998 China emplaced a single permanent multistory building on the reef and later in 2012 it was reported that the reef had become a forward naval station. Images from January 19, 2015, show a lone dredger widening the reef’s entrance and building onto the existing platforms. Images from February 1 show a Chinese naval warship accompanying a small fleet around the reef, as well as the widening of both the reef’s entrances. Shortly thereafter, in early February, Philippine eastern command confirmed that China was engaging in land reclamation activates. These satellite images pale in comparison to the ones released March 16. The March photos reveal numerous dredging vessels, and a small chain of land is visible wrapping its way around the oval reef. There are also several new structures and fortified sea walls. The entrance to the reef itself is now estimated to have been expanded to two hundred and seventy five meters (Mischief on the Reef, 2015).

Reclamation moves closer to the Philippines: Johnson South Reef.

Johnson South Reef has undergone a similar process. Initially taken by force from Vietnam in 1998, China is now raising the reef’s potential as a foothold in the SCS (Wingfield-
Hayes, 2014). Until early 2014 only a small concrete platform with a small garrison building and pier interrupted the submerged reef. Yet in less than a year, the reef has been transformed into a hundred thousand square meter island which surrounds the other structures in a protective shape. Many believe China will attempt to emplace airstrips or helipads as well as other military infrastructures. Of the major land reclamation projects Johnson South Reef is the closest to the Philippines, lying directly west of Palawan, within the Philippines EEZ (Rapp-Hooper, 2015).

**Gun emplacements at Graven Reef.**

In terms of distance, Graven Reef lies closer than Fiery Cross Reef and slightly further than Johnson South Reef. Graven Reef has been under Chinese control for longer than most of the other features. It is believed that as far back as 2003 China had a small garrison on the Island. Previous to 2014, the reef only housed a small concrete platform. Satellite images from 2014 show that the reef has grown into a rectangular island approximately 300m by 250m (Hardy & O'Connor, 2014). Images also suggest that the island is now highly defendable, with gun emplacements including an anti-aircraft tower, as well as radar and communication equipment (Rapp-Hooper, 2015).

**EDCA Article III: Agreed Locations**

Despite China’s unheeded gains in the Spratly Islands, the Philippines are gradually increasing their maritime security in terms of their own strongholds within their borders. A term used reputedly through the EDCA is “Agreed Locations.” The EDCA defines these as, "facilities and areas that are provided by the Government of the Philippines through the AFP and that United States Forces shall have the right to access and use pursuant to [the EDCA].” Under Article III, the Agreed Locations are provided without cost to the U.S. The article also stipulates that the U.S may engage in construction, alteration, and improvements on the
locations. Even prior to the EDCA the Philippines were gradually upgrading what would later become the Agreed Locations for U.S. forces.

**Subic Bay and Cubi Naval Air Station**

Subic Bay, located in southwestern Luzon, once housed one of the largest naval exchanges in the world. The base was captured by the United States in 1898 after the Battle of Manila Bay and still holds a sacred place in U.S. naval history. The base is 262 square miles making it approximately the size of Singapore. During the height of the Gulf War, seventy percent of all U.S. naval supplies passed through Subic. The port itself provides a natural deep water harbor and is surrounded by mountains which protect it against typhoons (World Port Source). The naval magazine area held an estimated 50,000 tons of ordinance at its peak. In addition to the bases sheer size, it is also home to what many consider the best training area in the world for jungle warfare a four thousand hectare jungle once used for military training. During the 1980s, U.S. Marines would pair with local tribesmen to conduct survival training (Whaley, 2013). Current specifics on how the EDCA will directly affect the base remain sparse. The government of the Philippines has announced that it will direct over 22 million dollars of the AFP modernization fund for upgrades. The Subic Mayor stated that the upgrades were aimed at accommodating modern ships from both the Philippines and U.S. (Macatuno, 2014).

Past the jungle training area lays Cubi Point Naval Air Station. The base was built by naval engineers in the 1950s. One of its most valuable features is its airstrip-literally a mountain cut in half to form a two mile runway (Field). The air station was badly damaged by one of largest eruptions of the 20th century; however, when in full use the air station could accommodate any U.S. aircraft. Yet with Subic’s conversion into a special economic zone in 1992, both bases have largely fallen into disrepair (Whaley, 2013). Prior to the EDCA U.S.
forces were only allotted rotational access to existing Philippine facilities. Now, specifically under articles III and VII, U.S. forces no longer have to wait on their Philippine counterparts to prepare the new facilities.

**Oyster Bay**

Oyster Bay, also known as Ulugan Bay, is an important addition to the minimum credible defense posture as well. It is one of the closest naval bases the Philippines has to the Spratly Islands, sitting just 100 miles from the nearest island; this is one hundred miles closer than Subic Bay. In an article by the Wall Street Journal written the same day as the signing of the EDCA, Oyster Bay is described as, "ill-equipped to play a frontline role in the Philippines' territorial struggles with China, despite its proximity to the disputed Spratly Islands." (Moss, 2014). This is rapidly changing. Although also writing just prior to the implementation of the EDCA, Robert Kaplan in his book *Asia’s Cauldron*, speaks to the significance of Oyster Bay:

> It was a parking place for U.S. Warships. Ulugan Bay: that the future, I had heard one senior official American official say. Here was a massive and sheltered body of water on the South China Sea within thirty-six hours sail to the Spratlys. (p. 137)

The Oyster Bay already hosts the two U.S. bought cutters. In 2013, there was a report of plans to station fifty to sixty American Marines on the base and to extend the airstrip to accommodate larger U.S. military planes (Keck, 2013). There are setbacks; however, the base needs to be dredged if it is to house larger U.S. ships such as destroyers and carriers. In the past, dredging has been prohibited for environmental reasons (Kaplan, 2014). Whether or not this policy continues under the EDCA, which does contain stipulation for environmental protection under Article IX, has yet to be seen.
Bilateral Training Exercises: Balikatan

Port facilities are not the only target of the historical deal reached in 2014. In 2014 and 2015, the U.S. and the Philippines increased the size and scope of their annual training exercise known as Balikatan meaning "shoulder-to-shoulder." In terms of focus, previous exercises have centered on internal threats, mainly Islamic fundamentalist groups. The 2014 exercises, which occurred shortly after the standoff at Second Thomas Shoal, had a shifted focus to deal with conflict over territorial disputes (Muñoz, 2014).

2015 will have a major rise in the number of personnel and aerial and naval assets. A total of 6,656 American servicemen along with over 5,000 Philippine troops will take part in the training from April 20 to 30. Balikatan 2015 will also exhibit more aerial and naval assets than ever before; the U.S. alone is providing seventy-six air assets and three ships (Romero, AFP: Rise in number of Balikatan troops nothing to do with China, 2015). The AFP stated that:

The exercise is designed to enhance the Armed Forces of the Philippines and the United States Armed Forces in capability development in the conduct of not only traditional military training but with civil military projects focusing on reaching out towards priority communities. (para. 5)

Balikatan is conducted in three events: Humanitarian Civic Assistance, Command Post Exercises and Field Training Exercises. Command Post Exercises focus around "Marine Security with Combined Arms Live Fire Exercise to demonstrate the capability of the AFP National Maneuver Force." (para. 7) (AFP, US Armed Forces to come together for BALIKATAN 2015, 2015) As has become the norm with any bilateral activities between the U.S. and the Philippines, both have emphasized that the exercises are not aimed at containing China, but rather building a relationship between the two allies.
Conclusion

The South China Sea is the key in terms of major world powers establishing regional and even global dominance. Yet the future of the Philippines is perhaps the most important from a western perspective. As Kaplan writes, “Given the legacy between the States and the Philippines, Manila’s fate will be the most telling sign of the U.S. ability to project power and establish stability in the South China Sea and Asia-Pacific as a whole (p. 123).” The United States’ interest notwithstanding, for Manila to lose access to the Spratly Islands could cause a major economic crisis as Manila would lose everything from fishing grounds to opportunities for energy exploitation. The SCS creates an interesting paradox: nations increasingly push against one another’s claims in the sea, while also increasing their economic dependency on one another. The U.S., Philippines, and China are all major trading partners and the prospect that any party would risk this relationship by military confrontation in the Pacific remains unlikely. Neither the U.S. Navy nor Beijing will relinquish ground in the near future. The U.S. Navy Cooperative Strategy for 21st Century for Seapower (2015) states:

> With strategic attention shifting to the Indo-Asia-Pacific, we will increase the number of ships, aircraft, and Marine Corps forces postured there. By 2020, approximately 60 percent of Navy ships and aircraft will be based in the region. (p.11) (United States Navy: A Cooperative Strategy for 21st Century Seapower, 2015)

The United Stated Navy is not the only one increasing its capacity in the SCS. The Stockholm International Peace Research Institute has shown that since 1999, East Asia’s military expenditure has steadily risen every year with many South East Asian nations showing increases of well over one hundred percent since 2000.
The South China Sea will retain its importance as shipments and energy exploitation increase and the surrounding nations develop their abilities to defend their claims. The Spratly Islands are instrumental for nations establishing dominance in the South China Sea. As China seeks to strengthen its grip in this key waterway by occupying and expanding the Spratly Islands, the Philippines is left with little recourse. Their most successful course of action to date has been their bilateral defense agreements with the United States. The progress of the defense agreements, the growth of the Philippines as a nation, and China’s reaction to western powers in the South China Sea will be the three most important indicators for the fate of the Spratly Islands.
Works Cited


Appendix A: China’s Land Reclamation in the Spratly Islands

Subi Reef
Fiery Cross Reef
January 22, 2006

November 15, 2014
March 18, 2015
Mischief Reef
CHINESE SHIPS:
1 SUCTION DREDGER
2 TUGBOATS
1 FISHING VESSEL
Johnson South Reef
Graven Reef