

A Middle Power Between Appeasement and Limited Hard Balancing: The Philippines' Strategic Dilemma in a Changing Indo-Pacific Region

Professor Renato Cruz De Castro

College of Liberal Arts, De La Salle University

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Between Scylla and Charybdis: Is there a Middle Path for Middle Powers in the Indo-Pacific Region?

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Abstract: During his six-year term, former President Benigno Aquino III challenged China's expansive claim in the South China Sea. Current President Rodrigo Duterte has unraveled his predecessor's balancing policy on China. His administration aims to appease China by distancing the Philippines from the United States of America and gravitating toward an emergent power determined to reconfigure Asia's maritime territory. Nonetheless, recent developments such as the People's Liberation Army Navy's hostile moves against the Armed Forces of the Philippines units on Philippine-occupied islands in the South China Sea and the delays in the promised Chinese investments in the country have prompted the Duterte Administration to review the appeasement approach and to adopt a limited hard balancing policy. This move is reflected by the: 1) continuous Armed Forces of the Philippines modernization program; 2) stabilizing of security relations with the United States of America; and 3) fostering of security arrangements with Japan and Australia. In conclusion, this article contends that the Duterte Administration is at the crossroads, figuring out if the middle power will continue its appeasement approach or pursue a limited hard balancing policy on China.

KEYWORDS: Australia, balancing, BRI, China, China's maritime expansion, Japan, limited hard balancing, middle power, Philippine foreign policy, Philippines, soft balancing, UNCLOS

Introduction

On August 15, 2019, Philippine Defense Secretary Delfin Lorenzana announced the incursion of several Chinese warships into the country's territorial waters without prior coordination with the Armed Forces of the Philippines (AFP).¹ He maintained that the People's Liberation Army's Navy reneged an earlier commitment from the Chinese ambassador in Manila that the Philippines will be informed in advance of any movement of Chinese naval vessels in the country's territorial waters.² Consequently, the defense secretary recommended the filing of a diplomatic protest by the Department of Foreign Affairs following the series of suspicious and unauthorized transits of Chinese warships in Philippine waters, including the passage of two Chinese survey ships in the country's exclusive economic zone.³

President Rodrigo Duterte, however, said that he would not provoke China into war.⁴ He argued that the more feasible solution was to forge a joint exploration pact with this regional power.⁵ In August 2018, President Duterte told Filipinos that he expected China to be just and reasonable on the South China Sea dispute and that they should accept Beijing as a good neighbor.⁶ He said, "I am sure that in the end, China will be fair and the equity will be distributed."⁷ His good but misplaced faith on China is indicative of his administration's appeasement policy on China.⁸ These two clashing views of the Duterte Administration and the defense/military establishment reflect the country's dilemma on how to deal with China's maritime expansion in the South China Sea. After almost three years of pursuing a policy of appeasement on China, the Philippines is incrementally shifting to "limited hard balancing" to constrain China's revisionist

¹ Roel Pareni, Pia Lee-Brago, Alexis Romero, and Jaime Laude, "China Warships Trespassing in Philippine Waters-DND, AFP," *The Philippine Star*, August 16, 2019, 1.

² Philippine News Agency (PNA), "AFP Makes Adjustments amid China Warships Passage in PH Waters," *Philippine News Agency*, August 16, 2019, 1.

³ Third Anne Peralta Malonzo, "Wesmincom: Passage of Chinese Warships in Sibutu Straits Not Innocent," *SunStar Philippines* (August 15, 2019), 1-2.

⁴ Audrey Morallo, "Duterte Explains Soft Stance on West Philippines Sea Dispute: We Can't Win," *The Philippine Star*, May 22, 2018. 1. <https://www.philstar.com/headlines/2018/05/22/1817645/duterte-explains-soft-stance-west-philippine-sea-dispute-we-cant-win>

⁵ *Ibid.*, 1.

⁶ Kyodo News, "Duterte Confident China will be Fair When Resolving Maritime Dispute," *South China Morning Post*, July 17, 2018, 1. <https://www.scmp.com/news/asia/southeast-asia/article/2155709/duterte-confident-china-will-be-fair-when-resolving>

⁷ *Ibid.*, 1.

⁸ Appeasement refers to a state's efforts to conciliate or buy off an emergent power by initiating unilateral diplomatic and strategic concessions. The term appeasement has acquired a derogatory overtones both in common parlance and historical scholarship as it supposedly symbolizes the sacrifice of principle (such as sovereignty or independence) for the expedience of placating an expansionist power by the status quo states. However, if properly conducted, appeasement is regarded as an integral part of the Balance of Power process as it is aimed to maintain order and reduce the incidence of great power conflict and rivalry by accommodating the interests of emerging powers to facilitate the peaceful transformation of the international system. Peter Trubowitz, *Politics and Strategy: Partisan Ambition and American Statecraft* (Princeton, Massachusetts: Oxford, United Kingdom: Princeton University Press, 2011), 13. Also see Graham Evans and Jeffrey Newham, *The Dictionary of World Politics: A Reference Guide to Concepts, Ideas, and Institution* (London, the U.K.: Harvester Wheatsheaf, 1992), 16-17.

agenda.⁹ Specifically, this strategy entails building up the Philippine military's territorial defense capabilities, maintaining its alliance with the United States of America (U.S.), and forging security partnerships with Japan and Australia.

This paper focuses on this central problem: What prompted the Duterte Administration to pursue an incremental policy of limited hard balancing vis-à-vis China? It also addresses the following questions: 1) Why did the Duterte Administration earlier adopt a policy of appeasement on China? 2) How did it implement this policy? 3) How is it implementing a policy of limited hard balancing on China? 4) What is the future of the Duterte Administration's limited hard balancing policy on China?

Pursuing an Appeasement Policy

The Duterte Administration (composed of President Duterte and his cabinet members chosen from his inner circle of trusted friends and aides) wanted to change the Philippines' confrontational foreign policy on China. President Duterte and his economic team were aware that the Philippines had not fared well in competing with its more prosperous Southeast Asian neighbors for foreign investments primarily because of the country's lack of infrastructure. Potentially, Chinese public investments for infrastructure development projects would be forthcoming if Philippine-China relations—severely strained during the previous administration—would be improved considerably. Thus, the main thrust of the Duterte Administration's South China Sea policies, was, first to shift the confrontational policies to a more conciliatory stance of seeking consultations with China.¹⁰

In his speeches and policy initiatives after the October 2017 trip to China, President Duterte intimated that he is strategically disengaging the Philippines from the U.S. while titling towards China and Russia.¹¹ Toeing the line, then Secretary Perfecto Yasay admitted that the Philippines is helpless in stopping China's maritime expansion and militarization activities on the disputed islands in the South China Sea.¹² He argued that it was wiser to let other countries with special concerns about China's activities take action (themselves), citing the U.S. and Japan, which had

⁹ Limited hard balancing relies on limited arms build-up and semiformal alliances such as strategic partnerships that allow joint efforts and sharing of strategic resources but not offensive warfare or operational coordination. Unlike hard or traditional balancing that seeks to militarily confront a revisionist power, limited hard balancing has the modest goals of increasing the marginal cost for the aggressive power pursuing a revisionist policy or signaling continued coercive behavior of the threatening state may trigger hard balancing. T.V. Millar, *Restraining Great Powers: Soft Balancing from Empires to the Global Empire* (New Have and London: Yale University Press, 2018), 21.

¹⁰ The National Institute for Defense Studies, *East Asian Strategic Review 2017* (Tokyo: The Japan Times, 2017). 134.

¹¹ AFP, "Presidential Remarks on China, Russia Send Investors Fleeing," *Business World*, 28 September 2016, 1.

¹² Jeannette I. Andrade, "Philippine Helpless versus China—Yasay," *Philippine Daily Inquirer*, 17 December 2016. 1.

raised concern on freedom of navigation and overflight operations.¹³ He announced as well that the Philippines had bilaterally engaged China to ensure no further actions.¹⁴

Cashing in on the Appeasement Policy

In terms of the expected dividends, however, the Philippines has not received any substantial returns so far from its appeasement policy as it is not clear how the Philippines could tap into the Belt and Road Initiative (BRI) fund. The Philippines sought Chinese investments in the reclamation of the Davao coastline, construction of the seaport and terminal in Davao, Cebu, and Manila, and the building of highways and railways amounting to US\$9 billion.¹⁵

Unfortunately for the Philippines, there is no single major port development project that “would have been more in line with the BRI’s thrust of increasing regional connectivity and allow the country to be linked to the Maritime Silk Road.”¹⁶ The absence of such projects limits the Philippines from having closer trade linkages with Asia and Europe. The Nomura Research Institute observed that “most of the big-ticket multi-year projects (under the BRI) in the pipeline are still under consideration and may, therefore, be susceptible to the risk of another pivot when a new (Philippine) president takes over in 2022.”¹⁷

Continuing the Armed Forces of the Philippines Modernization Program

The Duterte Administration policy of pursuing a policy of limited balancing on China is manifested by its decision to proceed with the long-term AFP modernization program. In June 2019, President Duterte agreed to bankroll the second phase of the AFP’s 15-year modernization program. The first phase of the program, which began in 2013 and ended in 2017, entailed the acquisition of military equipment mainly for internal defense. The second phase or horizon, from 2018 to 2022, is an ambitious and expensive transition period where the Philippine military will concentrate on arms purchases for territorial defense. This phase provides big-ticket items that the AFP would acquire, with the lion-share of the US\$56 billion modernization fund going to the Philippine Navy and the Philippine Air Force.

Stabilizing the Philippine-U.S. Alliance

In late September 2016, President Duterte threatened to separate the Philippines from its only strategic ally, the U.S. He ordered the termination of Philippine-U.S. naval joint patrols and

¹³ *Ibid.* 2.

¹⁴ *Ibid.* 2.

¹⁵ Peter Klemensits, “Geopolitical Consequences of the 21st Century New Maritime Silk Road for Southeast Asian Countries,” *Contemporary Chinese Political Economy and Strategic Relations* 4, 1 (April 2018): 113.

¹⁶ Mayvelin Caraballo, “China ODA Impact Uncertain—Nomura,” *TCA Regional News*, April 18, 2018, 1.

¹⁷ *Ibid.* 1.

military exercises after the Obama Administration condemned the alleged extra-judicial killings resulting from his campaign against drugs lords and minor pushers.¹⁸ He also threatened to review and to abrogate the 2014 Enhanced Defense Cooperation Agreement (EDCA), which provides the U.S. forces access to five Philippine military bases.

On November 8, 2016, however, Defense Secretary Lorenzana announced that the Philippine-U.S. security alliance would not be abrogated and that the EDCA would be implemented.¹⁹ In the face of the initial Philippine-China rapprochement, the management of the U.S.-Philippine alliance depended on two key security issues—the South China Sea dispute and the growing Islamic State of Iraq and Syria threat in Mindanao. Current Philippine-U.S. security cooperation is characterized by continuous engagements but with a refocused agenda, rather than a total break up that became a possibility after President Duterte’s announcement of crossing the Rubicon in October 2016.

Fostering Middle Power Security Partnerships with Japan and Australia

President Duterte’s decision to bolster Philippine-Japan security partnership, and stabilize Philippine-Australia bilateral relations, suggest that, despite his efforts to improve Philippine-China economic relations, he sees the need to *equi-balance* among the great powers, the U.S. and China. Strengthened security partnerships with these two middle powers, Japan and Australia, enables the Philippines to effectively play its classic diplomatic gambit of equi-balancing or the art of pitting one great power against the other. This prevents the Philippines from totally aligning with China.

On 12-13 January 2017, Prime Minister (PM) Shinzo Abe was in Manila for a state visit when the Philippines was friendly to China and hostile towards the U.S. The Philippines was the first leg of PM Abe’s four-nation trip to boost Japan’s trade and security engagements amidst China’s increasing military, economic, and diplomatic influence in Southeast Asia. PM Abe and President Duterte pledged to deepen maritime security cooperation between their two countries. PM Abe stated that since both the Philippines and Japan are maritime nations, Japan would support the Philippines’ capacity building in maritime security.²⁰ Both leaders also reaffirmed their commitments to pursue a peaceful resolution to the long-standing South China Sea dispute. During the siege of Marawi City, Australia dispatched two Royal Australian Air Force AP-3C Orion planes to provide surveillance and reconnaissance support to the AFP’s combat operation

¹⁸ Trefor Moss, “Philippine President Shift on U.S. Alliance Worries Military: His Willingness to Upend Alliance with U.S. has Dumbfounded Even Those in His Inner Circle,” *The Wall Street Journal*, September 2016, 1.

¹⁹ Asia New Monitor, “Philippines-United States: Philippines Scaling Back, Not Scrapping, Military Work with U.S.,” *Asia News Monitor*, November 11, 2016, 1.

²⁰ Catherin Valente, “Abe Offers PhP430 B Package,” *TCA Regional News*, January 13, 2017, 2
<https://search.proquest.com/docview/1857825130?accountid=28547>

against the Muslim militants.²¹ It also considered sending Australian Defense Force (ADF) personnel to advise and assist the Philippine military in the counter-terrorism campaign—something that the ADF has been doing in Iraq.²² Since 2015, the ADF's Task Force *Taji* has trained thousands of Iraqi military personnel in urban warfare. Australia collaborates with the Philippines and other regional partners in further building the capabilities of the regional coast guards to tighten border control in the Sulu Sea, thus limiting the movement of terrorists, money, and technology to militant groups in the Southern Philippines.²³

Australia is a celebrated middle power and Japan also, is often categorized as a middle power, but the status of the Philippines is not regularly stated. The Lowy Institute's Asia Power Index clearly states: "The Philippines is a middle power in Asia."²⁴ In addition, Jonathan Ping's work on Hybridization theory also finds the Philippines to be in the middle power bracket.²⁵ Thus, for middle power statecraft, the Philippines has shown that challenging a great power, appeasement and equi-balancing are all middle power behavior. A corollary is thus the Philippine's policies demonstrate that the behavioral approach to middle power does not accurately comprehend what middle powers do or are, and thus fails to be a functional theory.²⁶

Conclusion

President Duterte unraveled former President Aquino's geopolitical agenda of balancing China's expansive claim in the South China Sea. He has distanced his country from its long-standing treaty ally and gravitated toward China, which is determined to reconfigure the global commons in the East Asia. He also set aside the 2016 United Nations Convention for the Law of the Sea decision on the South China Sea dispute. His initial diplomatic policy was to appease China, in contrast to then President Aquino's balancing strategy. He thought that an appeasement policy on China was worth pursuing because it would make the country a beneficiary of the latter's emergence as a global economic power. President Duterte took into account China's launching of the BRI. He was afraid that if the Philippines continues to pursue a balancing policy on China,

²¹ MENA Report, "Australia: Australian Defense Force Assistance to the Philippines," *MENA Report*, June 24, 2017, 1. <https://0-search.proquest.com.lib1000.dlsu.edu.ph/docview/1913045479/fulltext/34630C4DEC4F14PQ/44accountid=28547>

²² Priomrose Riordan, "Philippines Keen for Australian Intelligence Help in Marawi City," *The Australian*, August 30, 2017, 1. <http://theaustralian.com.au/national-affairs/philippines-keen-f...>

²³ John Blaxland, Jacinta Carroll, Andrew Carr, and Marty Harris, "Marawi and After: How Australia Can Help," *Policy Option Paper No. 6*, (August 2017), 2. <https://nsc.crawford.anu.edu.au/departments-news/11260/marawi-an...>

²⁴ Lowy Institute, "Asia Power Index," Lowy Institute, (October 2020). <https://power.lowyinstitute.org/countries/philippines/>

²⁵ Jonathan Ping, *Middle power statecraft: Indonesia, Malaysia and the Asia-Pacific*, (London: Taylor and Francis 2017), 104.

²⁶ Jonathan Ping, "Middle Power Hybridisation and China," in *Rethinking Middle Powers in the Asia Century: New theories, new cases*, ed. Tanguy Struye de Swielande; Dorothee Vandamme; David Walton; Thomas Wilkins, (Milton: Routledge, 2019), 210.

the country would not be able to avail economic benefits from the BRI, China's 21st century version of the Marshall Plan.

However, confronted by China's failure to deliver the promised loans and direct investments to finance the Philippine government's 'Build, Build, Build' program, and increasing naval presence near the artificial islands it constructed in the South China Sea, the Duterte Administration has embraced a policy of limited hard balancing. The goal is to develop the Philippines' external defense capabilities on the account of the dangerous great powers' competition in the Indo-Pacific region. The Duterte Administration has resorted to this policy by: a) building up the AFP's territorial defense capabilities; b) maintaining its alliance with the U.S., c) fostering middle power security partnerships with Japan and Australia; and d) reluctantly challenging China's expansion into the South China Sea. As a weak middle power bereft of any credible defense capabilities, the Philippines, by moving in this policy direction, will be able "to chart its destiny in an increasingly multi-polar global order as it strengthens and pursues a comprehensive and strategic alliance or cooperation with its friends and partners in the Indo-Pacific region."²⁷

²⁷ National Security Council, National Security Council, *National Security Strategy: Security and Development for Transformational Change and Well-Being of the Filipino People* (Quezon City: National Security Council, 2018), 8.