

The Impact of the Termination of the 1947 Military Bases  
Agreement (MBA) on the R.P.-U.S Special Military  
Relations

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By

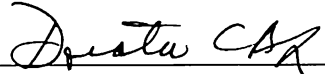
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APPROVAL SHEET

In partial fulfillment of the requirements for the degree of Bachelor of Arts in Political Science, this thesis entitled, "The Impact of the Termination of the 1947 Military Bases Agreement (MBA) on the R.P.-U.S. Special Military Relations" prepared and submitted by Ethelind C.Tan is hereby recommended for approval.

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## ABSTRACT

On July 4, 1946, the Philippines was once again liberated from the hands of a foreign country; however that time, from the hands of the United States of America. On that same day, the Treaty of General Relations between the two countries was signed and started the special relations of the two.

Upon the signing of the Military Bases Agreement (MBA) in 1947, the Philippines and the United States began to establish their special military relations. The MBA of 1947 was very influential not only to the security alliance of the two but also to their economic partnership. Concomitant to the Agreement were military aid to help improve the Armed Forces of the Philippines and economic aid to help the Philippines in its quest to build a nation which was newly-independent and greatly-devastated by World War II.

The MBA, for most Filipinos, brought predicament to the Philippines. It was in fact the greatest source of irritation among the other agreements that constitute special security alliance of the two. Therefore in 1991, as had amended, the MBA was terminated or was expired, and the Treaty of Friendship, Cooperation and Security which would have extended the presence of the U.S. military bases in the country was rejected by the Philippines Senate in 1992.

The termination of the MBA affected the R.P.-U.S. special military relations and the Philippines economy as well. Because of this, deliberately or not, defense relationship of the two countries became less active and the Philippines was downgraded as it became less important to the U.S. as a

component in its security network in the Asia-Pacific region. It means lesser military aid and lesser economic aid; however, it can also mean lesser encroachment or violation of Philippine sovereignty.

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## CHAPTER I

### RESEARCH QUESTION:

What has been the impact of the termination of the 1947 Military Bases Agreement (MBA) on the R.P.-U.S. special military relations?

### SPECIFIC QUESTIONS:

- a. What is the impact of the termination of the MBA on the still effective Military Assistance Agreement (MAA) and Mutual Defense Treaty (MDT)?
- b. What have been the moves or changes done by the Philippines and the United States after the termination of the MBA to continue their special military relations?
- c. What are the new agreements signed or being negotiated at present by the Philippines and the United States to complement by the loss of the MBA?

### THESIS STATEMENT

The termination of the 1947 Military Bases Agreement has impacts on the R.P.-U.S. special military relations.

### OBJECTIVES

#### GENERAL:

To know what has been the impact of the termination of the 1947 Military Bases Agreement on the R.P.-U.S. special military relations.

#### SPECIFIC:

- To know the impact of the termination of the MBA in 1991 on the still effective Military Assistance Agreement (MAA) and Mutual Defense Treaty (MDT).

- To know the moves and changes done by the Philippines and the United States after the termination of the MBA in 1991 to continue their special military relations, and to study their impacts on Philippine sovereignty.
- To know and study the new agreements signed and being negotiated at present time by the Philippines and the United States to complement by the loss of the MBA, and to study their impacts on Philippine sovereignty.

### **SIGNIFICANCE OF THE STUDY**

The Study help the Filipino people to open their minds and realize the negative effects of the Philippine military relations with the United States, as the latter steps on Philippine sovereignty by manipulating Philippine affairs, violating certain laws and Philippine Constitution and overpowering the Philippines in its own territory. Through this, the Filipino will realize the reality of the R.P.-U.S. special military relations; that the U.S. benefits more than the Philippines, instead of mutually gained advantages.

With all these, the study will help formulate a good solutions or alternatives on how to improve the country, through its military, aside from depending on its relationship with the U.S. armed forces.

### **SCOPE AND LIMITATIONS**

The study is a critical-historical analysis of the R.P.-

termination of the Military Bases Agreement (MBA) up to present, as the aftermath of President Gloria Macapagal-Arroyo's support to President George W. Bush's campaign against terrorism, triggered by the September 11 attack of terrorists to the United States. Negotiations later than the said date are not included in the study. The researcher chooses to include only in the paper the military arrangements most important and those that hit the Philippine history the hardest.

The research is concerned mainly on the different military agreements signed or being negotiated by both countries, the moves and changes implemented by both armed forces, the plans, programs and military exercises conducted by both military; and investigates their impacts on Philippine sovereignty. Philippine sovereignty in the study is defined through the context of the Philippine Constitution, as the people, territory, laws, and jurisdictional rights.

Most data are qualitative taken from the accounts relating to the military of both countries.

## CHAPTER II

### METHODOLOGY

The paradigm the researcher will use is critical because the research topic is mainly a historical analysis of the changes and moves (proposals, programs, plans, activities and arrangements) implemented and done by the Philippines and the United States after the termination of the 1947 MBA. The question is whether the termination of the 1947 MBA in 1991 on the R.P.-U.S. special military relations, and what the impacts are.

The main method the researcher will use is library research in Department of Foreign Affairs, National Defense College of the Philippines, and Armed Forces of the Philippines. The qualitative data needed in these libraries are: the different military agreements which emerged and negotiated by both countries after the termination of the MBA that constitute their special military relation, and the changes and moves implemented by both armed forces in respond to the termination of the MBA. Those data are expected to be found in books on Philippine foreign policy vis-à-vis the United States, public documents, military theses, journals and primers. The agreements themselves are also to be used in gathering data about their provisions and in analyzing them primarily on their impact on Philippines sovereignty.

The data gathered are to be taken down in note cards and shall be arranged and organized chronologically, since as said earlier, the research is a historical analysis as well. Topic

of every note cards will be written above for easy access and the data source is at the end of the notes. Every note cards on one topic will be numbered if in case more than one card will be needed. The place where the data source is found will also be included.

Internet sources are also helpful but the researcher will be particular in the websites because some sources might not be reliable. Moreover, date of accession will also be noted down in the note cards, if the data came from the internet because some websites disappear or dissolve.

## DATA ANALYSIS

The data to be gathered will be arranged chronologically from the termination of the MBA up to present. The different data leading to or is about one special event or to the development of a certain agreement will be grouped together to create a particular outcome. All data gathered will be analyzed to form a concrete finding or conclusion at the end of the research. Each will be compared to check for any possible extensiveness, similarities, differences, vagueness and contradicting ideas. Apparently, validation in this study is an important method.

Aside from organizing the data chronologically, they will also be clustered according to issues or topics.

## **TRIANGULATION**

Each datum will be looked at different angles through the different research methods used and sources. Some data may have changed because of any development, for example those data which come from old books. Looking at the sources is very important because bias to either side is definitely present. To check the data's reliability, it is necessary to scrap out any bias.

## **VALIDATION**

In validating the data, it is important to use standards where the data collected must be compared. These standards must be bias-free and merely facts. The provisions in the agreements can also be set as standards.

The validity of the data can also be looked at the reliability of the sources. Data must not be extensive or should be specific and will not discuss any related issues. They must answer or if not should at least lead to the answers in the research questions. Data should not also be exaggerated and overly generalized.

## **ETHICS**

For library research in Armed Forces of the Philippines, Department of Foreign Affairs and National Defense College of the Philippines, it is necessary to present the librarian a letter of consent from the University of the Philippines Manila asking for permission to use their respective

libraries. This letter will explain the research topic and to introduce the researcher.

## INTRODUCTION

The R.P.-U.S. special military relations had been effectively established by the 1947 Military Bases Agreement. The heart of this relationship had been the implementation of the aid agreement. With its termination, it is expected that there will be some changes in the relationship.

MBA opened the country to continued American neocolonialism, having some terms of the agreement being onerous and one-sided favoring the United States, especially on the issue of extraterritoriality.

The American military bases in the Philippines served only to protect American interests and to maintain its power in the Pacific region (Kraft and De Castro, 1994); therefore after series of amendments of the 1947 MBA, it was agreed and set to expire in 1991.

With the expiration of the Philippine-American Military Bases Agreement in 1992 it had several security implications to the bilateral relations of the two countries.

With the termination of the MBA on September 16, 1991, the Philippines and the United States needed to conclude a new treaty for the continued presence of the U.S. military facilities in the Philippines.

For the part of the Philippines, it sought to redefine its relationship with the United States by insisting on a

concentration on more trade and less aid, as well as the establishment of a new framework for partnership based on mutual benefit and sovereignty (De Vega, 2005).

After 11 months of negotiations a Treaty of Friendship was proposed. The "Treaty of Friendship and Cooperation between the Republic of the Philippines and the U.S.A.," was prepared by the President's Committee on the Bases. The Treaty of Friendship, Cooperation and Security was rejected on September 12, 1991 by the Philippine Senate. This treaty would have allowed the United States to maintain its military facilities in the Philippines.

The MDT, however, is still effective until present time and has then become the key basis for the continuance of the security alliance between the Philippines and the United States, replacing the key role left by the bases agreement. But instead of permanent basing sites, U.S. forces have just increased the frequency of their visits and port calls while seeking logistics and maintaining arrangements with the Philippines.

Since 1992, U.S. military bases in any Southeast Asian nations stopped operating. But the U.S. has been negotiating with these countries, including the Philippines, on access agreements for its naval and air forces. Therefore, structural adjustments which include new access agreements are implemented so the U.S. can continue its military power in SEA.

The U.S. presence continues but is maintained only through the network of access arrangements and through joint

exercises (Kraft and De Castro, 1994). However, there is actually no significant difference between this and the permanent basing agreement. In short, the Senate's rejection of the Treaty of Friendship, Cooperation and Security was useless because it did not terminate the presence of the United States in the Philippines, as what most Filipinos expected.

In November 1992, the R.P.-U.S. MDB agreed that joint military activities like the Balikatan should continue in reference of the MDT, which according to Raymond Quilop, provides that the two armed forces must maintain and develop their individual and collective capacity to resist armed attack through joint training<sup>1</sup>. Therefore, the former bilateral alliance established by the bases had been transferred to the periodic assembling of the MDB and the holding of annual Balikatan exercises.

In 1996, the military exercises were suspended due to a lack of legal framework that would govern the entry of the U.S. forces in the Philippines. This legal framework was the Status of Forces Agreement (SOFA). It was contended that upon the termination of the MBA, the SOFA was also terminated.

However, in 1998 through the VFA, major military exercises, combined training and ship visits were resumed restoring some measures of the access in the Philippines, which the United States lost in 1992 (Weeks and Meconis, 1999).

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<sup>1</sup> Quilop, Raymond Josec. *Philippine-American Defense Relations: Challenges and Prospects*. 2005

Upon the termination of the MBA, the importance of the Philippines as a treaty ally of the United States has greatly been diminished (Kraft and De Castro, 1994). The importance of the Philippines in the U.S. security network in SEA diminished and has become a non-essential element. This is evident in the Kalayaan issue, where the United States refuses to support the Philippines in its claim against China and other claimants.

The current R.P.-U.S. security relationship is no longer important as it was with the presence of the bases. The United States would not anymore be willing to politically accommodate all Philippine stipulations to continue the relationship, especially those that the U.S. thinks as irrational and less beneficial to America.

## REVIEW OF RELATED LITERATURE

Since July 4, 1946, the time of Philippine independence from the United States, the two countries have entered in so-called "special relations." The economic and military relations of the Philippines and the United States are under this said special relationship. A special relation because both countries should benefit here equally, and this is a very close relationship that each is bound to help the other on times of trouble, when needed or not. This is due from the fact that it was first agreed before the U.S. gave independence to the Philippines.

Military relations between the Philippines and the United States are outlined mainly by three agreements: the 1947

Military Base Agreement (MBA), the Military Assistance Agreement of 1947 (MAA) and the Mutual Defense Treaty of 1951 (MDT) (Simbulan, 1989). These "security agreements" were signed by both countries because they were said to not only serve the interests of one party, but also the interests of both countries. Therefore, these three are settled because these were good and important to both U.S. and Philippines. In the case of the Philippines, it sought for protection and assistance from the Americans, while the United States aimed to strengthen its influence and power over the region (Santos, 1990).

These security agreements went through different revisions and changes because apprehensions arose that these three would advance the American interests more than the interests of the Filipinos'. Many objections were raised by the Filipinos and the Philippine government concerning issues mainly on sovereignty, jurisdiction, mutuality, vagueness of some terms in the agreements, and some social, economic and legal issues (Romualdez, 1980). In addition to these issues, economic grants and military aid that were given by the United States were not equal to what the Philippines had provided to its former sovereign (Santos, 1990). It was concluded that the United States provides assistance, projecting altruism, but the reality is that it is able to get something more in return. The Americans only give because they know that by doing so, they will be benefited more (Oxales, 1990).

The Memorandum of 1974 was presented in behalf of the Filipino people. It proposed that the three agreements namely

the Military Base Agreement, Military Assistance Agreement, and Mutual Defense Treaty be revised and modified. Included in this proposal is the span of time or period that these stated agreements would be effective. And it was concluded here that the MBA and the MAA depended on the MDT (Romualdez, 1980). The Memorandum of 1974 also tried to correct the inequalities and the infringement of the rights of the Filipinos and of the Philippine sovereignty contained in these agreements.

Of these three arrangements, the Military Base Agreement received the greatest opposition and disapproval from the Filipinos. As a result, the duration of the presence of the U.S. military bases in the Philippine territory was shortened from 99 years to 25 years; therefore, it expired on September 16, 1991 (Varona, 1990).

Issues concerning the U.S. military bases before its expiration in 1991 were: the grant to the American military personnel of unlimited use of bases and extraterritoriality rights; U.S. intervention in the domestic affairs of the Philippines due to the existence of the bases; whether these bases could actually protect or not the Philippines; "the validity or illegality of the MBA;" MBA's contrasting provisions with the Philippines' agreements with other nations; the threat to Philippine security both international and national the bases could invite; and the threat of nuclear arms possibly stored in these bases (Simbulan, 1989).

The biggest issue of the U.S. military bases lies on national sovereignty, because foreign military bases bring distress to the host countries and these hold back their quest

for independence and growth, on the basis of the foreigners' own "ideological, political, economic and cultural ideas (Magallona, 1986)."

Upon the removal of the military bases in 1991, the Pentagon was eager to reestablish its military existence in the Philippines, to serve U.S. interests. Therefore, in November 1994, a broader version of the 1992 access agreement was proposed. This was the Acquisition and Cross-Servicing Agreement (ACSA). This agreement would allow the U.S. military to supply, refuel, repair, store armaments and to use Philippine territory as a springboard for foreseeable interference of U.S. (Schirmer, 1997). Military exercises between the U.S. armed forces and the Philippine armed forces are also defined in this executive agreement. These exercises would compensate to the loss of the capability of the bases of "permanent forward deployment (Schirmer, 1994)" "and as a jumping off point for U.S. military intervention in the Asia-Pacific region (Schirmer, 1995)."

Acquisition and Cross-Servicing Agreement (ACSA) calls for the mutual providing by each country of the needs support and supplies. Under ACSA, "Logistics Support, Supplies and Services" are to be given to the U.S. military by the Philippine military and vice versa. Apparently, it holds the Philippines to support and serve the U.S. in its possible "wars and interventions in the Asia-Pacific region (Schirmer, 1995)."

Despite the loss of the bases, and the failure of the Mutual Defense Board to ratify ACSA, the U.S. and the

Philippines have still stayed committed to their defense cooperation goals, including U.S. military temporary visits and military exercises. Thus, on February 10, 1998, the Visiting Forces Agreement was signed. The VFA is terminable. It regulates the entry and exit in the Philippines of the American military forces for bilateral military exercises, but the military activities governed by the VFA are subject to the Philippine Government approval. The provisions of the VFA concern only to personnel; equipment and supplies are not included in the agreement, neither the re-establishment of the U.S. bases.<sup>2</sup>

The Visiting Forces Agreement; however, like the other agreements the Philippines has entered, suffered from many defects. Three of these flaws are: the VFA is an insult to the Philippine Constitution; it gives Americans extraterritorial rights; and it can push the Philippines to conflicts or wars with other nations, not of its own choosing (Nemenzo, 1998).

In 2001, after the September 11 terrorist attack of the World Trade Center, the Arroyo Government gave its support to U.S. in the latter's campaign against terrorism, offering logistics and other support. While President Bush in return offered technical assistance to assist the Philippines on the implementation of the anti-money laundering law, a Philippine effort to fight terrorism. The U.S. also offered assistance in counterterrorism activities against the Abu Sayyaf Group in the south. This included training, equipment, enforcement of

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<sup>2</sup> Primer: Agreement Between The Government Of The Republic Of The Philippines And The Government Of The United States Of America Regarding The Treatment Of United States Armed Forces Visiting The Philippines.  
<http://www.dfa.gov.ph/sfa/frame/frmpri.htm>PRIMER.July 22, 2004

counterterrorism laws and a "new bilateral defense consultative mechanism."<sup>3</sup>

The Philippines have entered to a lot of bilateral agreements and treaties with the United States, its former sovereign and a world superpower. These agreements were mostly proposed by the United States. And although they claim that these agreements are beneficial to both countries and the aid they provide are advantageous to the Philippines, a deeper analysis of these would reveal that the arrangements are more beneficial and serve the interests of U.S. more than the interests of the Philippines. And the worst of these cases, some provisions in the agreements can violate the rights of the Filipino people and endanger them, and infringe the Philippine sovereignty.

The notion of sovereignty is used variously in different occasions. Within a state or domestically speaking, sovereignty is the potential of a state to govern or to rule within its territory free from external control or the "assertion of absolute political authority". While in the context of foreign affairs or international system, sovereignty means the power to claim independence from other independent states (Fowler and Bunck, 1995).

Sovereignty is important especially in the international affairs. The rights and duties that describe a sovereign state serve as a powerful "political weapon". A reason why every state must gain respect from other sovereign states (Fowler

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<sup>3</sup> **Joint Statement Between the U.S. and the Philippines.**  
<http://www.whitehouse.gov/news/releases/2001/11/20011120-13.html>. July 22, 2004.

and Bunck, 1995). Therefore it is necessary for a state to protect its sovereignty, and defend it if it is being attacked by other independent states.

Sovereignty serves as the most common characteristic among different states. For example, the Philippines and the United States are two very different nations. The Philippines is located in Asia and a very small country, while the U.S. one of the biggest countries is found in North America. The most distinguishing difference between the two is their economic status.

We must take note that the U.S. had a special interest to the Philippines in attaining its security in the Pacific and Far East.<sup>4</sup> Philippines was an important tool to U.S. in maintaining its military position in the Pacific and Far East because of its strategic position in Asian Region.<sup>5</sup> Therefore, since foreign policy is the extension of a country's national interest, U.S. foreign policy toward the Philippines is actually intended to achieve U.S. goals<sup>6</sup> and not really a projection of American altruism. Maybe the Philippines is just fortunate that some of the American's goals and interests are also beneficial to her. Therefore, if not all, some of the military agreements the Philippines has entered with the U.S. and some military aid the U.S. has given can be armful to the Philippines, especially to its sovereignty, or the reason that

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<sup>4</sup> "NEPS/10: Review of Current Trends in U.S. Foreign Policy," [www.geocities.com/Farm/1596/future/kenne/pps03.html](http://www.geocities.com/Farm/1596/future/kenne/pps03.html). August 19, 1997. Also published in *Foreign Relations of the United States*, Vol. I, (1947), 1-126.

<sup>5</sup> Schirmer, Daniel B. and Shalom, Stephen R. "U.S. Policy on the Philippines National Security Council." *The Philippine Readers*. Boston: South End Press, 1987.

<sup>6</sup> Schirmer, Daniel B. and Shalom, Stephen R. "U.S. Policy Toward Marcos, National Security Study Directive." *The Philippine Readers*. Boston: South End Press, 1987.

these were not really initiated by the U.S. to equally promote the interests of both but only for her sole interests.

## CONCEPTUAL FRAMEWORK

Why is it important to check the effect of the R.P.-U.S. special relations on Philippine sovereignty? Is sovereignty an important idea in the international system? Does the international system have an impact to the sovereignty of each state?

Usually infringement of the sovereignty occurs when the constitution is violated, and when the people of the host country or party concerned are endangered or their rights as a citizens and as humans are desecrated or injured.

The notion of sovereignty is used variously in different occasions. Within a state or domestically speaking, sovereignty is the potential of a state to govern or to rule within its territory free from external control or the "assertion of absolute political authority". While in the context of foreign affairs or international system, sovereignty means the power to claim independence from other independent states (Fowler and Bunck, 1995).

In the behavior of international relations, the concept of sovereignty is ambiguous. Sovereignty can denote de facto independence or the degree of political freedom, or de jure or the degree of legal freedom (Fowler and Bunck, 1995). Therefore sovereignty belongs to politics and to law (De Visscher, 1957).

International relations is the engagement of free and independent states working together for some specific objectives. All these sovereign states have sovereign power and have accepted international obligations. From this notion, the concept of sovereign equality evolved (Klien, 1974). Therefore, not considering their economic status, all states in international system are equal.

Sovereign equality in international affairs is applied naturally or politically, and legally. The citizens of each state are equal regardless of some institutional or natural factors like gender, race, educational background and others. States under the international law are legally equal, all acquiring legal personality (Klien, 1974)

However, although equality among independent or sovereign states is provided under the international legal system, sovereignty of each state can still be infringed or violated by other states. There are three general categories of political communities where states are willingly involved. First are the "hegemonic communities" where the superior state supplies the adhesives that bind them, while the inferiors are compromised. Second are the "alliance communities" which occur usually at wartime, during "high international tension" and in reaction to imperialism. Third are the "cooperative communities" where the economic, environmental, and technical relations benefit the weaker states (Falk, 1990).

It is important to examine and to analyze the provisions of different agreements that the Philippines and the United States have entered to determine which of these three political

communities the R.P.-U.S military relation is classified. By this, it can be justified whether there is an infringement of Philippine sovereignty or none. However, analyzing the provisions alone can already identify the R.P.-U.S military relation's impact on Philippine sovereignty.

Sovereignty is important especially in the international affairs. The rights and duties that describe a sovereign state serve as a powerful "political weapon". A reason why every state must gain respect from other sovereign states (Fowler and Bunck, 1995). Therefore it is necessary for a state to protect its sovereignty, and defend it if it is being attacked by other independent states.

Sovereignty serves as the most common characteristic among different states. For example, the Philippines and the United States are two very different nations. The Philippines is located in Asia and a very small country, while the U.S. one of the biggest countries is found in North America. The most distinguishing difference between the two is their economic status.

The Philippines after receiving its freedom from the United States in 1946 has attained the "status of sovereign statehood". Therefore Philippines has the capability of achieving fundamental international rights. If there is an issue which affect the other's territorial sovereignty or citizens, it is expected to be resolved by each other, not only by one party (Fowler and Bunck, 1995), in the R.P.-U.S. military relations' case, not only by the U.S.

If indeed some provisions in the agreements between the Philippines and the United States infringe the Philippine sovereignty, it must do something about it because it is the state's obligation. Sovereign states are internationally obligated and are politically responsible to govern, to defend and to promote the welfare of the people and their community. They are required to protect their own citizens' human rights (Fowler and Bunck, 1995). However, states are also to protect and respect the rights of the other states' citizens. Therefore the Philippine government must secure that the rights of the Filipinos are not violated in every agreements they enter whether with the U.S. or with other countries. And the U.S. must make sure that they respect the rights of the Filipinos and other foreigners in every agreements or treaties it signs, the same with the Philippines.

### CHAPTER III

#### BACKGROUND OF THE STUDY

##### The 1947 Military Bases Agreement

The Military Base Agreement or MBA was signed on March 14, 1947 and expired on September 16, 1991. According to this agreement, the Philippines government would grant to the United States government the right to use the bases in the Philippines, rent-free. In return, the U.S. would provide assistance and help develop the Philippine armed forces. The bases also symbolized mutual protection of both countries.<sup>7</sup>

The Military Base Agreement of 1947 contained 29 articles defining the rights of the United States and the responsibilities of the Philippines. From this we could actually conclude that the MBA was authored in favor more or to the advantage of the United States by giving her grants while burdening the Philippines with duties. These important features of the MBA specifying the different roles of the two countries were enumerated in the book by Foreign Service Institute, "Agreements on United States Military Facilities in Philippine Military Bases, 1947-1985,"<sup>8</sup> published by the Foreign Service Institute in Manila.

Through the 1947 MBA, exceptions and privileges were also granted to the United States military personnel and to other Americans who were under the bases or connected to the bases. These exemptions and privileges caused the greatest

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<sup>7</sup> Military Base Agreement text.

<sup>8</sup> Edited by former DFA Secretary Pacifico A. Castro.

irritations from the Filipinos to the bases. The military bases were a great source of irritants because according to Roland Simbulan, their existence "ran counter to the reality of Philippine sovereignty."<sup>9</sup> He concluded that the MBA was more beneficial to the United States than to the Philippines.

Although the U.S. military bases had given massive socioeconomic benefits, it still had a tremendous social cost. The Philippines benefited through increased revenues; however, the social costs were problems relating to hospitality trade or that of affecting the environment, health and sanitation, and peace and order. The bases were advantageous to the Philippines because it generated more jobs, created livelihood opportunities and improved health services; however, disadvantageous in the sense that it did not provide security of tenure to Filipino base workers.

Many Philippine laws did not apply inside the base areas. The Philippines could not exercise its criminal jurisdiction if the American base commander was not willing to cooperate. Philippines ships could not enter Subic, unless allowed by the United States naval authorities. Philippine peso was not accepted, and only the Americans could exploit the natural resources in the areas.

Philippine courts should have jurisdictions over all violations of Philippine laws, whoever and wherever on Philippine territory committed. The exercise of American jurisdiction showed a subtraction of Philippine sovereign rights within the Philippine territory. In these

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<sup>9</sup> Santos, Gonzalo M. "R.P.-U.S. Bilateral Treaties: A New Approach." The National Security Review, Vol XII, No. 2 (April-June, 1990), 3-4.

circumstances, Philippine sovereignty according to Romualdez was "no more than a legal fiction."<sup>10</sup> What could be seen in this circumstance is that the price that Philippines agreed to pay to the U.S. in order to safeguard its national security was the subtraction of Philippine sovereign rights.

The MBA was terminated on Dec. 21, 1992 that led to the pull-out of the American bases in the Philippines. Upon the termination of the MBA, the two countries began to formulate a new treaty which could make up for the loss of the MBA. This treaty was later on passed to the Philippine Senate for ratification.

The Philippine Senate rejected the proposed R.P.-U.S. Treaty of Friendship, Cooperation and Security that would have extended the stay of the U.S. bases in the Philippines beyond September 16, 1991. Through this courageous action, the Philippines strongly asserted its sovereignty and independence by terminating another onerous agreement which was almost the same with the MBA of 1947.

The rejection of the proposed treaty changed the nature and degree of the R.P.-U.S. relationship that has existed for about half a century. The Philippine Senate rejected the treaty because it was one-sided and unequal which did not provide for reciprocal rights. Another reason was that the U.S. bases had been tools of colonialism and international intervention causing derogation of Philippine sovereignty, and

had perpetuated Philippine dependence on the United States for defense and security (Alfonso, 1999).

### The Military Assistance Agreement

The Military Assistance Agreement or Military Assistance Pact which was signed on March 21, 1947 was for the mutual interest of the Philippines and the United States in common defense, just like the justification for the Military Base Agreement. The MAA was signed because of the MBA, and to provide for the grant of the defense equipment, supplies, services and training to Philippine defense forces as military assistance of the United States to the Philippine military.

The MAA lasted for only five years; however, the two countries decided on June 26, 1953 to extend its term from July 5, 1953 until terminated by either state (Pardillo, 1999). It was extended in 1953 to remain effective until one year after the receipt by either country of a notification to terminate the agreement. Since then, the MAA has been known as the Mutual Defense Assistance Agreement (MDAA) (Alfonso, 1999).

Under this Agreement, the United States would provide arms, ammunitions, equipment, and supplies to the Philippine armed forces. The military assistance as defined in the Agreement includes furnishing of arms, ammunitions, equipment and supplies; certain naval vessels and aircraft and instruction and training assistance by the U.S. and Navy<sup>11</sup>. The two countries should agree to what supplies, services,

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<sup>11</sup> Article 6. Military Assistance Agreement text.

facilities, equipment and naval vessels were necessary to be provided to the Philippines.

The MDAA of 1953 together with the Foreign Military Assistance Act of 1962 continued to grant military assistance to the Philippines. These two became the basis in furnishing military aid under the Security Assistance Program (SAP) and Foreign Military Sales (FMS).

United States military assistance to the Philippines is known as "grants-in-aid". This connotes that the assistance is an act of liberty and altruism of the United States as recognition of its allies' effort and contributions to achieve its interests (Oxales, 1985). But in reality the U.S. gives aid with a computed dividend in return. The sad thing is, the U.S. gives and gets more in return. In the Philippine case, U.S. assistance helped the United States to continue using the bases in Clark and Subic until the termination of the MBA in 1991.

The military assistance from the U.S. is not enough to cover all the requirements for the over-all defense needs of the Philippines. If calculated, the military aid to the Philippines has been very little compared to that given to other countries. Weapons and equipment provided to the Philippines were more suitable to fighting guerilla than a typical war. The aid is only adequate for the Philippine's internal security but not for its external defense. This was because the Philippines was not seen to be jeopardized by an external armed attack but rather by domestic aggressions (Oxales, 1985), especially coming from the NPA and MILF.

The equipment and supplies provided were mostly obsolete and were no longer used by the U.S. military and not really those requested by the Philippine military (Pobre, 2005). In short, what has been given to the Philippines can be considered as leftovers by U.S. military forces or those that are useless to the Americans.

On the other hand, training assistance was provided by allowing selected AFP officials to study in the technical and service schools of the American military establishments, in pursuance of the International Military Education Training Program (IMETP) (Quilop, 2005). However, when the MBA was terminated and the MAA became less functional, the number of AFP officials sent for the IMETP decreased.

With the expiration of the MBA, the MAA has not been functional despite the absence of a formal abrogation of it. Before the approval of the Visiting Forces Agreement (VFA) and the September 11 attack, there had been no new military assistance granted to the Philippines by the U.S. forces.

Filipinos felt that their country was paying for the military aid provided by the U.S. through the bases, or the other way around, that the U.S. was just paying the Philippines for using Philippine territory as American bases. This is because when the bases were gone, the Philippines had received less aid from the United States.

### The Mutual Defense Treaty

Upon the termination of the MBA, the MDT became the sole foundation of the R.P.-U.S. security relationship (Quilop, 2005).

Four years after the signing of the Military Base Agreement, the Mutual Defense Treaty between the Philippine and the United States was signed in Washington on August 30, 1951. The R.P.-U.S. military relation with the expiration of the MBA in 1991 is now solely founded on the Mutual Defense Treaty.

The MDT formalized the alliance between the Philippines and the U.S. by declaring that the two countries would meet only an armed attack aimed against their metropolitan and Pacific territories, armed forces, vessels or aircrafts stationed in the Pacific. It also provides an assurance that the two countries "separately and jointly by self-help and mutual aid will maintain and develop their individual and collective capacity to resist armed attack<sup>12</sup>."

This treaty which is still effective today, provides the entire structure for the defense and security relationship and mechanism for the Philippines and the U.S. to respond accordingly in case of any aggression by outside forces. Its most essential objective is "to provide an effective framework for mutual military assistance<sup>13</sup>" in case of any armed attack against either to the two countries.

With the termination of the MBA which effectively established the R.P.-U.S. military relationship in 1947, the MDT signed in 1951, according to Kraft and De Castro, became more than just a paper treaty<sup>14</sup>. In virtue of this treaty, the

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<sup>12</sup> Article II. Mutual Defense Treaty text.

<sup>13</sup> *Ibid.*

<sup>14</sup> Kraft, Herman Joseph and de Castro, Renato. US Military Presence in Southeast Asia: Forward Deployment in the Post-Bases Era. Manila: Foreign Service Institute, 1994.

annual "Balikatan Exercises," intelligence exchanges, port visitations, aircraft transits and disaster assistance should continue

To continue the operationalization of the MDT, the United States and the Philippines must engage in military exercises to train together to be able to ensure that the forces are mutually operable.

The Philippine government admits that its armed forces are still weak to face external threats to the country's security. Therefore, according to the GRP, it is necessary to keep and strengthen the Philippine's military alliance with the U.S., since it is a world superpower with modern military system. Through the MDT, the Philippines will be able to improve its military capabilities while under the American umbrella.

Oppositions to the exercises point out that these exercises do not actually transfer skills and technology from the American forces because of the disparity in the available equipment of the two military and the lack of interoperability of their weapon system (Quilop, 2005). The U.S. military forces are too modernized compared to the Philippine military forces.

The Agreement, in fact, does not guarantee that the United States will come automatically to aid the Philippines in case of an external aggression, especially now, the bases are gone in the Philippines. It is possible that the United States, with its loss of military facilities in the Philippines, has no more reason or interest to give defense

and security assistance to the latter. It must be remembered that the interest of the Philippines may not also necessarily be the interest of the United States.

The Philippines cannot simply depend on the MDT and on statements of the U.S. officials that the United States will come to the aid of the Philippine defense when attacked by any foreign country. For example is the case of the Spratlys. The MDT cannot guarantee an immediate response from the U.S. in case the Philippine troops in the islands are attacked by China. Simply, the United States cannot defend the Philippines against China because it is one of the United States' largest markets. The United States involvement on the issue, as they have noted, depends on, its strategic and tactical interests.

Beyond theory, the MDT is unrealistic, serving the United States interests more than the interests of the Philippines. Theoretically, it seeks for mutual cooperation but when applied it is not equally beneficial (Santos, 1970).

Furthermore, it does not guarantee mutual military cooperation in case of an armed attack to the Philippines by an external force, especially now that the bases are gone. The United States needs less protection in the region because it does not have the bases anymore, thus it cares less for the Philippine territory.

The MDT guarantees defense and security cooperation between the Philippines and the United States only to those conditions which the U.S. thinks as harmful to its interests. The United States is a major regional player that has wider

concerns than the Philippines; therefore, the U.S. needs a wider consideration before taking any actions.

The U.S. must first consider its relations with other more important countries before providing assistance to the Philippines. Take for example the case of the South China Sea dispute. The U.S. hesitates to announce its support to the claim of the Philippines in spite of the existence of the MDT between them because the interest of the U.S. differs from the interest of the Philippines. The U.S. thinks it is more important to maintain stability in the region and its relations with other regional key players than its bilateral relation with the Philippines.

The critics of the MDT have also been questioning its ambiguity which they say is more calculated than accidental. The ambiguity permits the party enough elbow room and simultaneously keeps the aggressor guessing as what actions will be taken by the parties involved in response to the offensive attack (Pobre, 2005).

According to Sen. Blas Ople, the MDT does not apply to the Mischief Reef and the KIG issues. The MDT requires a U.S. military response as an aid to the Philippines only if the attack happens in the Pacific<sup>15</sup>. The KIG lies in the South China Sea; therefore, it is apparent that the U.S. will not come to the aid of the Philippines because the islands do not lie in the Pacific.

Also, by virtue of the MDT, the Mutual Defense Board was created on May 15, 1958 through the Bohlen-Serrano Agreement.

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<sup>15</sup> **Philippine Graphic. 1999**

The MDB serves as inter-governmental machinery that enables both the governments of the Philippines and the United States to have military direct liaison and consultation with each other.

In addition, the MDT enables the two countries to participate in military exercises like the HANDA war games, the BALIKATAN Exercises and other military joint training, especially now that the bases are gone.

The MDT does not allow the American forces to participate in any "political activities" in the Philippines. However, this does not prevent the U.S. government from interfering in Philippine internal affairs, thus violating Philippine sovereignty.

## CHAPTER IV

### TREATY OF FRIENDSHIP, COOPERATION AND SECURITY

Upon the coming of the expiration of the MBA on September 16, 1991, the Philippines and the United States needed to conclude a new treaty to continue the presence of the U.S. military facilities in the Philippines.

When negotiations for a new bases treaty came, President Corazon Aquino's "open options" policy emerged as one of the strategies in order to retain the U.S. military facilities after 1991 (Magallona, 1991). One proposal was the joint use of the military bases by the U.S. and Philippine military, announced by Defense Secretary Fidel Ramos before the media. It was accepted by the Aquino administration as a method for negotiating the bases. And because this approach was a new form, the U.S. military facilities needed to undertake some strategic adjustments.

Therefore after 11 months of negotiations the "Treaty of Friendship and Cooperation between the Republic of the Philippines and the U.S.A.," was prepared, consisted of a General Treaty with 15 major articles, with eight areas of cooperation; and ten Supplementary Agreements, specifying the details of each area of cooperation (De Vega, 2005).

It was said that the treaty was no different from the 1947 MBA; hence, by a vote of 12 against 11, the Philippine Senate rejected the new treaty.

## THE PHILIPPINES AFTER THE BASES

The most significant economic benefit around the bases especially in Subic and Clark is the rise of entertainment industry. Virtually, there was no other industry present around the base areas like in except the entertainment business. This made Olongapo a single-industry community with 40,000 people counted on the bases for a living (Kirk, 2002). Concomitant to this emergence of entertainment business was the increased problem of prostitution in the areas.

Withdrawal from the bases resulted to some socioeconomic consequences for the Philippines including loss of jobs and income, increased unemployment, contraction of business activity, and increased demand for government social services and support. Because of this, the Legislative Executive Board Council (LEBC) undertook a study for the bases conversion in 1990 to make up for losing economy dependent on the coming of foreign troops.

There were reports that the Disney Corporation showed interest in leasing the 400,000-hectare base area in Subic and that the Universal Studios was also proposing to build a studio complex in the area. And in 1992 the World Bank promised to release an initial grant of US\$450,000 for the base conversion of Subic (Sturdevant, 1993).

Four years after the withdrawal of the bases; Subic, the former military bases, was the site of the opening of the 4<sup>th</sup> Asia-Pacific Economic Cooperation (APEC) Summit on November 24, 1996.

In 1995, there were already 170 companies operating in Subic and increased to 190 companies in 1996. During this time, Subic was not anymore a single-industry community dependent on the U.S. military.

In 1995, Subic earned more than \$277M in exports; in 1996 it reached \$331M; and in the first four months of 1997 exports already gained \$165M. By 1997, about 200 foreign and local companies had set up in Subic. The most important factor for Subic's success was consciousness, dedication and energy of the Olongapo people.

On the other hand, the conversion of Clark began from much further back compared to Subic. At first, the conversion proceeded slowly then gathered more steam over time. In 1997, the foreign and domestic companies set up in Clark already employed more than 20,000 workers.

## CHAPTER V

### ACCESS ARRANGEMENTS AFTER THE TERMINATION OF THE MBA

From the time that the Philippine Senate defeated the new bases treaty in September 1991, the United States has been trying to re-establish its military existence in the Philippines to be able to use the Philippines again as a springboard for projection of U.S. power. This was done through the policy of military access which operates through executive agreement.

The access agreement According to Daniel Schirmer gives the "U.S. armed forces the right to use the military installations or locations of a foreign government without being responsible from their operation and maintenance and without the permanent deployment of U.S. military personnel<sup>16</sup>."

This military access makes up for the loss of the advantage of the bases which is forward deployment. The United States is no longer tied down to permanent barracks but is free to use the major ports and airfields of the Philippines as staging areas for intervention. Moreover, the United States no longer have to pay the Philippines through military aid, unlike in the former use of the bases, where the Philippines had received the biggest amount of military aid from the U.S. in Asia.

Hence, in November 1992, the Pentagon began to recover its loss of military bases by an arrangement that would provide for U.S. military exercises. Later on, this

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<sup>16</sup> Schirmer, Daniel B. "Military Access: The Pentagon vs. the Philippine Constitution." 1994. Fidel V. Ramos the Pentagon's Friend. Boston: Friends of the Filipino People. 1992-1997.

arrangement would become the broader version, the Acquisition and Cross-Servicing Agreement or ACSA.

## ACQUISITION AND CROSS-SERVICING AGREEMENT

Upon the removal of the military bases in 1991, the Pentagon was too eager and determined to reestablish its military existence in the Philippines to serve U.S. interests.

Therefore, a broader version of the 1992 access agreement was proposed by the U.S. panel in June 1993 at a regular meeting of the Mutual Defense Board (MDB) (Panganiban, 2002). This was the R.P.-U.S. ACSA or the Acquisition and Cross-Servicing Agreement which would continue to facilitate the activities mandated by the R.P.-U.S. Mutual Defense Treaty after the termination of the MBA.

This agreement would allow the U.S. military to supply, refuel, repair, store armaments and to use Philippine territory as a springboard for foreseeable interference of U.S. Military exercises between the U.S. armed forces and the Philippine armed forces are also defined in this executive agreement. These exercises would compensate to the loss of the power of the bases of permanent forward deployment and as a jumping off point for U.S. military intervention in the Asia-Pacific region.

The proposed agreement was introduced to the Philippine public by U.S. Ambassador to the Philippines John Negroponte two days before Philippine Defense Secretary Renato de Villa announced it on November 12, 1994 (Panganiban, 2002). As expected, the announcement created sharp feedbacks from the

Filipino because of rumors that the U.S. was trying to regain its use of Philippine territory for military bases. These reactions were further aggravated by the incident that U.S. Ambassador broadcasted the proposed agreement to the Philippines ahead of Philippine Defense Secretary which was an obvious show of disrespect.

Acquisition and Cross-Servicing Agreement (ACSA) called for the mutual providing by each country of the needs support and supplies. Under ACSA, logistics support, supplies and services are to be given to the U.S. military by the Philippine military and vice versa.

According to the provisions of the ACSA, the Philippines should continue to give service to U.S. wars and interventions in the Asia-Pacific region. Through the ACSA, despite the closing down of the U.S. military bases, the U.S. military presence in the Philippines would and should continue.

Pressured by strong protests and wide demonstrations from the oppositions with regard to the ACSA, Sec. de Villa on November 18, 1994, found it necessary to reject the ACSA because of its ambiguities sent the draft back to the MDB for revision. However, this announcement failed to appease the public that some even called for the abrogation of the MDT.

The original text of the ACSA was printed by the Manila Times accompanied by the editorial warning the public that the proposed agreement could involve the Philippines in a war not of its own choosing or making. Because of this, nationalistic sentiments of the Filipinos ran higher and stronger.

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<sup>17</sup> Manila Times, November 25, 1994 (see appendix for the draft of ACSA).

In addition to opposition in the return of the U.S. military presence in the Philippines, demonstrators also expressed their concerns on Amerasian children, toxic wastes at the former base sites, and prostitutions of Philippine women.

Because of strong public opposition to the ACSA, its schedule notification in December 1994 by the MDB was postponed, and in another schedule on January 14, 1996, the MDB again failed to ratify the agreement.

ACSA was never signed and ratified by the MDB due to strong opposition against it. The Acquisition and Cross-Servicing Agreement was then replaced by the Mutual Logistics Support Agreement or MLSA (which will be discussed later on in this chapter) changing the provisions in the original ACSA draft.

## **VISITING FORCES AGREEMENT**

The VFA was signed on February 10, 1998 by Sec. Domingo Siazon Jr. and Amb. Thomas Hubbard and was ratified by the Philippine Senate on October 6, 1998 to give substance to the MDT. It is not an interminable arrangement and neither of the parties is bound forever by the VFA. The Agreement provides that it may be terminated upon a written notice of a party of its intention to terminate the agreement. After 180 days, the VFA will cease to be effective<sup>16</sup>.

The reason for formulating the VFA was due to the aftermath of the expiration of the MBA. When the MBA was terminated, the Status of Forces Agreement or SOFA which provided for the legal guidelines on the treatment of the status of American forces visiting the Philippines was also terminated, making it an inappropriate basis to cover the presence of the U.S. military in the Philippines. And because of this conflict, the Philippines and the United States agreed to adopt an interim arrangement. This arrangement provided Administrative and Technical (A & T) status to U.S. personnel involved in MDT-related activities.

Administrative and Technical status was granted and was adopted since 1993 until 1996 when the DOJ ruled that U.S. participants were not entitled to A & T status (Quilop, 2005). With this, the DFA instead, allowed official visas also known as 9(e2) visas to be issued to U.S. personnel; however, these visas were granted to only 20 persons (Alfonso, 1999). This prevented the two countries to be engaged in large-scale military activities.

Thus, beginning in 1996 the U.S. and the Philippines suspended the joint military exercises. But since these exercises and training define the military relations of the two countries after the expiration of the MBA, they felt a necessity to design a new legal instrument to replace the SOFA. Because of this, the two countries had to develop an arrangement that would look like the SOFA. This arrangement is the VFA. Hence, discussions and negotiations for the VFA started in July 1997.

The VFA is only an attachment to the MDT, to give substance to the treaty by governing MDT-related military activities and their participants. The VFA is a legal mechanism for the treatment of United States military and defense personnel visiting the Philippines. With the ratification of the VFA in 1998, The Balikatan and other MDT-related activities were resumed. Apparently, the VFA enables the U.S. to remain present in the Philippines and in the Asia-Pacific region.

The VFA provides rules and guidelines on how U.S. military and U.S. civilian personnel are to be treated on Philippine territory while engaged in military activities that give substances to the MDT. The manner of disposing criminal cases against any member of the U.S. forces who violated Philippine laws while engaged in military activities is also provided by the VFA.

### **MUTUAL LOGISTICS SUPPORT AGREEMENT**

On June 5, 2002 Defense Sec. Angelo Reyes averred the existence of a technical working group (TWG) made up of selected authorities from DND, DOJ and DFA. The group had worked on the draft of the MLSA or Mutual Logistics Support Agreement for it to be more acceptable to the Philippine Congress and Filipinos (Panganiban, 2002).

The United States proposed the MLSA to ease the celebration of military exercises conducted to give substance to the MDT and VFA and to govern the exchange of logistics support between the Philippines and the United States armed

forces. Promoters of the MLSA regulates stressed the sale and acquisition of logistics support and that through this the military will function better in military exercises because they are guaranteed of logistics support.

They averred that the capability of the AFP gradually lost its status as the top military strength among the nations in the Asia-Pacific region. According to them, this was due to the non-availability of equipment to work on caused by budgetary constraints. They contend that through the MLSA, the AFP can obtain modernized equipment at best value.

One of the main reasons for AFP's downgrading capability was due to the rejection by the Philippine Senate to renew the bases agreement in 1991. With the rejection of the Treaty of Friendship, the U.S. government stopped the Foreign Military Financing (FMF) grants to the Philippines. It is a fact that the use of the bases provided a compensation package which was the major source of funding for the acquisition of military and spare parts by the AFP. But after the closure of the bases, beginning in 1994, the AFP only had FMF residuals from previous FMS transactions making Philippine appropriations as the main source of AFP operating support.

The MLSA can be terminated by either party by giving not less than 180 days notice in writing to the other party involved. And although terminated, all reimbursement obligations will remain binding on the responsible party until satisfied.

The joint military exercises that have been undertaken by the Philippines and the United States by virtue of the MDT and

the VFA required a facilitation agreement for reciprocal provision of logistics support, supplies and services (Pobre 2005). Therefore due to this need, representatives from U.S. Department of Defense and Republic of the Philippines Department of National Defense signed the MLSA on November 21, 2002.

## CHAPTER VI

### JOINT MILITARY EXERCISES

Prior to 1992, the legal authority for the presence of the U.S troops participating in MDT-related exercises was governed by the 1947 R.P.-U.S. MBA. This was no longer the situation after the expiration of the MBA in 1991, as the MDT then has become the main foundation of the R.P.-U.S special military relations.

In November 1992, the R.P.-U.S. MDB agreed that joint military activities like the Balikatan should continue. Therefore, the former vibrant bilateral alliance had been relegated to the periodic assembling of the MDB and the holding of annual Balikatan exercises.

The MDT does not allow the American forces to participate in any "political activities" in the Philippines. However, this does not prevent the U.S. government from interfering in Philippine internal affairs, thus violating Philippine sovereignty.

In 1996, the Philippines and the United States decided to suspend large-scale military exercises, due to a pending arrangement on the legal status of the U.S. military personnel visiting the Philippines. But the joint exercises were resumed after the ratification of the VFA.

#### HANDA War Games

The HANDA war games started in 1994 and have been conducted every year alternately in the US and in the Philippines except in 1995. These kinds of exercises aim to

enhance higher-level command and staff interaction between the military forces of the two countries and strengthen their military-to-military cooperation. The HANDA exercises also provide strategic and operational guidance to the military exercises conducted within the domain of the MDT such as the BALIKATAN Exercises.

### The BALIKATAN Exercises

The BALIKATAN exercises were formerly sponsored by the US CINCPAC (Commander-in-Chief Pacific Command). These exercises were conducted from 1981 to 1996. The BALIKATAN was suspended in 1997 until the Philippines and the U.S. shaped an agreement concerning the status of U.S. forces visiting the Philippines during the exercises.

The Balikatan Exercise is a joint or combined exercises and training intended to enhance the combat readiness and interoperability of both military forces. The Philippines provides the venue while the U.S. provides the support materials needed (Quilop, 2005).

The Balikatan Exercise conducted in 1995 included a three-level operations exercise with the strategic-operational and operational levels of exercise done through war-gaming seminars. The tactical level was done through classroom instructions at the company level.

The Balikatan Exercise scheduled for 1996 and 1997 was cancelled pending the creation of an agreement between the governments of the Philippine and the U.S. concerning the status of U.S. forces visiting the Philippines during military exercises. The exercises were resumed in 2000 upon the

Philippine Senate's ratification of the Visiting Forces Agreement (VFA) in 1998.

The 2000 Balikatan Exercises involved 2,240 Filipinos and 2,034 American personnel. It included combined task force seminars, cross-training exercises (CTX) among the major services, joint field training exercises (FTX) as well as civil-military operations activities.

The Balikatan Exercises in 2001 involved 2,674 Filipinos and 1,709 Americans. It involved operational and tactical-level exercises and activities. It included the establishment of an Intermediate Staging Area (ISA), seminar-workshops, CTXs and FTXs focusing on deployment of troops and civil-military operations.

For the year 2002, there were two sets of Balikatan Exercises, Balikatan 02-1 and Balikatan 02, with the former conducted in Mindanao and the latter being conducted mostly in Luzon.

Balikatan 02-1 exercise involved 660 U.S. troops, who were expected to have completely pulled out of the Philippines by the end of July. This was to enhance the capability of Philippine and U.S. troops in combating terrorism. As such, the exercises were held in Basilan to make the exercise training scenarios more realistic and relevant to the actual threat of terrorism. Balikatan 02, exercise involved 5,000 U.S. and Filipino troops with two observers each from Thailand, Malaysia, Indonesia and Mongolia. This exercise for its part was meant to enhance the interoperability of both forces in joint/combined sea, air and ground operations

through CTXs with limited FTXs. Civil-military operations activities still remained a key component of the exercises.<sup>6</sup>

#### Cooperation Afloat Readiness and Training (CARAT)

The Cooperation Afloat Readiness And Training (CARAT) Exercises is a Philippine Navy-U.S. Navy combined exercise conducted within the territory of the Philippines. It is a bilateral exercise held annually to give substance to the MDT and the VFA. The CARAT's mission is to enhance interoperability of both forces for defense of the Philippines.

From 1996 to 2001, there have already been five CARAT exercises conducted. In 1996, 186 officers and 494 sailors from the Philippine Fleet, 8 officers and 70 enlisted personnel from the Philippine Marine Corps and from other shore units participated. While on CARAT Exercise held in 2000, the Philippines brought forth 1,500 Navy and Marine Corps personnel with fund allocation of P2,027,227.65.

CARAT exercises include only the respective navies of each country involved- the Philippines and the U.S. It covers exercises such as Cross-Training Activities (CTX) on shipboard, Special Operations and Air Operations; combined Civic Military Operations (CMO) and Fleet Training Exercises (FTX).

CARAT exerciser are conducted in few pre-selected areas aiming to simulate a tropical war theater in use of sophisticated equipment and weapons in a high intensity

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<sup>6</sup> All Balikatan exercises are enumerated in HISTORICAL BULLETIN, Vol. 34 (1998-2000). Manila: New Day Publishers, 2005.

conflicting scenes to test the interoperability of Naval and Marine Forces of the two forces.

CARAT Exercises are relevant to the pursuance of the objectives of the national defense, mainly to contribute to the political and diplomatic initiatives in the promotion of international and regional security and stability. Therefore, CARAT exercises are conducted to enhance the "national security preparedness of the Philippines." This is a Confidential Building Measure (CBM) for both parties involved for the defense of the Philippines (Royena, 2002).

#### Balance Piston Exercises

Vector Balanced Piston objectives are to improve coordination and collaboration, increase interoperability, readiness and continue professional relationships between the two armed forces of the two countries.

The exercise is a mutually approved activity as authorized by the Mutual Defense Board, Mutual Defense Treaty and Visiting Forces Agreement. This exercise is one of a number of RP-US military-to-military activities conducted at the request of the Government of the Republic of the Philippines (GRP).

The U.S. military provides training, assistance and coordination with operations intelligence fusion to the Armed Forces of the Philippines. On-going activities include assistance with comprehensive defense reform, security assistance modules for counter terrorism training; military and security officials' visits, subject matter expert

exchanges, international military education and training programs, advice and support for logistics, engineering, equipment, maintenance, and civil military operations for humanitarian assistance and disaster response.

On January 31, 2005, the RP-US Joint Exchange Training (JCET) Exercise Balance Piston 05-1 was opened with participants from First Scout Ranger Regiment and Special Force regiment (Airborne) with 52 personnel and 25 directorate and support elements from SOCOM, PA while 7 selected personnel from 19th US Special Forces Group (Airborne)

This exercise aimed at optimizing the small unit training (SUT) skills and improving the interoperability of the Philippine and U.S. armed forces by focusing this JCET on combat life and saver and advance trauma lifesaving techniques and marksmanship training. Helicopter infiltration and infiltration, mission planning, patrolling and exchange of lectures on successful special operations were also conducted.

On March 2, 2005, the Vector Balance Piston 05-1 which is a five week bilateral, Philippine Army and U.S. Army exercise was started at Clark Airbase, Pampanga and Ft. Magsaysay, Nueva Ecija. This exercise aimed of the combined forces exercise is to enhance counter terrorism capabilities of U.S. and AFP Special Forces. Approximately 16 U.S. military personnel and 120 members of the AFP participated.

On January 17-February 17, 2006, RP-US Joint combined exercise Balance Piston 06-02, was conducted in Carmen, North Cotabato. The focus of the exercise were on small unit tactics, basic and advanced rifle marksmanship, combat

lifesaver training, field training exercise, and also medical and dental training services to the local communities. Around 60 U.S. armed forces personnel participated in the exercise with more or less the same number of AFP troops.

On April 11, 2005, the RP-US Exercise dubbed as Balance Piston 05-3 or Joint Combined Exchange Training (JCET) opened in Basilan with 225 AFP personnel from the 32nd and 55th Infantry Battalions, and the Special Operations Command (SOCOM) of the Philippine Army and 30 US personnel from the US Special Forces (SF) Group (Airborne) participated.

This exercise aims at improving interoperability and military relationship of the Philippines and the United States. The U.S. provides training, security assistance, and cooperation in operations intelligence with the AFP. It also intends to build community relations with the Basilan communities and increase public awareness of U.S. personnel presence in the said Philippine province<sup>φ</sup>.

#### Other Joint Exercises

Other joint exercises enumerated by Eduardo de Vega are:

- a) Masurvex - these are exercises which deal on maritime patrol, surface detection, tracking, reporting and training.
- b) Palah - these conducted between teams from the U.S. Navy Seal and the R.P. Navy Special War Group (SWAG) which enhance their individual and team skills, and interoperability in vast range of naval special warfare and skills.
- c) Teak Piston - this is an airforce-to-airforce exercise scoring instructions on aircraft maintenance on various areas.

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<sup>φ</sup> All Balance Piston exercises are enumerated in AFP's website in their press releases.

- d) Flash Piston - these are navy-to-navy exercises which include underwater demolition training, weapons familiarization, sniper training, direct actions and a field training exercises (FTX).
- e) EODX - this is a specialize interoperability training between the demolition and ordinance experts of both armed forces.
- f) Salvex - this is a navy exercise which is designed to improved the skills in a conduct of ship salvage operations of both countries<sup>9</sup>.

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<sup>9</sup> De Vega, Eduardo Jose. "An Assessment of R.P.-U.S. Relations in the Light of the Angelo De la Cruz Case." NDCP. 2005.

## CHAPTER VII

### R.P.-U.S. Military Arrangements after the 9/11 Attack

The September 11, 2001 terrorist attack definitely altered the pattern of global security. The U.S. virtually rewrote its national security policy and worked with nations and outside organizations for cooperative actions against terrorism in the entire global system (Golez, 2005).

The terrorist attacks in New York and Washington on September 11, 2001 allowed the Philippines and the U.S. the opportunity to revitalize their defense relations. The Philippines was the first country in Asia to commit full support for the global anti-terrorism coalition fashioned by the U.S. in the aftermath of 9/11.

Right after the tragic attack, Pres. Gloria Macapagal-Arroyo extended the Philippine's sympathies to the United States and its people. She gave assurances that her country would support any U.S. efforts to fight terrorism and made a promise that U.S. nationals and facilities in the Philippines would be protected. The Philippines also opened its airspace and sea lanes for U.S. planes and ships.

President Arroyo immediately offered Washington access to the former U.S. bases at Clark and Subic for possible military operations. She also issued a 14-stage counterterrorism program to improve intelligence cooperation with the U.S. and other members of the global coalition. In return, President Bush raised the prospect of greater U.S. involvement in the government campaign in Basilan against Abu Sayyaf terrorists.

This support to the war on terrorism by the U.S. once again put the Philippines under the American foreign and strategic policy, after the relations had been damaged because of the removal of the U.S. bases (De Vega, 2005).

President Bush appreciated President Arroyo's optimism to fight terrorism in Mindanao as well as international terrorist networks. The U.S. President also deeply appreciated the offers of the Philippines logistical and other support to the coalition that fights terrorism. He also welcomed the passage of new anti-money laundering legislation and offered technical assistance to help the Philippines in implementing the new law effectively.

#### Assistance Package

Due to Philippine's collaboration with the U.S. to counteract terrorism in the international scheme, the Philippines in return has gained the support of the United States to fight local terrorists and was given socio-economic development aid packages to rehabilitate Mindanao.

In November 2001, during a summit meeting in Washington, Presidents Bush and Arroyo affirmed an integrated plan which provides a strong training package, the delivery of equipment for the AFP, and the creation of a new bilateral defense consultative mechanism<sup>19</sup>.

Through this new framework, the Philippines received a ten-fold increase in military assistance from the U.S. Funds came from the Foreign Military Assistance Program which

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<sup>19</sup> Joint Statement Between the U.S. and the Philippines.  
<http://www.whitehouse.gov/news/releases/2001/11/20011120-13.html>

increased from US\$1.9 million in Fiscal Year 2001 for US\$19 million for Fiscal Year 2002. And in Fiscal Year 2003, the Philippines received an additional US\$24.8 million in Excess of Defense Articles (EDA) and also received an additional US\$10 million in Anti-Terrorist Assistance. Also for Fiscal Year 2003, the AFP received US\$20 million worth of mobility spare parts. And for Fiscal Year 2004, the Philippines obtained FMF funding of US\$19,880.

These amounts of aid were parts of a special package distributed across a five-year Mobility Maintenance Plan which was the fourth highest in the world and the highest in Asia.

By 2004, the Philippines had received US\$4 billion in developmental assistance under the U.S. Assistance in International Development (USAID) over the previous 30 years. In 2003, the USAID had committed to provide US\$30 million in supplemental Economic Support Fund (ESF) assistance in support of the GRP's peace process with the MILF. However, up to present this amount had not yet been received.

There was immediate cooperation between Philippines and American authorities on information regarding the movement of terrorists; as a result, Angus Dwikarna and Fathur al Khozi, suspected members of Jemaah Islamiya were captured in the Philippines (Golez, 2005). The Philippines also supported the U.S. military operations against Bin Laden and Taliban regime in Afghanistan, and terrorism in Iraq.

#### Philippine Effort for Counterterrorism

Another measure Pres. Arroyo took to counter terrorism was when she ordered the Securities and Exchange Commission

(SEC) and the DILG which according to Roilo Golez would "identify and neutralize dubious personalities and organizations that may be operating as fronts for terrorists and criminal activities."<sup>20</sup> The move was followed by Memorandum Order (MO) No. 37 which provided for the "14 Pillars for Policy and Action for the Government Against Terrorism." Here, the Cabinet Oversight Committee on Internal Security (COC-IS) was tasked to oversee the execution of the policies and actions of the Philippine government.

Later on, the three-tiered defense strategy was formulated as the structure for the response of the government and private sector to terrorism. The strategy included strengthening intelligence, hardening targets, and consequence management.

In July 2002, the R.P.-U.S. MDB formulated a highly-confidential Five-Year Work Plan which calls for an increased and sustained security cooperation. This plan called for the formation of trained and well-equipped Rapid Deployment Force (RDF) in the AFP, the construction of bases and staging areas for the RDF, and the development of the Philippine military's capability and competence for joint/combined force operation with the U.S. armed forces.

In August 2002, U.S. Defense Sec. Donald Rumsfeld and his Philippine counterpart Angelo Reyes signed an agreement which created the bilateral Defense Policy Board to enable civilian officials from both countries to deal politically with issues

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<sup>20</sup> Roilo Golez. "R.P.-U.S. Collaboration against Terrorism." HISTORICAL BULLETIN. Vol. 35 (1998-2000). Manila: New Day Publishers. 2005.

of managing the alliance and addressing matters common security interests<sup>21</sup>.

## CHAPTER VIII

### The PAF Modernization Program

The AFP Modernization Act has not really implemented since its passage in the Philippine Congress in 1996. The delay in the implementation was caused by the Asian financial crisis in 1997, changing priorities in acquisition of arms due to various perspectives of the leadership, and the complicated and bureaucratic procurement procedure (Evangelista, 2004).

According to the assessment report of the PAF Modernization Program by Project Management Staff Office (PMSO) on the period from July 1, 2003 to May 31, 2004, what caused PAF projects delay was due to the economic problems faced by the Philippines as well as some political factors and tedious process.

### JOINT DEFENSE ASSESSMENT

The Philippines and the United States began to conduct a defense policy dialogue and joint evaluation of Philippine defense requirements (De Vega, 2005). This was the Joint Defense Assessment (JDA), revised in 2000 to improve the ability in counterterrorism of the AFP.

The JDA committed the U.S. to assist the Philippine military to develop a defense program in which to improve the

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<sup>21</sup> [http://www.acq.osd.mil/dpap\\_archive/Docs/FAQs%20-%20International.doc](http://www.acq.osd.mil/dpap_archive/Docs/FAQs%20-%20International.doc)

ability of the AFP to respond to national security threats, to focus on long-term institutional reform in the AFP and to involve the Americans in monitoring the implementation of the said program.

Furthermore, the JDA emphasized the joint doctrine and interoperability between the armed forces of the Philippines and the U.S. in the former's counter-insurgency efforts, and also called on the Philippine Army to concentrate on its counterterrorism capability. It also obligated the U.S. to provide sustained assistance, training and equipment to the AFP to help develop its anti-terrorism capabilities.

JDA's objectives:

- a) The implementation of the key recommendations of the JDA to institute long-term reforms in the AFP.
- b) The development of a comprehensive defense program to improve the capability of the AFP in responding to the threats in the national security of the Philippines.
- c) The facilitation of the modernization of the AFP.
- d) The strengthening of the R.P.-U.S. defense and security relations (Evangelista, 2004).

The JDA was later on renamed the Philippine Defense Reform (PDR) but its status as a multi-year comprehensive joint assessment of the capability of the AFP to execute its missions was retained (De Vega, 2005). It was not an aid package but a Philippine-led, U.S.-assisted program aimed to develop the capability of the AFP to address current and emerging threat. In order to implement the project, it is

imperative to secure funding assistance from the U.S., along with Philippine counterpart funding.

## CHAPTER IX

### THE ISSUE OF THE TERMINATION OF THE BASES

#### Treaty of Friendship, Cooperation and Security

This treaty as compared to the original bases agreement of 1947 had low bases-related compensation for the U.S. use of Subic, when it barely changed the provisions of the original 1947 MBA. What happened was, the American had almost the same privilege with the 1947 MBA; however, then with a lesser price to pay to the Philippines for having so.

As evidence of being almost the same with the MBA was that the Proposed Treaty was intended to be in force for ten years subject to the right of termination by either government. With this, it would continue to be effective despite the complete withdrawal of U.S. forces in 1991 until its 10-year duration expires. Meaning the armed forces of the U.S. would continue to use the Philippine territory even after the phasing-out of permanent bases in the country; hence, a new form of U.S. military presence would take place or replace the permanent bases.

#### The Philippines After the Bases

Local economy within the bases areas was heavily dependent on the American armed forces. If there were no American military personnel visiting the Philippines, the local economy inside the base areas was weak. Local economy

became too dependent on the bases and this resulted to political manipulation of the United States to the Philippines.

In 1992, after the withdrawal of the bases, the situation in Subic showed uncertainty, trepidation and dread from the Filipino people. But this changed after four years, as the former military bases was the site of the opening of the 4<sup>th</sup> Asia-Pacific Economic Cooperation (APEC) Summit on November 24, 1996.

Many Filipinos thought and were frightened that after the closure of the U.S. bases, the Philippine economy, especially the local economy within the bases areas would be devastated. They thought that keeping the U.S. military bases meant national survival.

Undeniably, the Philippines experienced some hard times from 1991 - 1993, as the country fought its way back from devastating power crisis, natural disasters and a prevalent crisis of self-reliance. But this was proven to be false, the Philippines after the presence of the bases had demonstrated, as what had always been reiterated: there was not only life after the bases, but also prosperity and national pride.

As evidence for this is that from 1992-1997, the Philippine economy had grown remarkably. It grew 5-6% a year from 1994-1996, accompanied by a remarkable growth in exports and relatively low inflation.

### ACCESS ARRANGEMENTS AFTER THE TERMINATION OF THE MBA

Access agreement violates the 1987 Philippine Constitution which requires Senate approval of a U.S. military presence in the Philippines. Access arrangements do not need the ratification of the Senate as these are agreements between the armed forces of the United States and of the partner country. These arrangements provide for port visits, aircraft transits, and small unit exercises on the territory of the partner country.

Military access makes up for the loss of the advantage of the bases which is forward deployment. Although the United States is no longer tied down to permanent barracks, it is however free to use the major ports and airfields of the Philippines as staging areas for intervention. Because of the discontinuation of the bases, the United States does not need to pay the Philippines through military aid.

### ACQUISITION AND CROSS-SERVICING AGREEMENT

This agreement would allow the U.S. military to use Philippine territory as a springboard for interference. These exercises would make up to the loss of the capability of the bases of permanent forward deployment and as a jumping off point for U.S. military intervention in the Asia-Pacific region. Eventually, it would oblige the Philippines to support and serve the U.S. in its wars and interventions in the Asia-Pacific region.

The ACSA might possibly affect the sovereignty of the Philippines more negatively than what the U.S. bases had done.

Through the ACSA, the U.S. armed forces with the absence of the bases would depend more on the Philippine Armed Forces for services and supplies. This arrangement if were ratified could have had weakened the independent role of the Philippine military and would have had drag the Philippines into a war not of its own choosing.

### Visiting Forces Agreement

Since the ACSA was never ratified by R.P.-U.S. MDB, the Visiting Forces Agreement when signed in 1998, virtually restored American military presence in the Philippines through large-scale joint military exercises.

The VFA faced a lot of debates before it was ratified due to the wide and strong oppositions it met from the Filipino public. To be ratified by the Philippine Senate, the governments of the two countries used and exaggerated the Spratlys dispute to appease the anti-VFA sentiments.

The VFA violates the Constitution because it does not ensure that the vehicles entering the Philippines do not carry nuclear weapons. It also puts the Americans above Philippine laws as the U.S. has its primary right to exercise jurisdiction, and the American personnel are given extra territorial rights.

The VFA can allow the Americans to undertake any kind of military operations based in the Philippines, like launching cruise missiles against neighboring countries or engaging in hot pursuit of suspected terrorists because it does not

actually defined the term "activities", making the agreement ambiguous.

Actually, the VFA does not prescribe nor limit the type of joint exercises to be conducted and its location. Therefore, it is in the disadvantage of the Philippines since it is responsible for the location where the training will be held. The Philippines cannot control and choose the type of exercises which she thinks is beneficial and safe. Since the VFA cannot control the location and type of exercise, there is a probability that the exercises to be conducted can harm the Filipino people and violate the Philippine Constitution.

Section 25, Art. XVIII of the Philippine Constitution states that after the expiration of the MBA in 1991, foreign military bases, troops or facilities shall not be allowed in the Philippine territory except under treaty duly concurred by the Philippines Senate, and when the Philippine Congress so requires, ratified by a majority of the votes by the people in a national referendum, and is recognized as a treaty by the other contracting state.

The VFA identifies that these U.S. troops and facilities are only visiting the Philippines on a regular basis and are only staying temporarily. Meaning it is not necessary if these troops and facilities visits in an unlimited frequency as to ridicule the constitutional prohibition against permanent foreign military bases as long as these troops and facilities leave the Philippines. This is exactly the problem. United States troops and facilities can visit the Philippines then leave after; however, another group of U.S. troops and

facilities can visit the Philippines right after the first group leaves. Worse, the period of time that these two groups stay in the Philippines can actually overlap so to imply a continuation of the U.S. military presence in the Philippines. This condition can actually happen since the VFA does not provide a clause to prohibit the overlapping of regular visits of the U.S. armed forces.

Another issue arises due to these regular visits of the U.S. military forces. Although these visits intend to mean only temporary stay of the U.S. troops and facilities, because these military exercises are regularly conducted as long as the MDT and the VFA remain effective, it can be concluded that these visits are somewhat permanent. It should be noted and considered that the MDT has no definite expiration date, it will remain active until one of the country involved decides to terminate it. The VFA seeks to operationalize the MDT; therefore, it will also remain in force forever.

Section 25, Art XVIII of the Philippine Constitution uses the word "recognized," the intention is to require the United States as the other "contracting state," the advice and consent of its Senate on the VFA. The U.S. on its part requires concurrence on the part of the U.S. Senate to conclude treaties. Under Sec. 2(2), Art. II of the United States Constitution, the president has the power, by and with the advice and consent of the U.S. Senate, to make treaties, provided two-thirds of the senators present concur.

Hence, on the issue of Constitutionality, the United States must obtain the advice and consent of its Senate on the

VFA for this to be qualified as an exception to constitutional prohibition. The Philippine Constitution requires that the VFA be a treaty under Sec. 2(2), Art. II of the U.S. Constitution.

The ratification of the VFA does not resolve the Spratly dispute and has nothing to do with the modernization of the AFP or address the AFP'S need for a new weapons technology and improved new munitions system to enhance the Philippine defense strategy. There is actually no empirical data that support the role of the VFA in promoting or enhancing the national security of the Philippines, neither does it provide for the framework or mutual military cooperation in case of aggression against the Philippines by a third party.

The VFA applies only to the defense alliance of the Philippines and the United States in cases which are identified as a threat only by the United States.

### Mutual Logistics Support Agreement

The MLSA cannot be used as a routine source of logistics support, supplies and services, and to purchase major items of equipment especially weapon systems, as it can only be invoked during R.P.-U.S. exercises and operations and unforeseen contingencies like calamities and UN operations and deployments.

The standardization of equipment and procedures required by the MLSA is critical, because for example, communications procedures to be used in conducting an operation must be agreed upon in advance. Therefore when the Philippines is faced with devastations from natural disaster, the MLSA is

inapplicable to procure arms. Next, through the MLSA, Philippine military's dependence on U.S. technology will increase. Lastly, some of the provisions in the agreement are vague which should be subjected to several interpretations.

The MLSA is much more needed by the United States than by the Philippines. This is because of the current efforts by the U.S. to dismantle the terrorist infrastructure and network in Afghanistan and other deployments in every part of the world.

The MLSA is an ACSA-type of arrangement therefore it has the flawed and onerous characteristics of its mother agreement, ACSA, which was never ratified due to its one-sidedness in favor of the United States.

#### The R.P.-U.S. Military Arrangements After the 9/11 Attack

The most significant and the most controversial aspect of the revitalized relations after 9/11, was the resumption of joint and combined military exercises of the Philippines and the United States.

These military exercises held in the Philippines were part of Washington's effort to upgrade U.S. military links in Southeast Asia to prevent the region from becoming a shelter for international terrorism. War on terrorism is simply an opportunity for the U.S. to have an excellent justification to accelerate the establishment of a strategic presence in the region in order to widen its power over the region.

Because of the Philippines' open and strong support to the United States in its campaign against terrorism, Philippine security might be put in great danger from the

suspected terrorists pursued and attacked by the United States, especially from the Islamic countries. In addition to this dilemma, as what had happened in Iraq in 2004 when the Philippines sent a humanitarian contingent there, overseas Filipino workers in these countries are also pushed in great danger, like what happened to Angelo De la Cruz. Because of this, Philippine diplomatic relations with the Islamic countries are also affected.

### Joint Defense Assessment

The arrival of JDA has possible conflicts with the AFP Modernization Program when it comes to funding and delays from the implementation of the AFP Modernization Program. The JDA cannot legally touch the modernization fund for activities which are full JDA in nature. As emphasized in Sec. 11 of the RA 7898, the trust fund shall be used exclusively for the AFP Modernization Program, except if the project of the JDA can be identified as a modernization activity. Funding of the JDA is not supported by a legal framework, and therefore may conflict with the Modernization Program.

Funding sharing for the implementation of the JDA priority programs has not been qualified, which is obviously a disadvantage for the Philippines. Financial and technical assistance of the U.S. are important to execute the recommendations of the JDA. The JDA will lead to the PAF's over-reliance on U.S.-made equipment. This is detrimental to PAF defense readiness posture.

## CHAPTER X

### CONCLUSION/RECOMMENDATIONS

When the 1947 R.P.-U.S. MBA still existed, the military relation between the Philippines and the United States was vibrant and active. The Philippines had received huge amounts of military and economic aid brought upon by the U.S. bases. Indeed, the Philippines for the America was an essential element in its network of security alliance, by the latter using former's territory to protect and sustain its military facilities on the Asia-Pacific region. These bases were important because these were used for forward deployment and as a jumping off point for U.S. military intervention in the Asia-Pacific region.

Upon the closure of the bases, Washington significantly downgraded its political and military relations with the Philippines as the latter's importance as a treaty ally of the United States has greatly been diminished. As evidence of this downgraded importance is the refusal of the United States to support the Philippines in its claim in the Kalayaan dispute against China and six other claimants.

The United States can no longer easily accommodate Philippine stipulations and requests which it thinks are irrational or less beneficial to its interests. Eventually, with the loss of payment through the bases, the current R.P.-U.S. security relationship is not anymore of such decisive importance for the United States.

With the diminished close relations, the R.P.-U.S. relations should have been no longer tied up to any kind of unequal arrangements like what was the situation on the era of basing agreement. The Philippines should have already stopped its too much dependence on American foreign aid as it now pursues an independent foreign policy. However, because of the VFA and the other military agreements, and the continuing military exercises conducted in Philippine territory that have opened the door for U.S. intervention and manipulation of Philippine politics, the Philippines is still under the control of the United States. Because in reality, the habitual and continued joint exercises between the two are no significant difference with the permanent basing arrangement.

The R.P.-U.S. military agreements and the so-called joint military exercises did not actually and totally improve the Philippine armed forces. The AFP today is the weakest in Southeast Asia. It is now a mendicant Armed Forces, created by the unequal and one-sided treaties.

True, the special military relations of the two countries have positive effects to the Philippines, but these benefits are not enough to give up certain rights, especially Philippine sovereignty. In reality, the one that benefits more from the relations is the United States by using the bilateral alliance in projecting U.S. power and influence over Asia and Pacific region; therefore making it easier to maintain its supreme world power.

To prevent any encroachment or violation in its sovereignty, the Philippines must not only think of and

enthusiastic to the benefits which can be received in any entered arrangement with the United States or with any other country. In reality, anything that is given is not always for free. The United States is not really altruistic since all assistance it extends to other countries has a calculated dividend in return. The U.S. gives because it asks for something bigger in return.

The Philippines must also enter into bilateral military relations with countries other than the United States. Through this, the Philippines can further consolidate its military strength with supports from different countries. Furthermore, American manipulation of the Philippines can also be avoided because there would be other agreements that the Philippines and the U.S. must consider first before any actions. With this, other countries in relationship with the Philippines can hinder the U.S. to control and manipulate the former.

The Philippines must also enter in multilateral relations and instead of engaging in arrangements that launch war with or that throw military aggression to other countries, it should engage in arrangements intended to neutralize the war situation and to extend aid and assistance to the countries attacked and devastated by other aggressive countries, domestic insurgents, or natural disasters.

Most of all, the Philippine armed forces must first clean its organization. In July 2003, the Oakwood mutiny by a certain Magdalo Group from the Philippine military exposed the graft and corruption prevalent in the AFP. The organization must eliminate this rampant dishonesty in their institution,

because if not, all the aid and assistance to help modernize the military from the partner country would be useless. It is possible that the received aid would just go to the personal interests of the leaders of the AFP. Because of this corruption, the partner countries may be alarmed and would stopped the assistance, as they may think the relation is just a waste of their taxpayers' money.

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**APPENDIX A**

**Military Bases Agreement  
(March 4, 1947)**

WHEREAS, the war in the Pacific has confirmed the mutuality of interest of the Republic of the Philippines and of the United States of America in matters relating to the defense of their respective territories and that mutuality of interest demands that the Governments of the two countries take the necessary measures to promote their mutual security and to defend their territories and areas;

WHEREAS, the Governments of the Republic of the Philippines and of the United States of America are desirous of cooperating in the common defense of their two countries through arrangements consonant with the procedures and objectives of the United Nations, and particularly through a grant to the United States of America by the Republic of the Philippines in the exercise of its titles and sovereignty, of the use, free of rent, in furtherance of the mutual interest of both countries, of certain lands of the public domain;

WHEREAS, the Government of the Republic of the Philippines has requested United States assistance in providing for the defense of the Philippines and in developing for such defense effective Philippine armed forces;

WHEREAS, pursuant to this request the Government of the United States of America has, in view of interest in the welfare of the Philippines, indicated this intention of dispatching appropriate assistance in the development of the Philippine armed forces;

WHEREAS, a Joint Resolution of the Congress of the United States of America of June 29, 1944, authorized the President of the United States of America to acquire bases for the mutual protection of the Philippines and the United States of America; and

WHEREAS, a Joint Resolution No. 4 of the Congress of the Philippines, approved July 28, 1945, authorized the President of the Philippines with the President of the United States of America for the establishment of bases provided for in the Joint Resolution of the Congress of the United States of America of June 29, 1944, with a view to insuring the territorial integrity of the Philippines, the mutual protection of the Philippines and the United States of America, and the maintenance of peace in the Pacific;

THEREFORE, the Governments of the Republic of the Philippines and the United States of America agree upon the following terms for the delimitation, establishment, maintenance and operation of military bases in the Philippines.

**ARTICLE I  
GRANT OF BASES**

1. The Government of the Republic of the Philippines (hereinafter referred to as Philippines) grants to the Government of the United States of America (hereinafter referred to as United States) the right to retain the use of the bases in the Philippines listed in Annex A attached hereto.
2. The Philippines agrees to permit the United States, upon notice to the Philippines, to use such of those bases listed in Annex B as the United States determines to be required by military necessity.
3. The Philippines agrees to enter into negotiations with the United States at the latter's request, to permit the United States to expand such bases, to exchange such bases for other bases, to acquire additional bases or relinquish rights to bases as any of such exigencies may be required by military necessity.
4. A narrative description of the boundaries of the bases to which this Agreement relates is given in Annexes A and B. An exact description of the bases listed in Annex A, with metes and bounds, in conformity with the narrative descriptions, will be agreed upon between the appropriate authorities of the two Governments as soon as possible. With respect to any of the bases listed in Annex B, an exact description with metes and bounds, in conformity with the narrative description of such bases, will be agreed upon if and when such bases are acquired by the United States.

**ARTICLE II  
MUTUAL COOPERATION**

1. It is mutually agreed that the armed forces of the Philippines may serve on United States bases and the armed forces of the United States may serve on Philippine military establishments whenever such conditions appear beneficial as mutually determined by the armed forces of both countries.
2. Joint outlined plans for the development of military bases in the Philippines may be prepared by military authorities of the two Governments.
3. In the interest of international security any bases listed in Annexes A and B may be made available to the Security Council of the United Nations on its call by prior mutual agreement between the Philippines and the United States.

**ARTICLE III  
DESCRIPTION OF RIGHTS**

1. It is mutually agreed that the United States shall have the rights, power and authority within the bases which are necessary for the establishment, use, operation and defense thereof and all the rights, power and authority within the limits of territorial waters and air space adjacent to, or in the vicinity of, the bases which are necessary to provide access to them, or appropriate for their control.
2. Such rights, power, and authority shall include, inter alia, the right, power and authority:
  - (a) to construct (including dredging and filling), operate, maintain, utilize and occupy, garrison and control the bases;
  - (b) to improve and deepen the harbors, channels, entrances and anchorages, and to construct or maintain necessary roads and bridges affording access to the bases;
  - (c) to control (including the right to prohibit) in so far as may be required for the efficient operation and safety of the bases, and within the limits of military necessity, anchorages, moorings, landings, takeoffs, movements and operation of ships and water-borne craft, aircraft and other vehicles on water, in the air or on land comprising or in vicinity of the bases;
  - (d) The rights to acquire, as may be agreed between the two Governments, such right of way, and to construct thereon, as may be required for military purposes, wire and radio communications facilities, including submarine and subterranean cables, pipe lines and spur tracks from railroads to bases, and the right, as may be agreed upon between the two Governments to construct the necessary facilities.
  - (e) to construct, install, maintain and employ on any base any type of facilities, weapons, substance, device, vessel or vehicle on or under the ground, in the air or on or under the water that may be requisite or appropriate, including meteorological systems, aerial and water navigation lights, radio and radar apparatus and electronic devices, of any desired power, type of emission and frequency.
3. In the exercise of the above-mentioned rights, power and authority, the United States agrees that the powers granted to it will not be used unreasonably or, unless required by military necessity determined by the two Governments, so as to interfere with the necessity rights of navigation, aviation, communication, or land travel within the territories of the Philippines. In the practical application outside the bases of the rights, power and authority granted in this Article there shall be, as the occasion requires, consultation between the two Governments.

**ARTICLE IV  
SHIPPING AND NAVIGATION**

1. It is mutually agreed that the United States public vessels operated by or for the War or Navy Departments, the Coast Guard or the Coast and Geodetic Survey, and the military forces of the United States, military and naval aircraft and Government-owned vehicles, including armor shall be accorded free access to and movement between ports and United States bases throughout the Philippines, including territorial waters, by land air and sea. This right shall include freedom from compulsory pilotage and toll charges. If, however, a pilot is taken, pilotage shall be paid for at appropriate rates. In connection with entrance into Philippine ports by United States public vessels appropriate notification under normal conditions shall be made to the Philippine authorities.

2. Lights and other aids to navigation of vessels and aircraft placed or established in the bases and territorial waters adjacent thereto or in the vicinity of such bases shall conform to the system in the use in the Philippines. The position, characteristics and any alterations in the lights or other aids shall be communicated in advance to the appropriate authorities of the Philippines.

3. Philippine commercial vessels may use the bases on the same terms and conditions as United States commercial vessels.

4. It is understood that a base is not a part of the territory of the United States for the purpose of coastwise shipping laws so as to exclude Philippine vessels from trade between the United States and the bases.

**ARTICLE V  
EXEMPTION FROM CUSTOMS AND OTHER DUTIES**

No import, excise, consumption or other tax, duty or impost shall be charges on material, equipment, supplies, or goods, including food stores and clothing, for exclusive use in the construction, maintenance, operation or defense of the bases, consigned to, or destined for, the United States authorities and certified by them to be for such purposes.

**ARTICLE VI  
MANEUVER AND OTHER AREAS**

The United States, subject to previous agreement with the Philippines, have the right to use the land and coastal sea areas of appropriate size and location for periodic maneuvers, for additional staging areas, bombing and gunnery ranges, and for such intermediate airfields as may be required for safe and efficient air operations. Operations in such areas shall be carried on with due regard and safeguards for the public safety.

**ARTICLE VII  
USE OF PUBLIC SERVICES**

It is mutually agreed that the United States may employ and use for United States military forces and any all public utilities, other services and facilities, airfields, ports, harbors, roads, highways, railroads, bridges, viaducts, canals, lakes, rivers and streams in the Philippines under conditions no less favorable than those that may be applicable from time to time to the military forces of the Philippines.

**ARTICLE VIII  
HEALTH MEASURES OUTSIDE BASES**

It is mutually agreed that the United States may construct, subject to agreement by the appropriate Philippine authorities, wells, water retention areas or dams to insure an ample supply of water for all base operations and personnel. The United States shall likewise have the right, in cooperation with the appropriate authorities of the Philippines, to take such steps as may be mutually agreed upon to be necessary to improve health and sanitation in areas contiguous to the bases, including the right, under such conditions as may be mutually

agreed upon, to enter and inspect any privately owned property. The United States shall pay just compensation for any injury to persons or damage to property that may result from action taken in connection with this Article.

**ARTICLE IX  
SURVEYS**

It is mutually agreed that the United States shall have the right, after appropriate notification has been given to the Philippines, to make topographic, hydrographic and coast and geodetic surveys and aerial photographs in any part of the Philippines and waters adjacent thereto. Copies with title and triangulation, data of any surveys or photomaps made of the Philippines shall be furnished to the Philippines.

**ARTICLE X  
CEMETERIES AND HISTORICAL SITES**

1. The United States have the right to retain and maintain such United States military cemeteries and such sites of historical significance to the United States as may be agreed upon by the two Governments. All rights, power and authority in relation to bases granted under this Agreement shall be applicable, in so far as appropriate, to the cemeteries and sites mentioned in this Article.

2. Furthermore, it is recognized that there are certain cemeteries and historical sites in the Philippines revered in the memory of the People of the Philippines and the United States, and is therefore fitting that the maintenance and improvement of such memorials be common concern of the two countries.

**ARTICLE XI  
IMMIGRATION**

1. It is mutually agreed that the United States shall have the right to bring into the Philippines members of the United States military forces and the United States nationals employed by or under a contract with the United States together with their families, and technical personnel of other nationalities (not being persons excluded by the laws of the Philippines) in connection with the construction, maintenance, or operation of the bases. The United States shall make suitable arrangements so that such persons may readily identified and their status established when necessary by the Philippine authorities. Such persons, other than members of the United States armed forces in uniform, shall present their travel documents to the appropriate Philippine authorities for visas, it being understood that no objection will be made to their travel to the Philippines as non-immigrants.

2. If the status of any person within the Philippines and admitted thereto under the foregoing paragraph shall be altered so that he would no longer be entitled to such admission, the United States shall notify the Philippines and shall, if such person be required to leave the Philippines by the latter Government, be responsible for providing him with a passage from the Philippines within a reasonable time, and shall in the meantime prevent his becoming a public responsibility of the Philippines.

**ARTICLE XII  
INTERNAL REVENUE TAX EXEMPTION**

1. No member of the United States armed forces, except Filipino citizens, serving in the Philippines in connection with the bases and residing in the Philippines by reason only of such service, or his dependents, shall be liable to pay income tax in the Philippines except in respect of income derived from the Philippine sources.

2. No national of the United States serving in or employed in the Philippines in connection with the construction, maintenance, operation or defense of the bases and residing in the Philippines by reason only of such employment, or his spouse and their children and dependent persons, if either spouse, shall be liable to pay income tax in the

Philippines except in respect of income derived from Philippine sources or sources other than the United States sources.

3. No person referred to in paragraphs 1 and 2 of this Article shall be liable to pay to the Government or local authorities of the Philippines any poll or resident tax, or any import or export duty, or any other tax on personal property imported for his own use; provided that property owned vehicles shall be subject to payment of the following only: when certified as being used for military purposes by appropriate United States authorities, the normal license plate fee; otherwise, the normal license plate and registration fees.

4. No national of the United States, or corporation organized under the laws of the United States, resident in the United States, shall be liable to pay income tax in the Philippines in respect of any profits derived under a contract in the United States with the Government of the United States in connection with the construction, maintenance, operation and defense of the bases, or any tax in the nature of a license in respect of any service or work for the United States in connection with the construction, maintenance, operation and defense of the bases.

#### ARTICLE XIII JURISDICTION

1. The Philippines consents that the United States shall have the right to exercise jurisdiction over the following offenses:

(a) Any offense committed by any person within any base except where the offender and offended parties are both Philippine citizens (not members of the armed forces of the United States active duty) or the offense is against the security of the Philippines;

(b) Any offense committed outside the bases by any member of the armed forces of the United States in which the offended party is also member of the armed forces of the United States; and

(c) Any offense committed outside the bases of any member of the armed forces of the United States against the security of the United States.

2. The Philippines shall have the right to exercise jurisdiction over all other offenses committed outside the bases by any member of the armed forces of the United States.

3. Whenever for special reasons the United States may desire not to exercise the jurisdiction reserved to it in paragraphs 1 and 6 of this Article, the officer holding the offender in custody shall so notify the fiscal (prosecuting attorney) of the city or province in which the offense has been committed with ten days of his arrest, and in such a case has the Philippines shall exercise jurisdiction.

4. Whenever for special reasons the Philippines may desire not to exercise the jurisdiction reserved to it in paragraph 2 of this Article, the fiscal (prosecuting attorney) of the city or province where the offense has been committed shall so notify the officer holding the offender in custody within ten days after his arrest, and in such a case the United States shall be free to exercise jurisdiction. If any offense falling under paragraph 2 of this Article is committed by any member of the armed forces of the United States,

(a) while engaged in the actual performance of a specific military duty, or

(b) during a period of national emergency declared by either Government and the fiscal (prosecuting attorney) so finds from the evidence, he shall immediately notify the officer holding the offender in custody that the United States is free to exercise jurisdiction. In the event the fiscal (prosecuting attorney) finds that the offense was not committed in the actual performance of a specific military duty, the offender's commanding officer shall have the right to appeal from such finding to the Secretary of Justice within ten days from the receipt of the decision of the Secretary of Justice shall be final.

5. In all cases over which the Philippines exercises jurisdiction he custody of the accused, pending trial and final judgment, shall be

entrusted without delay to the commanding officer of the nearest base, who shall acknowledge in writing that such accused has been delivered to him for custody pending trial in a competent court of the Philippines and that he will be held ready to appear and will be produced before said court when required by it. The commanding officer shall be furnished by the fiscal (prosecuting attorney) with a copy of the information against the accused upon the filing of the original in a competent court.

6. Notwithstanding the foregoing provisions, it is mutually agreed that in time of war the United States shall have the right to exercise exclusive jurisdiction over any offenses which may be committed by members of the armed forces of the United States in the Philippines.

7. The United States agrees that it will not grant asylum in any of the bases to any person fleeing from the lawful jurisdiction of the Philippines. Should any such person be found in any base, he will be surrendered on demand to the competent authorities of the Philippines.

8. In every case in which jurisdiction over an offense is exercised by the United States, the offended party may institute a separate civil action against the offender in the proper court of the Philippines to enforce the civil liability which under the laws of the Philippines may arise from the offense.

#### **ARTICLE XIV ARREST AND SERVICE OF PROCESS**

1. No arrest shall be made and no process, civil or criminal, shall be served within any base except with the permission of the commanding officer of such base; but should the commanding officer refuse to grant such permission he shall (except in cases of arrest where the United States has jurisdiction under Article XIII) forthwith take the necessary steps to arrest the person charged and surrender him to the appropriate authorities of the Philippines or to serve such process, as the case may be; and to provide the attendance of the server of such process before the appropriate court in the Philippines or procure such server to make the necessary affidavit or declaration to prove such service as the case may require.

2. In cases where the service courts of the United States have jurisdiction under Article XIII, the appropriate authorities of the Philippines will, on request, give reciprocal facilities as regards the service of process and the arrest and surrender of alleged offenders.

#### **ARTICLE XV SECURITY LEGISLATION**

The Philippines agrees to take such steps as may from time to time be agreed to be necessary with a view to enactment of legislation to insure the adequate security and protection of the United States bases, equipment and other property and the operations of the United States under this Agreement, and the punishment of persons who may contravene such legislation. It is mutually agreed that appropriate authorities of the two Governments will also consult from time to time in order to insure that laws and regulations of the Philippines and of the United States, in relation to such matters shall, so far as may be possible, be uniform in character.

#### **ARTICLE XVI POSTAL FACILITIES**

It is mutually agreed that the United States shall have the right to establish and maintain United States post offices in the bases for exclusive use of the United States armed forces and civilian personnel who are nationals of the United States and employed in connection with the construction, maintenance and operation of the bases, and the families of such persons, for domestic use between United States post offices in the bases and between such post offices and other United States post offices. The United States shall have the right to regulate and control within the bases all communication within, to and from such bases.

**ARTICLE XVII  
REMOVAL OF IMPROVEMENTS**

1. It is mutually agreed that the United States shall have the right to remove or dispose of any or all removable improvements, equipment or facilities located at or any base and paid for with funds of the United States. NO export tax shall be charged on any material or equipment so removed from the Philippines.

2. All buildings and structures which are erected by the United States in the bases shall be the property of the United States and may be removed by it before the expiration of this Agreement or the earlier relinquishment of the base on which the structures are situated. There shall be no obligation on the part of the Philippines or of the United States to rebuild or repair any destruction or damage inflicted from any cause whatsoever on any of the said buildings or structures owned or used by the United States in the bases. The United States is not obligated to turn over the bases to the Philippines at the expiration of this Agreement or the earlier relinquishment of any bases in the condition in which they were at the time of their occupation, nor is the Philippines obliged to make any compensation to the United States for the improvements made in the bases or for the buildings or structures left thereon, all of which shall become the property of the Philippines upon the termination of the agreement or the earlier relinquishment by the United States of the bases where the structures have been built.

**ARTICLE XVIII  
SALES AND SERVICES WITHIN THE BASES**

1. It is mutually agreed that the United States shall have the right to establish on bases, free of all licenses, fees, sales, excise or other taxes or imposts; Government agencies, including concessions, such as sales commissaries and post exchanges, messes and social clubs, for the exclusive use of the United States military forces and authorized civilian personnel and their families. The merchandise or services sold or dispensed by such agencies shall be free of all taxes, duties and inspection by the Philippine authorities. Administrative measures shall be taken by the appropriate authorities of the United States to prevent the resale of goods which are sold under the provisions of this Article to persons not entitled to buy goods of such agencies and, generally, to prevent abuse of the privileges granted under this Article. There shall be cooperation between such authorities and the Philippines to this end.

2. Except as may be provided in any other agreements, no person shall habitually render any professional services in a base except to or for the United States or to or for the persons mentioned in the preceding paragraph. No business shall be established in a base, it being understood that the Government agencies mentioned in the preceding paragraph shall not be regarded as business for the purposes of this Article.

**ARTICLE XIX  
COMERCIAL CONCERNS**

It is mutually agreed that the United States shall have the right, with the consent of the Philippines, to grant commercial concerns owned or controlled by citizens of the Philippines or of the United States such rights to the use of any base or facility retained or acquired by the United States as may be deemed appropriate by both Governments to insure the development and maintenance for defense purposes of such bases and facilities.

**ARTICLE XX  
MILITARY OR NAVAL POLICE**

It is mutually agreed that there shall be close cooperation, on a reciprocal basis between the military and naval police forces of the United States and the police forces of the Philippines for the purpose of preserving order and discipline among United States military and naval personnel.

**ARTICLE XXI  
TEMPORARY INSTALLATIONS**

1. It is mutually agreed that the United States shall retain the right to occupy temporary quarters and installations now existing outside the bases mentioned in Annexes A and B, for such reasonable time, not exceeding two years, as may be necessary to develop adequate facilities within the bases for the United States armed forces. If circumstances require an extension of time, such a period will be fixed by mutual agreement of the two Governments; but such extension shall not apply to the existing temporary quarters and installation within the limits of the City of Manila and shall in no case exceed a period of three years.
2. Notwithstanding the provisions of the preceding paragraph, the Port of Manila reservation with boundaries as of 1941 will be available for use to the United States armed forces until such time as other arrangements can be made for supply of the bases by mutual agreement of the two Governments.
3. The terms of this Agreement pertaining to bases shall be applicable to temporary quarters and installations referred to paragraph 1 of this Article while they are so occupied by the armed forces of the United States; provided, that offenses committed within the temporary quarters and installations located within the present limits of the City of Manila shall not be considered as offense within the bases but shall be governed by the Provisions of Article XIII, paragraphs 2 and 4, except that the election not to exercise the jurisdiction reserved to the Philippines shall be made by the Secretary of Justice. It is agreed that the United States shall have full use and full control of all these quarters and installations while they are occupied by the armed forces of the United States, including the exercise of such measures as may be necessary to police said quarters for the security of the personnel and property therein.

**ARTICLE XXII  
CONDEMNATION OR EXPROPRIATION**

1. Whenever it is necessary to acquire by condemnation or expropriation proceeding real property belonging to any private persons, associations or corporations located in bases named in Annexes A and B in order to carry out the purposes of this Agreement, the Philippines will constitute and prosecute such condemnation or expropriation proceedings in accordance with the laws of the Philippines. The United States agrees to reimburse the Philippines for all the reasonable expenses, damages and costs thereby incurred, including the value of the property as determined by the Court. In addition, subject to the mutual agreement of the two Governments, the United States will reimburse the Philippines for the reasonable costs of transportation and removal of any occupants displaced or ejected by reason of the condemnation or expropriation.
2. Prior to the completion of such condemnation or expropriation proceedings, in cases of military necessity the United States shall have the right to take possession of such property required for military purposes as soon as the legal requisites for obtaining possession have been fulfilled.
3. The properties acquired under this Article shall be turned over to the Philippines upon the expiration of this Agreement, or the earlier relinquishment of such properties, under such terms and conditions as may be agreed upon by the two Governments.

**ARTICLE XXIII  
CIVIL LIABILITY**

For the purpose of promoting and maintaining friendly relations and the prompt settlement of meritorious claims, the United States shall pay just and reasonable compensation, when accepted by claimants in full satisfaction and in final settlement, for claims, including claims of insured but excluding claims of subrogees, on account for damage to or loss or destruction of private property, both real and personal, or personal injury or death of inhabitants of the Philippines, when such

damage, loss, destruction or injury is caused by the armed forces of the United States, or individual members thereof, including military or civilian employees thereof, or otherwise incident to non-combat activities of such forces; provided that no claim shall be considered unless presented within one year after the occurrence of the accident or incident out of which such claim arises.

**ARTICLE XXIV  
MINERAL RESOURCES**

All minerals (including oil), and antiquities and all rights relating thereto and to treasure troves, under, upon, or connected with the land and water comprised in the bases or otherwise used or occupied by the United States by virtue of this Agreement, are reserved to the Government and inhabitants of the Philippines; but no rights so reserved shall be transferred to third parties, or exercised within the bases, without the consent of the United States. The United States shall negotiate with the proper Philippine authorities for the quarrying rock and gravel necessary for construction work on the bases.

**ARTICLE XXV  
GRANT OF BASES TO A THIRD POWER**

1. The Philippines agrees that it shall not grant, without prior consent of the United States, any bases or any rights, power, or authority whatsoever, in or relating to bases, to any third power.
2. It is further agreed that the United States shall not, without the consent of the Philippines, assign, or underlet, or part with the possession of the whole or any part of any based, or of any right, power or authority granted by this Agreement, to any third party.

**ARTICLE XXVI  
DEFINITION OF BASES**

For the purpose of this Agreement, bases are those areas named in Annexes A and B and such additional areas as may be acquired for military purposes pursuant to the terms of this Agreement.

**ARTICLE XXVII  
VOLUNTARY ENLISTMENT OF THE PHILIPPINE CITIZENS**

It is mutually agreed that the United States shall have the right to recruit citizens of the Philippines for voluntary enlistment into the United States armed forces for a fixed term of years and to train them and to exercise the same degree of control and discipline over them as is exercised in the case of other members of the United States armed forces. The number of such enlistments to be accepted by the armed forces of the United States may from time to time be limited by agreement between the two Governments.

**ARTICLE XXVIII  
UNITED STATES RESERVE ORGANIZATIONS**

It is mutually agreed that the United States shall have the right to enroll and train all eligible United States citizens residing in the Philippines in the Reserve organizations of the armed forces of the United States, which include the Officers Reserve Corps and the Enlisted Reserve Corps, except that prior consent of the Philippines shall be obtained in the case of such persons who are employed by the Philippines or any Municipal or Provincial Government thereof.

**ARTICLE XXIX  
TERM OF AGREEMENT**

The presented Agreement shall enter into force upon its acceptance by the two Governments and shall remain in force for a period of ninety-nine years subject to extension thereafter as agreed by the two Governments.

Signed in Manila, Philippines, in duplicate this fourteenth day of March, nineteen hundred and forty-seven.

On behalf of the Government of the Republic of the Philippines:

MANUEL ROXAS  
President of the Philippines

On behalf of the Government of the United States of America:

PAUL V. MCHUTT  
Ambassador Extraordinary and  
Plenipotentiary of the United  
States of America to the Republic  
of the Philippines

(Concurred in by the Senate of the Philippines on March 26, 1947)

**APPENDIX B**

**Agreement between the Government of the Republic of the Philippines and the Government of the United States of America on Military Assistance to the Philippines**

**Signed at Manila, March 21, 1947.**

Note: The Agreement entered into force, March 21, 1947.

Reference: This Agreement is also published in I DFA TS No. 2, p. 161 and 45 UNITS, p. 47.

Considering the desire of the Government of the Republic of the Philippines to obtain assistance in the training and development of its armed forces and the procurement of the equipment and supplies therefore during the period immediately following the independence of the Philippines, considering the Agreement between the Republic of the Philippines and the United States of America concerning military bases, signed March 14, 1947, and in view of the mutual interest of the two governments in matters of common defense, the President of the United States of America has authorized the rendering of military assistance to the Republic of the Philippines towards establishing and maintaining national security and towards forming a basis for participation by that Government in such defensive military operations as the future may require, and to attain these ends the Government of the Republic of the Philippines and the United States of America have agreed as follows:

**TITLE I**

**PURPOSE AND DURATION**

ARTICLE 1. - Subject to mutual agreements, the Government of the United States of America will furnish military assistance to the Government of the Republic of the Philippines in the training and development of armed forces and in the performance of other services essential to the fulfillment of those obligations which may devolve upon the Republic of the Philippines under its international agreement including commitments assumed under the United Nations and to the maintenance of the peace and security of the Philippines, as provided in Title II, Article 6, hereof.

ARTICLE 2. - This Agreement shall continue for a period of five years from July 4, 1946 unless previously terminated or extended as hereinafter provided.

ARTICLE 3. - If the Government of the Republic of the Philippines should desire that this Agreement be extended beyond the stipulated period, it shall make a written proposal to that effect at least one year before the expiration of this Agreement.

ARTICLE 4. - This Agreement may be terminated before the expiration of the period of five years prescribed in Article 2, or before the expiration of an extension authorized in Article 3, by either Government, subject to three months' written notice to the other Government.

ARTICLE 5. - It is agreed on the part of the Government of the Republic of the Philippines that title to all arms, vessels, aircraft, equipment and supplies, expandable items excepted, that are furnished under this Agreement on a non-reimbursable basis shall remain in the United States of America.

**TITLE II**

**GENERAL**

ARTICLE 6. - For the purpose of this Agreement the military assistance authorized in Article 1 hereof is defined as the furnishing arms, ammunition, equipment and supplies; certain aircraft and naval vessels, and instruction and training assistance by the Army and Navy of the United States and shall include the following:

- (a) Establishing in the Philippines of a United States Military Advisory Group composed of an Army group, a Navy group and an Air group to assist and advise the Republic of the Philippines in military and naval matters;
- (b) Furnishing from United States sources equipment and technical supplies for training, operations and certain maintenance of the Philippines armed forces of such strength and composition as mutually agreed upon;

- (c) Facilitating the procurement by the Government of the Republic of the Philippines of a military reserve of United States equipment and supplies, in such amounts as may be subsequently agreed upon;
- (d) Making available selected facilities of United States Army and Navy training establishments to provide training for key personnel of the Philippine armed forces, under the conditions hereinafter described.

### TITLE III

#### MILITARY ADVISORY GROUP

ARTICLE 7. - The Military Advisory Group shall consist of such number of United States military personnel as may be agreed upon by the Governments of the Republic of the Philippines and the United States of America.

ARTICLE 8. - The functions of the Military Advisory Group shall be to provide such advise and assistance to the Republic of the Philippines as has been authorized by the Congress of the United States of America and as is necessary to accomplish the purposes set forth in Article 1 of this Agreement.

ARTICLE 9. - Each member of the Military Advisory Group shall continue as a member of the branch of the armed forces of the United States to which he belongs and serve with that group in the rank, grade or rating he holds in the armed forces of the United States and shall wear the uniform thereof, as provided in current regulations. Officers and enlisted men so detailed are authorized to accept from the Government of the Republic of the Philippines offices and such pay and emoluments thereunto appertaining as may be offered by that Government and approved by the appropriate authorities of the United States government for remittance to the individual if in the opinion of the appropriate authorities of the United States such course appears desirable.

ARTICLE 10. - Members of the Military Advisory Group shall serve under the direction of the authorities of the United States of America.

ARTICLE 11. - All members of the Group shall be on active duty and shall be paid regularly authorized pay and allowances by the Government of the United States of America, plus a special allowance to compensate for increased costs of living. This special allowance shall be based upon a scale agreed upon by the Governments of the Republic of the Philippines and the United States of America and shall be revised periodically. The Government of the Republic of the Philippines shall reimburse the Government of the United States of America for the special allowance provided for in this Article. The special allowance shall be applicable for the entire period each member of the group resides in the Philippines on duty with the Group, except as specified elsewhere in this Agreement.

ARTICLE 12. - The Government of the Republic of the Philippines agreed to extend to the Military Advisory Group the same exceptions and privileges granted by Article V, XII, and XVIII of the Agreement Between the Republic of the Philippines and the United States of America Concerning Military Bases, signed March 14, 1947.

ARTICLE 13. - Except as may be otherwise subsequently agreed by the two Governments, the expense of the cost of transportation of each member of the Military Advisory Group, his dependents, household effects, and belongings to and from the Philippines shall be borne by the Government of the United States of America to the extent authorized by law. Members of the Group shall be entitled to compensation for expense incurred in travel in the Republic of the Philippines on official business to the Group and such expenses shall be reimbursed to the Government of the United States of America by the Government of the Republic of the Philippines except for expenses of travel by the transportation facilities of the Group.

ARTICLE 14. - The Government of the Republic of the Philippines shall provide, and defray the cost of, suitable living quarters for personnel of the Military Advisory Group and their families and suitable buildings and office space for use in the conduct of the official business of the Military Advisory Group. All living and office quarters shall conform to the standards prescribed by the United States military services for similar quarters. Official supplies and equipment of American manufacture required by the Group shall be furnished by the Government of the Republic of the Philippines. Official supplies and equipment of other than American manufacture shall be provided without cost by the Government of the Republic of the Philippines. The cost of all services required by the Group, including compensation of locally employed interpreters, clerks, laborers, and other personnel, except personal servants, shall be borne by the Government of the Republic of the Philippines.

ARTICLE 15. - All communications between the Military Advisory Group and the Republic of the Philippines involving matters of policy shall be through the

Ambassador of the United States of America to the Philippines or the Charge d' Affaires.

ARTICLE 16. -

- (a) The provisions of Articles XIII and XXI of the Agreement of March 14, 1947 between the Republic of the Philippines and the United States of America Concerning Military Bases are applicable to the Military Advisory Group, it being agreed that the Headquarters of the Military Advisory Group will be considered a temporary installation under the provisions of Article XXI of the Agreement aforementioned.
- (b) The Chief of the Military Advisory Group, and not to exceed six (6) other senior members of the group to be designated by him, will be accorded diplomatic immunity.

**TITLE IV**

**LOGISTICAL ASSISTANCE**

ARTICLE 17. - The decision as to what supplies, services, facilities, equipment, and naval vessels are necessary for military assistance shall be made by agreement between the appropriate authorities of the Republic of the Philippines and the United States.

ARTICLE 18. - Certain initial equipment, supplies and maintenance items shall be furnished gratuitously by the United States in accordance with detailed arrangements to be mutually agreed upon. Additional equipment and supplies other than those surplus to the needs of the United States required in the furtherance of military assistance shall be furnished by the United States subject to reimbursement by the Republic of the Philippines on terms to be mutually agreed upon. All items of arms, munitions, equipment and supplies originating from sources other than those surplus to the needs of the United States shall be furnished only when the requisite funds have been specifically appropriated by the Congress of the United States.

ARTICLE 19. - The Government of the Republic of the Philippines agrees that it will not relinquish physical possession or pass the title to any and all arms, munitions, equipment, supplies, naval vessels and aircraft furnished under this Agreement without the specific consent of the Government of the United States.

ARTICLE 20. - Military equipment, supplies and naval vessels necessary in connection with the carrying out of the full program of military assistance to the Republic of the Philippines shall be provided from the Philippine and United States sources in so far as practicable and the Government of the Republic of the Philippines shall procure arms, ammunitions, military equipment and naval vessels from governments and agencies other than the United States of America only on the basis of mutual agreement between the Government of the United States of America. The Government of the Republic of the Philippines shall procure United States military equipment, supplies and naval vessels only as mutually agreed upon.

**TITLE V**

**TRAINING ASSISTANCE**

ARTICLE 21. - As part of the program of military assistance the Government of the Republic of the Philippines shall be permitted to send selected students to designated technical and service school of the ground, naval and air services of the United States. Such students shall be subject to the same regulations as are United States students and may be returned to the Philippines without substitution, for violation of such regulations. Numbers of students and detailed arrangements shall be mutually agreed upon and shall be kept at a minimum for essential requirements. All Philippine requests for military training of Filipino personnel shall be made to the Government of the United States through the Military Advisory Group.

**TITLE VI**

**SECURITY**

ARTICLE 22. - Disclosures and exchanges of classified military equipment and information of any security classification to or between the Government of the Republic of the Philippines and the Government of the United States of America will be with the mutual understanding that the equipment and information will be safeguarded in accordance with the requirements of the military security classification established thereon by the originating Government and that no redisclosure by the recipient Government of such equipment and information to their governments or

unauthorized personnel will be made without specific approval of the originating Government.

ARTICLE 23. - So long as this Agreement, or any extension thereof, is in effect the Government of the Republic of the Philippines shall not engage or accept the services of any personnel of any Government other than the United States of America for duties of any nature connected with the Philippine armed forces, except by mutual agreement between the Government of the Republic of the Philippines and the Government of the United States of America.

**TITLE VII**

**IN WITNESS WHEREOF**, the Undersigned, duly authorized thereto, have signed this Agreement in duplicate, in the City of Manila, this twenty-first day of March, 1947.

For the Government of the Republic of the Philippines:

**MANUEL ROXAS**  
*President of the Philippines*

For the Government of the United States of America:

**PAUL V. MCNUTT**  
*Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of the Philippines*

## APPENDIX C

### **Mutual Defense Treaty between the Republic of the Philippines and the United States of America**

**Signed at Washington, August 30, 1951**

Note: The Agreement was concurred in by the Senate, SR No. 84, May 12, 1951. The Philippine instrument of ratification was signed by the President, August 27, 1951. The Agreement entered into force, August 27, 1952 upon the exchange of ratification between the Parties. It was proclaimed by the President, Proc. No. 341, S. 1951.

Reference: This Agreement is also published in II DFA TS No. 1 p. 13; 177 UNTS, p. 133; 3 UST 3947 and TIAS 2529. The Presidential proclamation of the Agreement is published in 480.C.4224 (Aug. 1952).

The Parties of this Treaty

Reaffirming their faith in the purposes and principles of the Charter of the United Nations and their desire to live in peace with all peoples and all governments, and desiring to strengthen the fabric of peace in the Pacific area.

Recalling with mutual pride the historic relationship which brought their two peoples together in a common bond of sympathy and mutual ideals to fight side-by-side against imperialist aggression during the last war.

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

Desiring further to strengthen their present efforts for collective defense for the preservation of peace and security pending the development of a more comprehensive system of regional security in the Pacific area.

Agreeing that nothing in this present instrument shall be considered or interpreted as in any way or sense altering or diminishing any existing agreements or understandings between the Republic of the Philippines and the United States of America.

Have agreed as follows:

ARTICLE I. The parties undertake, as set forth in the Charter of the United Nations, to settle any international disputes in which they may be involved by the peaceful means in such a manner that international peace and security and justice are not endangered and to refrain in their international relation from the threat or use of force in any manner inconsistent with the purpose of the United Nations.

ARTICLE II. In order more effectively to achieve the objective of this Treaty, the Parties separately and jointly by self-help and mutual aid will maintain and develop their individual and collective capacity to resist armed attack.

ARTICLE III. The Parties, through their Foreign Ministers or their deputies, will consult together from time to time regarding the implementation of this Treaty and whenever in the opinion of either of them the territorial integrity, political independence or security of either of the Parties is threatened by external armed attack in the Pacific.

ARTICLE IV. 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 process.

Any such armed attack and all measures taken as a result thereof shall immediately reported to the Security Council of the United Nations. Such measures shall be terminated when the Security Council has taken the measures necessary to restore and maintain international peace and security.

ARTICLE V. For the purpose of ARTICLE IV, 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 ocean, its armed forces, public vessels or aircraft in the Pacific.

ARTICLE VI. This Treaty does not affect and shall not be interpreted as affecting in any way the rights and obligations of the Parties under the Charter of the United Nations or the responsibility of the United Nations for the maintenance of international peace and security.

ARTICLE VII. This Treaty shall be ratified by the Republic of the Philippines and the United States of America in accordance with their respective constitutional processes and will come into force when instruments of ratification thereof have been exchanged by them at Manila.

ARTICLE VIII. This Treaty shall remain in force indefinitely. Either Party may terminate it one year after notice has been given to the other party.

In witness whereof the undersigned plenipotentiaries have signed this Treaty.

Done in duplicate at Washington this thirtieth day of August, 1951.

For the Republic of the Philippines:

(SGD.) CARLOS P. ROMULO  
(SGD.) JOAQUIN M. ELIZALDE  
(SGD.) VICENTE J. FRANCISCO  
(SGD.) DIOSDADO MACAPAGAL

For the United States of America:

(SGD.) DEAN ACHESON  
(SGD.) JOHN FOSTER DULLES  
(SGD.) TOM CONNALLY  
(SGD.) ALEXANDER WILEY

## APPENDIX D

**Mutual Logistics Support Agreement  
(RP-US-01)  
Between  
The Department of Defense  
Of The United States Of America  
And  
The Department Of National Defense  
Of The Republic Of The Philippines**

### PREAMBLE

The Department of Defense of the United States of America and the Department of National Defense of the Republic of the Philippines, hereinafter referred to as the Parties, desiring to further the interoperability, readiness, and effectiveness of their respective military forces through increased logistic cooperation in accordance with the RP-US Mutual Defense Treaty, RP-US Visiting Forces Agreement or the RP-US Military Assistance Agreement, have resolved to conclude this Mutual Logistics Support Agreement, hereinafter referred to as the Agreement.

### I. PURPOSE

The Agreement is entered into for the purpose of establishing basic terms, conditions, and procedures to facilitate the reciprocal provision of logistic support, supplies, and services as said terms are defined in Article IV of this Agreement.

### II. APPLICABLE TREATIES AND LAWS

This Agreement and any implementing Arrangements executed hereunder shall be implemented, applied and interpreted by the Parties in accordance with the provisions of the Mutual Defense Treaty, the Visiting Forces Agreement or the Military Assistance Agreement and their respective constitutions, national laws and regulations.

### III. APPLICABILITY

1. This Agreement is designed to enable reciprocal logistic support between the Parties whereby one Party may request logistics support, supplies, and services which the other may provide for the duration of an approved activity, as follows:
  - a. During combined exercises and training, operations and other deployments undertaken under the Mutual Defense Treaty, the Visiting Forces Agreement or the Military Assistance Agreement as agreed upon between the Parties.
  - b. During other cooperative efforts, such as humanitarian assistance, disaster relief and rescue operations, and maritime anti-pollution operations, within Philippine territory, or outside Philippine territory in cases where either Party, or both, have decided to participate.
2. This Agreement applies to the reciprocal provision of logistic support, supplies, and services between the military forces of one Party by the other Party in return for either cash payment or the reciprocal provision of logistic support, supplies, and services to the military forces of the other Party.
3. All obligations of the Parties under this Agreement and any implementing Arrangements are subject to the availability of appropriations for such purposes.
4. The following items are not eligible for transfer under this Agreement and are specifically excluded from its coverage:
  - a. weapon systems;
  - b. major end items of equipment (except for the lease or loan of general purposes vehicles and other non-lethal items of military equipment which are not designated as significant military equipment on the U.S. Munitions List); and
  - c. Initial quantities of initial replacement and spare parts associated with the initial order quantity of major items of organizational equipment covered in tables of allowances, and equivalent documents.
5. Also excluded from transfer of which is prohibited by its laws or regulations. The following items are currently excluded from transfer by United States laws and regulations:
  - a. guided missiles;
  - b. naval mines and torpedoes;
  - c. nuclear ammunition and included items such as warheads, warhead sections, projectiles, demolition munitions, and training ammunition;
  - d. cartridge and air crew escape propulsion system (AEPSS) components;

- e. chaff and chaff dispensers;
- f. guidance kits for bombs or other ammunition;
- g. chemical ammunition (other than riot-control agent); or
- h. source, byproduct, or special nuclear materials, or any other material, article, data, or thing of value the transfer of which is subject to the Atomic Energy Act of 1954 (Title 42, United States Code, Section 2001, et. Seq.).

#### IV. DEFINITIONS

1. As used in this Agreement and in any implementing Arrangements, which provide specific procedures, the following definition apply:

- a. Logistic supplies, support, and services which may be provided as approved by the Parties under this Agreement are defined and subject to the following:
  - (1) Supplies - Food, water, petroleum, oils, lubricants, clothing, ammunition, spare parts and components, provided during an approved activity.
  - (2) Support and Services - Billeting transportation (including airlift), communication services, medical services, operations support (and construction and use of temporary structures incident to operations support), training services, repair and maintenance services, calibration services, storage services, and port services, during an approved activity. Storage units and ports shall at all times remain under the control and supervision of the host state.
  - (3) Logistic supplies, support, and services include the temporary use of general purpose vehicles and other nonlethal items of military equipment which are not designed as significant military equipment on the U.S. Munitions List, during an approved activity.
- b. No United States military base, facility, or permanent structure shall be constructed, established, or allowed under this Agreement.
- b. Implementing Arrangement. A written supplementary agreement which contains additional details, terms and conditions related to a specific acquisition and/or transfer of logistic support, supplies, and services.
- c. Order. A written request in an agreed format and signed by a Point of Contact (POC), for the provision of specific logistic support supplies, and services pursuant to this Agreement and any applicable Implementing Agreements.
- d. Invoice. A document from the Supplying Party which requests reimbursement or payment for specific logistic support, supplies, and services rendered pursuant to this Agreement and any applicable Implementing Agreements.
- e. Transfer. Selling (whether for payment in currency, replacement-in-kind, or exchange of supplies or services of equal value), loaning, or otherwise temporarily providing logistic support, supplies, and services under the terms Agreement and any applicable Implementing Agreement.
- f. Replace-in-kind (RRK). Payment for a transfer conducted this Agreement in which it is agreed that the receiving Party will replace logistic support, supplies, and services that it receives with logistic support, supplies, and services of an identical, or substantially identical, nature under agreed conditions.
- g. Equal Value Exchange. A transfer conducted under this Agreement in which it is agreed that the receiving Party will replace logistic support, supplies, and services that it receives with logistic support, supplies, and services of an equal monetary value.
- h. United States Munitions List. US Defense articles and defense services which are designated by the US Defense articles and defense services which are designated by the US President under the Arms Export Control Act as subject to export controls. The US Munitions List is published in Part 121 of Title 22 of the US Code of Federal Regulations.
- i. Receiving Party. The Party ordering and receiving support.
- j. Supplying Party. The Party providing support.
- k. Point of Contact (POC). Authorized offices, agencies, and/or individuals for coordinated placement and acceptance of orders, as well as receipts and collection of payments.

#### V. TERMS AND CONDITIONS

1. Each Party shall exert its best efforts, consistent with national priorities, to satisfy request from the other Party under this Agreement for logistic support,

- supplies, and services. When an Implementing Agreement contains a stricter standard for satisfying such request, each shall apply over this paragraph.
2. Orders may be placed or accepted only by the Points of Contacts (POCs), or designees, identified by the Parties in Annexes B through M of this Agreement when military forces of the Republic of the Philippines require logistic support, supplies, or services outside the USFACOM, or a USFACOM Component Command, to place an order with a non-USFACOM POC.
  3. An Implementing Agreement under this Agreement may be negotiated on behalf of the US Department of Defense by Headquarters, US Pacific Command (USFACOM), the Headquarters of other United States Unified Commands, or their designated subordinate commands. Implementing Agreements may be negotiated on behalf of the Department of National Defense, Republic of the Philippines by General Headquarters, Armed Forces of the Philippines or its individual major service Headquarters and subject to the approval of appropriate Philippine authority. Implementing Arrangements must identify POCs and their specific authorizations or limitations.
  4. Prior to submitting a written order, the ordering Party should initially contact the Supplying Party's POC by telephone, fax, or e-mail to ascertain availability, price and desired method of repayment for required material or services. Orders must include all the data elements in Annex A, as well as any other terms and details necessary to carry out the transfer. Instruction and a standard order form are attached at Annex N. The number of this Agreement, RPO-US-01, should be annotated on all orders and related correspondence.
  5. The receiving Party is responsible for:
    - a. Arranging pickup and transportation supplies acquired under this Agreement. This does not preclude the Supplying Party from assisting with loading supplies acquired under this Agreement onto the transportation conveyance. The Supplying Party will notify the Receiving Party when and where supplies are available to be picked up.
    - b. Obtaining the applicable customs clearance and arranging other official actions required by national customs regulations.
  6. The individual picking up the supplies receiving the services on behalf of the Receiving Party will sign the standard order form (Annex N) in the appropriate block as evidence of receipt. If the standard order form is not available at the Supplying point of issue, the individual collecting the Supplies will the receipt document provided by the Supplying Party as a substitute. The number of this Agreement, RP-US-01, will be entered in the receipt document. The Supplying Party will forward the signed receipt document to the activity authorized to accept Orders under Agreement where the signed receipt document will be attached to the original order form by the Receiving Party.
  7. Logistic support, supplies, and services received through this Agreement will not be retransferred, either temporarily or permanently, to any person other than a member or the forces of the Receiving Party without the prior written consent of the Supplying Party.

## VI. REIMBURSEMENT

1. For transfers of logistic support, supplies, and services under this Agreement, the Parties shall agree for payment either by cash (reimbursement transaction), by replacement-in-kind, or by an equal-value exchange (exchange transaction). The Receiving Party shall pay the Supplying Party as provided in either paragraph 1a or paragraph 1b of this Article, as agreed.
  - a. Reimbursement Transaction. The Supplying Party shall submit invoices to the Receiving Party after delivery or performance of the logistic support, supplies, and services. Both Parties shall provide for the payment of all transactions and each Party shall bill the other Party no less frequently than every three months. Invoices shall be accompanied by necessary support documentation and will be paid within 60 days of the date prepared. In pricing a reimbursable transaction, the Parties agree to the following reciprocal pricing principles.
    - (1) In the case of specific acquisition by the Supplying Party from the contractors on behalf of a Receiving Party, the Price shall be no less favorable than the price charged the armed forces by the contractor of the Supplying Party for identical items or services, less any amounts excluded by Article VII of this Agreement. The price charged may take into account differentials due to delivery schedules, points of delivery, and other similar considerations.
    - (2) In the case of transfer from the Supplying Party's own resources, the Supplying Party shall charge the same price it charges its own forces for identical logistic support, supplies, and services, as of the date delivery or performance occurs, less amounts excluded by Article VII of this Agreement. In any case where a price has not been established or charges are not made for one's own forces, the Parties shall agree on a price in advance, excluding charges that are precluded under these reciprocal pricing principles. However,

in the case of items, the price will be no less than the Supplying Party's acquisition cost.

- b. Exchange Transactions. Exchange Transactions may be made by replacement-in-kind or equal-value-exchange. Both Parties shall maintain records of all transactions. The Receiving Party shall pay by transferring to the Supplying Party logistic support, supplies, and services that are agreed between the Parties to be in kind or of equal monetary value to the logistic support, supplies, and services delivered or performed by the Supplying Party. If the Receiving Party does not complete the exchange within the terms of a replacement schedule agreed to or in effect at the time of the original transaction which may not exceed one (1) year from the date of the original transaction, the transaction shall be deemed reimbursable and governed by paragraph 1a above, except that the price shall be established using actual or estimated prices in effect on the date payment would otherwise have been due.
- c. Establishment of Price or Value. The following reciprocal pricing principles shall apply: The price established for inventory stock material will be the Supplying Party's stock list price. The price for new procurement will be the same price paid to the contractor or vendor by the Supplying Party. The price for in-shop repair or technical assistance services rendered will be based on the Supplying Party's standard price or, if not applicable, a price equal to only the direct costs associated with providing the services, for example, supply stock list prices and actual labor charges. The price for services rendered in a temporary duty status will be based on the individual's actual per diem and transportation costs, plus payroll costs for civilian labor. Prices charged will include all taxes and duties which the Receiving Party is exempted from paying under other agreements which the Parties have concluded. Upon request, the Parties agree to provide information sufficient to verify that these reciprocal pricing principles have been followed and that prices do not include waived or excluded costs.
- d. Means of Payment. The following means of payment shall be acceptable:
  - (1) Payment-in-cash. Payment will be made in the currency of the Supplying Party or as otherwise agreed in order.
  - (2) Replacement-in-kind. When replacement-in-kind is used as the method of payment, the Receiving Party will replace or return supplies in the same condition and conforming to the same configuration as the supplies provided by the Supplying Party, or, if so agreed, a later configuration within one year of receipt. The Receiving Party is responsible for negotiating return transportation and delivery to the location designated by the Supplying Party at the time of requests. If the Receiving Party does not replace or return supplies within one (1) year, payment must be in cash.
  - (3) Equal-Value exchange. To the extent possible, when equal-value exchange is the desired method of payment, prior to the provision of the requested support, both Parties will agree on the goods and services that will be accepted for payment and their value. If the Receiving Party does not provide the agreed goods and services to the Supplying Party within one (1) year of the original transaction, the method of payment will convert to payment in cash.

2. When a definitive price for the order is not agreed in advance, the order, pending agreement on final price, shall set forth a maximum liability for the Party ordering the logistic support, supplies, and services. The Parties shall then promptly enter into negotiation to establish the final price.

3. POCs for payments and collections for each Party are identified in the annexes to this Agreement.

4. The costs of logistic support, supplies, and services that are available for a lower price under any other RP-US agreement will be used under this Agreement.

#### VII. DOCUMENTATION FOR CUSTOMS DUTIES AND TAXES

1. The provisions on any tax and customs relief arrangements applicable to the acquisition of materials, supplies, services, and equipment by the Receiving Party shall apply to logistic support, supplies, and services transferred under this Agreement. The Parties shall cooperate to provide proper documentation to maximize tax and customs relief. The Supplying Party shall inform the Receiving Party whether the price charged for logistic support, supplies, and services includes taxes or customs duties which the supplying Party cannot recover. The price paid by the Receiving Party shall include taxes or customs duties that can be recovered by the Supplying Party.

2. Nothing in this Agreement shall be interpreted as a grant of exemptions from customs duties and taxes, except those granted under applicable customs and tax relief agreements or applicable laws of the respective Parties.

**VIII. INTERPRETATION, AMENDMENTS AND SECURITY OF INFORMATION**

1. Any disagreements regarding the interpretation or application of this Agreement, any Implementing Arrangements, or transactions executed hereunder shall be resolved through direct consultation between the Parties or through diplomatic channels and shall not be referred to any international tribunal or third party for settlement.
2. Either Party may, at any time, request amendment of this Agreement by giving the other Party ninety days advance written notice. In the event such a request is made, the two Parties shall promptly enter into negotiations. This Agreement may only be amended by written agreement between the Parties. Any such amendment shall enter into force in accordance with Article IX of this Agreement. The replacement of FOCs as listed under Annexes B through M, may be done by the Parties without formal amendment of this Agreement.
3. It is the intent of the Parties that activities under this Agreement and any Implementing Arrangements be carried out at the unclassified level. Unless specifically authorized by separate agreement or arrangement, no classified information shall be provided or generated under this Agreement or any Implementing Arrangements.

**IX. EFFECTIVE DATE AND TERMINATION**

1. This Agreement, of which Annexes A to N form an integral part, shall be applied provisionally upon signature and shall enter into force on the date of the later written notification by the Governments of the Parties through diplomatic channels indicating completion of their respective internal requirements for its entry into force.
2. This Agreement shall remain in force for a period of five (5) years. It shall be subject to review by the Parties at least one (1) year before termination, to consider the possibility of extending it under mutually acceptable terms.
3. Notwithstanding this, the Parties may, at any time, terminate this Agreement by means of a written notice to the other Party, through diplomatic channels. Termination shall take effect three (3) months following the date of notification.
4. Notwithstanding termination of this Agreement, all reimbursement obligations incurred pursuant to its terms shall remain binding on the responsible Party until satisfied.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective governments, have signed this Agreement

DONE at Camp General Emilio Aguinaldo, Quezon City, Philippines on November 21, 2002, in duplicate, in the English language, both texts being equally authentic.

FOR THE DEPARTMENT OF DEFENSE  
OF THE UNITED STATES OF AMERICA

FOR THE DEPARTMENT OF  
NATIONAL DEFENSE OF THE  
REPUBLIC OF THE PHILIPPINES

BY:

\_\_\_\_\_  
MATIAS R. VELASCO  
Colonel, US Army  
CDRPACOM Representative,  
Philippines

\_\_\_\_\_  
ERNESTO H. DE LEON  
Commodore, Armed Forces of the  
Philippines  
Deputy Chief of Staff for Plans of

## APPENDIX E

### Agreement between the Government of the Republic of the Philippines and the Government of the United States of America Regarding the Treatment of United States Armed Forces Visiting the Philippines

#### Preamble

The Government of the Republic of the Philippines and the Government of the United States of America,

Reaffirming their faith in the purposes and principles of the Charter of the United Nations and their desire to strengthen international and regional security in the Pacific area;

Reaffirming their obligations under the Mutual Defense Treaty of August 30, 1951;

Noting that from time to time elements of the United States armed forces may visit the Republic of the Philippines;

Considering that cooperation between the Republic of the Philippines and the United States promotes their common security interests;

Recognizing the desirability of defining the treatment of United States personnel visiting the Republic of the Philippines;

Have agreed as follows:

#### Article 1

##### Definitions

As used in this Agreement, "United States personnel" means United States military and civilian personnel temporarily in the Philippines in connection with activities approved by the Philippine Government. Within this definition:

1. The term "military personnel" refers to military members of the United States Army, Navy, Marine Corps, Air Force and Coast Guard
2. The term "civilian personnel" refers to individuals who are neither nationals nor ordinarily resident in the Philippines and who are employed by the United States armed forces or who are accompanying the United States armed forces, such as employees of the American Red Cross and the United States Organization.

#### Article II

##### Respect for Law

It is the duty of the United States personnel to respect the laws of the Republic of the Philippines and to abstain from any activity inconsistent with the spirit of this agreement, and, in particular, from any political activity in the Philippines. The Government of the United States shall take all measures within this authority to ensure that this is done.

#### Article III

##### Entry and Departure

1. The Government of the Philippines shall facilitate the admission of United States personnel and their departure from the Philippines in connection with activities covered by this agreement.
2. United States military personnel shall be exempt from passport and visa regulations upon entering and departing the Philippines.

3. The following documents only, which shall be presented on demand, shall be required in respect of United States military personnel who enter the Philippines:

(a) personnel identity card issued by the appropriate United States authority showing full name, date of birth, rank or grade and service number (if any), branch of service and photograph; and

(b) individual or collective document issued by the appropriate United States authority, authorizing the travel or visit and identifying the individual or group as United States military personnel.

(c) the commanding officer of a military aircraft or vessel shall present a declaration of health, and when required by the cognizant representative of the Government of the Philippines, shall conduct a quarantine inspection and will certify that the aircraft or vessel is free from quarantine diseases. Any quarantine inspection of United States aircraft or United States vessels or cargoes thereon shall be conducted by the United States commanding officer in accordance with the international health regulations as promulgated by the World Health Organization, and mutually agreed procedures.

4. United States civilian personnel shall be exempt from visa requirements, but shall present, upon demand, valid passports upon entry and departure of the Philippines.

5. If the Government of the Philippines has requested the removal of any United States personnel from its territory, the United States authority shall be responsible for receiving the person concerned within its own territory or otherwise disposing of said person outside of the Philippines.

#### **Article IV**

##### **Driving and Vehicular Registration**

1. Philippine authorities shall accept as valid, without test or fee, a driving permit or license issued by the appropriate United States authority to United States personnel for the operation of military or official vehicles.

2. Vehicles owned by the Government of the United States need not be registered, but shall have appropriate markings.

#### **Article V**

##### **Criminal Jurisdiction**

1. Subject to the provisions of this article:

(a) Philippine authorities shall have jurisdiction over United States personnel with respect to offenses committed within the Philippines and punishable under the law of the Philippines.

(b) United States military authorities shall have the right to exercise within the Philippines all criminal and disciplinary jurisdiction conferred on them by the military law of United States over United States personnel in the Philippines.

2. (a) Philippine authorities exercise exclusive jurisdiction over United States personnel with respect to offenses, including offenses relating to the security of the Philippines, punishable under the law of the Philippines, but not under the laws of the United States.

(b) United States authorities exercise exclusive jurisdiction over United States personnel, with respect to offenses, including offenses relating to the security of the United States, punishable under the laws of the United States, but not under the laws of the Philippines.

(c) For the purpose of this paragraph and paragraph 3 of this article, an offense relating to the security means:

(1) treason;

(2) sabotage, espionage or violation of law relating to national defense

3. In cases where the right to exercise jurisdiction is concurrent, the following rules should apply:

(a) Philippine authorities shall have the primary right to exercise jurisdiction over all offenses committed by the United States personnel, except in cases provided for in paragraphs 1 (b), 2 (b), and 3 (b) of this article.

(b) United States military authorities shall have the primary right to exercise jurisdiction over United States personnel subject to military law of the United States in relation to:

(1) offenses solely against the property or security of United States or offenses solely against the property or person of the United States personnel; and

(2) offenses arising out any act or omission done in performance in official duty.

(c) The authorities of either government may request the authorities of the other government to waive their primary right to exercise jurisdiction in a particular case.

(d) Recognizing the responsibility of the United States military authorities to maintain good order and discipline among their forces, Philippine authorities will, upon request by the United States, waive their primary right to exercise jurisdiction except in cases of particular importance to the Philippines. If the Government of the Philippines determines that the case is of particular importance, it shall communicate such determination to the United States authorities within twenty (20) days after the Philippine authorities receive the United States request.

(e) When the United States military commander determines that an offense charged by authorities of the Philippines against United States personnel arises out an act or omission done in performance of official duty, the commander will issue a certificate setting forth such determination. This certificate will be transmitted to the appropriate authorities of the Philippines and will constitute sufficient proof of performance of official duty for the purposes of paragraph 3(b)(2) of this article. In those cases where the Government of the Philippines believes the circumstances of the case require a review of the duty certificate. United States military authorities and Philippine authorities shall consult immediately. Philippine authorities at the highest levels may also present any information bearing on its validity. United States military authorities shall take full account of the Philippine position. Where appropriate, United States military authorities will take disciplinary or other action against offenders in official duty cases, and notify the Government of the Philippines of the actions taken.

(f) If the government having the primary right does not exercise jurisdiction, it shall notify the authorities of the other government or as soon as possible.

(g) The authorities of the Philippines and the United States shall notify each other of the disposition of all cases in which both the authorities of the Philippines and the United States have the right to exercise jurisdiction.

4. Within the scope of their legal competence, the authorities of the Philippines and the United States shall assist each other in the arrest of United States personnel in the Philippines and in handling them over to authorities who are to exercise jurisdiction in accordance with the provision of this article.

5. United States military authorities shall promptly notify the Philippine authorities of the arrest or retention of United States personnel who are subject to Philippine primary or exclusive jurisdiction. Philippine authorities shall promptly notify United

States military authorities of the arrest or detention of any United States personnel.

6. The custody of any United States personnel over whom the Philippines is to exercise jurisdiction shall immediately reside with United States military authorities, if they so request, from the commission of the offense until completion of all judicial proceedings. United States military authorities shall, upon formal notification by the Philippine authorities and without delay, make such personnel available to those authorities in time for any investigative or judicial proceeding relating to the offense with which the person has been charged. In extraordinary cases, the Philippine government shall present its position to the United States Government regarding custody, which the United States Government shall take into full account. In the event Philippine judicial proceedings are not completed within one year, the United States shall be relieved of any obligations under this paragraph. The one year period will not include the time necessary to appeal. Also the one year period will not include any time during which scheduled trial procedures are delayed because United States authorities, after timely notification by Philippine authorities to arrange for the presence of the accused, fail to do so.

7. With the scope of their legal authority, United States and Philippine authorities shall assist each other in carrying out of all necessary investigation into offenses and shall cooperate in providing for attendance of witnesses and in the collection and production of evidence, including seizure and, in proper cases, the delivery of objects connected with an offense.

8. When United States personnel have been in accordance with the provision of this article and have been acquitted or have been convicted and are serving, or have served their sentence or have had their sentence remitted or suspended, or have been pardoned, they may not be tried again for same offense in the Philippines. Nothing in this paragraph, however, shall prevent United States military authorities from trying United States personnel for any violation of rules of discipline arising from the act or omission which constituted an offense for which they were tried by Philippine authorities.

9. When United States personnel are detained, take into custody, or prosecuted by Philippine authorities, they shall be accorded all procedural safeguards established by the law of the Philippines. At the minimum, United States personnel shall be entitled:

- (a) To a prompt and speedy trial;
- (b) To be informed in advance of trial of the specific charge or charges made against them and to have reasonable time to prepare defense;
- (c) To be confronted with witnesses against them and to cross examine such witnesses;
- (d) To present evidence in their defense and to have compulsory process for obtaining witnesses;
- (e) To have free and assisted legal presentation of their own choice on the same basis as nationals of the Philippines;
- (f) To have the service of a competent interpreter;
- (g) To communicate promptly with and to be visited regularly by United States authorities, and to have such authorities present at all judicial proceedings. These proceedings shall be public unless the court, in accordance with Philippine law, excludes persons who have no role in the proceedings.

10. The confinement or detention by Philippine authorities of United States personnel shall be carried out in facilities agreed on by appropriate Philippine and United States authorities. United States personnel serving sentences in the Philippines shall have the right to visit and material assistance.

11. United States personnel shall be subject to trial only in Philippine courts of ordinary jurisdiction, and shall not be subject to the jurisdiction of Philippine military or religious courts.

## Article VI

### Claims

1. Except for contractual arrangements, including United States foreign military sales letters of offer and acceptance and leases of military equipment, both governments waive any and all claims against each other for damage, loss or destruction to property of each other's armed forces or for death or injury to their military and civilian personnel arising from activities to which this agreement applies.

2. For claims against the United States, other than contractual claims and those to which paragraph 1 applies, the United States government, in accordance with United States law regarding foreign claims, will pay just and reasonable compensation in settlement of meritorious claims for damage, loss, personal injury or death, caused by acts or omissions of United States personnel, or otherwise incident to the non-combat activities of the United States forces.

## Article VII

### Importation and Exportation

1. United States Government equipment, materials, supplies and other property imported into or acquired in the Philippines by or in behalf of the United States armed forces in connection with activities to which this agreement applies, shall be free of all Philippine duties, taxes, and other similar charges. Title to such property shall remain with the United States, which may remove such property from the Philippines at any time, free from export duties, taxes, and other similar charges. The exemptions provided in this paragraph shall also extend to any duty, tax, or any similar charges which would otherwise be assessed upon such property after importation into, or acquisition within, the Philippines. Such property may be removed from the Philippines, or disposed of therein, provided that disposition of such property in the Philippines to persons or entities not entitled to exemption from applicable taxes and duties shall be subject to payment of such taxes and duties and prior approval of the Philippine Government.

2. Reasonable quantities of baggage, personal effects and other property for the personal use of United States personnel may be imported into and used in the Philippines free of all duties, taxes and other similar charges during the period of their temporary stay in the Philippines. Transfers to persons or entities in the Philippines not entitled to import privileges may only be made upon prior approval of the appropriate Philippine authorities including payment by the recipient of applicable duties and taxes imposed in accordance with the laws of the Philippines. The exportation of such property and of property acquired in the Philippines by United States personnel shall be free of all Philippine duties, taxes and other similar charges.

## Article VIII

### Movement of Vehicles and Craft

1. Aircraft operated by or for the United States armed forces may enter the Philippines upon approval of the Government of the Philippines in accordance with procedures stipulated in implementing arrangements.

2. Vessels operated by or for the United States armed forces may enter the Philippines upon approval of the Government of the Philippines. The movement of vessels shall be in accordance with international custom and practice governing such vessels, and such agreed implementing arrangements as necessary.

3. Vehicles, vessels, and aircraft operated by or for the United States armed forces shall not be subject to the payment of landing or port fees, navigation or overflight charges, or tolls or other use charges, including light and harbor dues, while in the Philippines. Aircraft operated by or for the United States armed forces shall observe local air traffic control regulations while in the Philippines. Vessels owned or operated by the United States solely in the United States Government

non-commercial service shall not be subject to compulsory pilotage at Philippine ports.

**Article IX**

**Duration and Termination**

This agreement shall enter into force on the date on which the parties have notified each other in writing through the diplomatic channel that they have completed their constitutional requirements for entry into force. This agreement shall remain in force until the expiration of 180 days from the date on which either party gives the other party notice in writing that it desires to terminate the agreement.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective governments, have signed this AGREEMENT.

DONE in duplicate at Manila, the Philippines, this tenth day of February 1998.

FOR THE GOVERNMENT OF THE  
REPUBLIC OF THE PHILIPPINES

FOR THE GOVERNMENT OF THE  
UNITED STATES OF AMERICA

## APPENDIX F

### ACQUISITION AND CROSS-SERVICING AGREEMENT (draft)

THIS AGREEMENT made this \_\_\_th day of \_\_, 1994 between the Armed Forces of the Philippines (AFP) on behalf of the Republic of the Philippines, represented herein by General Arturo T. Enrile AFP, Chief of Staff, Armed Forces of the Philippines and RF Co-Chairman, RF-US Defense Board, and the United States Pacific Command (USPACOM) on behalf of the United States Government, represented herein by Admiral Richard C. Macke, USN, COMMANDER-IN-Chief, United States Pacific Command and US Co-Chairman, RF-US Mutual Defense Board, and herein after referred to as the PARTIES;

WHEREAS, this Agreement is executed in pursuance of the spirit and intent of the RF-US Mutual Defense Treaty and the Mutual Defense Assistant; and

WHEREAS, this Agreement is executed under the authority of Title 10, United States Code (Acquisition and Cross-Servicing Agreements with NATO Allies and Other Countries).

NOW, THEREFORE, in consideration of the foregoing, the Parties mutually agree as follows:

#### CLAUSE I APPLICABILITY

1. This Agreement is designed to facilitate reciprocal logistics support between the Parties to be used primarily during combined exercises, training, deployments, operations, or other cooperative efforts, and for unforeseen circumstances or exigencies mandated by the Treaty in which the recipient may have a need of Logistics Support, Supplies and Services.
2. This Agreement applies to the reciprocal provision of Logistics Support, Supplies and Services to the military forces of the other Party.
3. The Parties understand that this Agreement shall not be employed in a manner to serve as a routine and normal source for Logistics Support, Supplies and Services which are:
  - a. reasonably available from United States commercial sources; or
  - b. acquirable from the United States through Foreign Military Sales procedures under the Arms Export Control Act
4. Acquisitions and transfers under this agreement are subject to annual appropriations availability and spending ceilings established by both Parties' national laws and regulations, and to Implementing Arrangements to this agreement. Annual monetary limitations do not apply during jointly declared periods of active hostilities.
5. The Parties understand logistics support, supplies and services prohibited by law may not be acquired or transferred under authority of this Agreement. This exclusion includes transfers of source, by product, or special nuclear materials or any other material article, data or things of value the transfer of which is subject to the Atomic Energy Act of 1954. The Parties shall understand also the term "ammunition" as used in Clause II, paragraph 1a, of this Agreement specifically excludes nuclear, biological and chemical munitions.

#### CLAUSE II DEFINITIONS

1. As used in this Agreement and in any Implementing Arrangements which provide specific procedures, the following definitions apply:
  - a. 'Logistics Support, Supplies and Services' - Means food, billeting, transportation, petroleum, oils, lubricants, clothing, communication services, medical services, spare parts and components, repair and maintenance services, and airport and seaport services.
  - b. 'Implementing Arrangement' - Means a supplementary arrangement related to specific Logistics Support, Supplies and Services, which sets forth additional details, terms and conditions which further define carry out this Agreement.
  - c. 'Order' - Means an approved form signed by an authorized official (see Clause III, paragraph 2 below) requesting the provision specific Logistics Support, Supplies and Services pursuant to this Agreement and an applicable Implementing Arrangement.
  - d. 'Invoice' - Means a document from the supplying Party which requests reimbursement or payment for specific Logistics Support, Supplies and

Services rendered pursuant to this Agreement and applicable Implementing Arrangements.

- e. 'Military Region' - Means the geographic area of responsibility assigned to the Commander in Chief, United States Pacific Command (USCINCPAC).

**CLAUSE III  
TERMS AND CONDITIONS**

1. Within the broad aim of the Parties' defense policy, applicable laws and regulations, each party agrees, consistent with each national priorities thereof, to satisfy requests from the other Party for Logistics Support, Supplies and Services, during peacetime and during periods of national emergency, international tension or active hostilities.
2. Each Party agrees that the transfer of Logistics Support, Supplies and Services between the Parties shall be accomplished by Orders issued and accepted under this Agreement and any applicable Implementing Arrangement.
3. An Order may be issued against this Agreement alone without an Implementing Arrangement only in the following circumstances:
  - a. Orders for Logistics, Support, Supplies and Services placed during times of active hostilities; and
  - b. Orders for Logistics, Support, Supplies and Services urgently required and not covered by an Implementing Arrangement provided the Parties to the transaction (or their designated representatives) agree.
4. An Implementing Arrangement may be negotiated on the part of the United States by the USCINCPAC Component Commands or their designated Subordinate Commands when operations are conducted within Pacific Command (PACOM) or with PACOM units. When operations are conducted outside PACOM, Implementing Arrangements may be negotiated on the part of the United States by authorized U.S. Headquarters in coordination with PACOM. An Implementing Arrangement may be negotiated on the part of the United States by either the Chief, Joint United States Military Assistance Group (JUSMAG) - Philippines or the individual U.S. Military Services.
5. Whether the transfer is accomplished by an Order under this Agreement alone or in conjunction with an Implementing Arrangement, the documents taken together must set forth all necessary details, terms and conditions to carry out the transfer including the data elements in Annex A.
6. The Parties shall endeavor to adopt a standard and Order form. An Implementing Arrangement shall generally identify those personnel authorized to issue and accept Orders. The Parties shall notify each other of specific authorizations or limitations on those personnel able to issue or accept Orders directly under this Agreement or under an Implementing Arrangement when the Implementing Arrangement does not state this information. In the case of the United States, these notifications shall go directly to the Component Command concerned. In the case of the AFP, these notifications shall go to the individual Service concerned as well as to the Department of National Defense, General Headquarters, Armed Forces of the Philippines, Office of the Deputy Chief of Staff for Logistics,
7. In all transactions involving the transfer of Logistics Support, Supplies and Services, the receiving Party agrees that such Logistics, Support, Supplies and Services shall not be retransferred, either temporarily or permanently, by any means to other than the forces of the receiving Party without prior written consent of the Supplying Party.

**CLAUSE IV  
REIMBURSEMENT**

1. For any transfer for Logistics, Support, Supplies and Services, the Parties shall negotiate for payment either in cash in the currency specified by the supplying Party a "reimbursable transaction" or in equal value to be defined in monetary forms only (an "exchange transaction"). The receiving Party shall pay the supplying Party under the conditions set out either 1a or 1b of this Clause.
  - a. Reimbursable Transaction. The supplying Party shall submit Invoices to the receiving Party after delivery or performance of the Logistics Support, Supplies and Services. Both Parties shall maintain records of all transactions, and each Party shall provide for the liquidation of outstanding accounts not less frequently than quarterly. Bills shall be accompanied by necessary support documentation and paid 60 days from the date received. In pricing a reimbursable transaction, the Parties agree to the following principles:
    - (1) In the case of specific acquisition by the supplying Party for a receiving Party, the price shall be no less favorable than the price charged the armed forces by the contractor of the supplying Party for identical items or services, less any amounts excluded by Clause V of this Agreement. The price

charged may take into account differentials due to delivery schedules, points of delivery, and other similar conditions.

(2) In the case of transfer from the supplying Party's own resources, the supplying Party shall charge the same price it charges its own forces for identical Logistics Support, Supplies and Services as of the date the Order is accepted, less any amounts excluded by Clause V of this Agreement. In any case where a price has not been established or charges are not made for one's own forces, the Parties shall agree on a price in advance, excluding charges that are precluded under reciprocal pricing principles.

- b. Exchange Transaction. Both Parties shall maintain records of all transactions. The receiving Party shall pay by transferring to the supplying Party Logistics Support, Supplies and Services that are agreed between the Parties to be of equal monetary value to the Logistics Support, Supplies and Services delivered or performed by the supplying Party. If the receiving Party does not complete the exchange within the terms of a replacement schedule agreed to or in effect at the time of the original transaction, with time frames which may not exceed one (1) year from the date of the original transaction, the transaction shall be deemed reimbursable and governed by paragraph 1a above, except that the price shall be established using actual or estimated prices in effect on the date payment would otherwise have been due.
2. When a definitive price for the Order is not agreed upon in advance, the Order, pending agreement on final price, shall set forth a maximum limitation of liability for the Party ordering the Logistics Support, Supplies and Services. The Parties shall then promptly enter into negotiation to establish the final price.
3. The Invoice shall contain an identification of the applicable Implementing Arrangement or in the absence thereof, refer to this Agreement and shall be in the format set forth by the supplying organization. The Invoice shall be accompanied by evidence of receipt by the Party receiving the Logistics Support, Supplies and Services.
4. The Parties agree to grant each other access to documentation and information sufficient to verify, when applicable, that reciprocal pricing principles have been followed and prices do not include waived or excluded costs. Points of contact will be identified on each Implementing Arrangement to validate expenses or research charges on an as required basis.
5. No clause in this Agreement shall serve as a basis for an increased charge for Logistics Support, Supplies and Services would be available without charge or for a lesser charge under terms of another Agreement.

#### CLAUSE V WAIVED OR EXCLUDED COSTS

The provisions of any tax and customs relief agreements applicable to the acquisition of materials, services, supplies and equipment by the receiving Party shall apply to Logistics Support, Supplies and Services transferred under this Agreement. The Parties shall cooperate to provide proper documentation to maximize tax relief. In the case where taxes or customs duties for which a receiving Party would ordinarily have an exemption have already been paid by the supplying Party and cannot be recovered, the Supplying Party shall advise the receiving Party prior to agreement to the transaction. In such a case the receiving Party may if practicable, replace the supplies as an exchange transaction in lieu of reimbursement for the supplies. If exchange transaction is not practicable, the price paid by the receiving Party shall include only those taxes or customs duties not recovered by the supplying Party.

#### CLAUSE VI INTERPRETATION AND REVISION

1. Each Party agrees to resolve disagreements between the Parties with respect to the interpretation or application of this Agreement. In the case of an Implementing Arrangement or transaction, the Parties shall resolve any disagreements with respect to interpretation or application of the arrangement or transaction.
2. Either Party may, at any time, request revision of this Agreement, by giving the other Party 90 days' notice. In the event such a request is made the two Parties shall promptly enter into negotiations.
3. Classified information and material provided or generated pursuant to this Agreement shall be protected in compliance with the General Security of Military Information Agreement.

**CLAUSE VII  
APPLICABLE LAW**

This Agreement shall be interpreted according to the laws of the United States and the Republic of the Philippines.

**CLAUSE VIII  
EFFECTIVE DATE AND TERMINATION**

This Agreement shall become effective on the date of the last signature and shall remain in force for a period of ten years unless terminated by either Party giving not less than 180 days' notice in writing to the other Party.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the day and year written above.

ARMED FORCES OF THE PHILIPPINES  
Represented by:

General Arturo T. Enrile AFP  
Chief of Staff  
Armed Forces of the Philippines

UNITED STATES PACIFIC COMMAND  
Represented by:

Richard C. Macke  
Admiral, USN  
Commander-in-Chief  
U.S. Pacific Command

## APPENDIX G

### Acquisition and Cross-Servicing Agreements (ACSAs) Frequently Asked Questions

Q1. Can DoD provide logistical support to foreign nations?

A1. Yes. Acquisition and Cross-Servicing Agreements (ACSAs), IAW 10 U.S.C. § 2341 et seq., can serve as the legal authority to provide mutual logistical support, supplies, and services (LSSS) to the military of forces of designated countries and/or organizations to meet unexpected needs and avoid shortfalls. LSSS is provided on a reimbursable basis with recoupment by cash, replacement in kind (RIK), or equal value exchange (EVE). The method of recoupment must be established in advance to legally establish maximum liability.

Outside of the ACSA, Section 516 of the Foreign Assistance Act (FAA) authorizes the President to provide both lethal and non-lethal defense articles to a limited number of countries. This authority is limited to material excess to defense needs whose transfer does not adversely impact military readiness; the items must be excess to DoD needs and not simply to the needs of the immediate unit; and the provision of excess defense articles cannot be from procurement funds.

Other authorities to provide goods or services include Presidential drawdown of defense stocks and services IAW Foreign Assistance Act § 505 and SECDEF-approved excess non-lethal supplies provided for humanitarian relief IAW 10 U.S.C. § 2557.

Q2. If the US does not have an ACSA with a foreign country, can they still acquire support?

A2. Yes. ACSA authorities provide two distinct, although not entirely separate, legal authorities - Acquisition-only and Cross-servicing (which includes both an acquisition authority and a transfer authority). Under § 2341, the DoD Components are authorized to acquire LSSS directly from eligible countries and international organizations. Elements of the U.S. Armed Forces deployed outside the United States may acquire LSSS from:

- (a) Governments of other NATO countries and from NATO subsidiary bodies.
- (b) The United Nations Organization and any regional international organization of which the United States is a member.
- (c) Any government not a member of NATO, if that country meets one or more of the following criteria:
  - (i) Has a defense alliance with the United States;
  - (ii) Permits the stationing of members of the U.S. Armed Forces or the homeporting of U.S. naval vessels in such country;
  - (iii) Has agreed to preposition U.S. materiel in such country; or
  - (iv) Serves as the host country for U.S. Armed Forces during exercises or permits other U.S. military operations in such country.

Use of the acquisition-only authority does not require the existence of a cross-servicing agreement or an implementing arrangement as a prerequisite. Acquisition-only authority should only be used when no applicable ACSA exists. Elements of U.S. Armed Forces requesting acquisition-only authority transactions must obtain approval from the appropriate Combatant Command.

Q3. What is the process to negotiate and conclude an ACSA?

A3. The combatant commander determines he would like an ACSA with a given country and forwards the request to gain eligibility of that country to the Joint Staff (JS). After staffing in JS and OSD, the request is sent to the Department of State (DoS) for staffing. If DoS concurs, the request is sent to Congress for thirty days for review. After the review is completed, the combatant command may then begin to use the DoD/DoS-approved template to begin negotiations.

Upon the conclusion of negotiations, the combatant command then forwards the completed ACSA to JS for review and submission to OSD. After JS and OSD staffing, the request is once again staffed to DoS. If approved, DoS returns the document to OSD, which then delegates authority to JS J4, who then delegates it to the combatant commander J4.

Q4. Can DoD provide logistical support to the United Nations under ACSA authority?

A4. No. Although the United Nations does qualify as a designated/approved organization under 10 U.S.C., § 2342(a)(1)(C), USG-provided support falls under § 60 of the FAA. As this is a top-down process, the UN must initiate requests through the Department of State.

Q5. Who is authorized to execute transactions under ACSA authority?

A5. § 2341 of 10 U.S.C. gives the SECDEF authority to acquire logistic support, supplies, and services for elements of the armed forces deployed outside the United States and § 2342 gives the SECDEF authority to enter into cross-servicing agreements. The SECDEF has delegated this authority to the DoD Components (OSD, the military departments, OCS, the unified and specified commands, and the Defense Agencies) with DoDD 2010.9, dated September 30, 1998. Most combatant commands further delegate the authority to all elements of the command, the component commands, Security Assistance Offices supporting all eligible nations, and any Joint Task Force that may be established. Each component headquarters is directed to designate appropriate elements responsible for the supervision and monitoring of acquisitions and transfers conducted under ACSA authority to ensure that transactions are within the allocated ceiling, that the transactions are reported IAW DoD and applicable service regulations, and to designate personnel authorized to conduct transactions IAW DoDD 2010-1.

Q6. What categories of LSSS can be transferred under an ACSA authority?

A6. LSSS includes food, water, billeting, transportation (including airlift), petroleum, oils, lubricants, clothing, communication services, medical services, ammunition (excepting guided missiles, naval mines and torpedoes, and nuclear ammunition), base operations support (and construction incident to base operations support), storage services, use of facilities, training services, spare parts and components, repair and maintenance services, calibration services, and port services. Note that the above is a list of examples and is not exhaustive. LSSS also includes the temporary use of general purpose vehicles and other non-lethal items of military equipment not designated as Significant Military Equipment on the U.S. Munitions List.

Q7. How is ammunition eligible for transfer under ACSA authority if ammunition is listed as Significant Military Equipment on the U.S. Munitions List?

A7. Ammunition is included with LSSS as per § 2350 a 10 U.S.C. The 1994 addition to the definition of LSSS allows the transfer of non-lethal items of military equipment that are not designated as Significant Military Equipment (SME) on the U.S. Munitions List. As ACSA authority allows transfers of ammunition, the U.S. Munitions List does not apply. When dealing with non-lethal items that are not listed within the list of LSSS, the Munitions List and SME designations are applicable.

Q8. Can DoD lease or loan lethal equipment under ACSA authority?

A8. No, but other alternatives do exist. Foreign nations usually request leases via their Embassy to a U.S. Security Assistance Officer. A lease normally requires a 15-day Congressional notification if the lease will be for a year or more. The supplying service (such as the U.S. Army for an MK-19) must decide if the item is available and not needed during the lease period.

Q9. Can DoD lease or loan equipment under ACSA authority at no cost?

A9. No, the United States cannot give anything away for free. A loan is a form of transfer per the ACSA statutes and the recipient nation must reimburse via cash, RIK, or EVE. Army Regulation 700-131 covers loans of Army equipment and may provide guidance on how to value a loan.

Q10. What is the procedure to have ACSA fund transactions?

A10. There is none as ACSA fund cites do not exist. All transactions are reimbursable and come from unit O&M whether they are cash, RIK, or EVE.

Q11. What options exist to provide airlift to foreign nations?

A11. The U.S. can sell airlift to foreign governments via a EMS case, under a Cooperative Military Airlift Agreement (CMAA), which only USTRANSCOM has authority to negotiate and conclude, or via an ACSA transaction. CMAAs exist with the UK, Canada, Australia, and New Zealand, and function much like ACGAs. The USM can also give airlift to a foreign country under Presidential Prerogative Authority. The USM has no legal basis for carrying allied cargo or passengers for free, and airlift provided on a reimbursable basis must be done under EMS or an ACSA.

Q12. Does airlift acquired by DoD under ACSA authority violate the Fly America Act?

A12. The Fly America Act does not apply to aircraft acquired by DoD from a foreign government via the ACSA transaction, whether it is performed by military aircraft or commercial aircraft chartered by the foreign government to provide the airlift requested. However, placing DoD personnel or cargo on foreign commercial carriers that have not been inspected and approved by DoD or prohibited or severely restricted by the provisions of 10 U.S.C. § 264 and 48 CFR 400.55. These authorities are subject

consulted before entering into any ACSA transaction which entails the movement of DoD personnel or cargo on foreign commercial aircraft.

Q13. What is USTRANSCOM's role in intra-theater airlift operations?

A13. Air Mobility Command (AMC), the air component of U.S. Transportation Command (USTC), normally does not provide intra-theater airlift. However, using AMC aircraft or other aircraft chartered or arranged by AMC, AMC may perform intra-theater airlift in some cases, depending on the circumstances. As with strategic airlift missions, intra-theater missions performed by or on behalf of AMC are funded from the Transportation Working Capital Fund (TWCF). The law establishing the TWCF and all other revolving funds requires cash reimbursement for services rendered. USTC and AMC bill all customers (Army, Navy, foreign users, etc.) for the use of its airlift resources based on published rates. USTC does not approve, track or bill for intra-theater airlift provided by aircraft without an AMC mission number. USAF O&M funds non-AMC intra-theater airlift.

Q14. How does the Air Force provide intra-theater airlift to foreign nations?

A14. The procedures for requesting intra-theater airlift are similar to those for any other ACSA transaction. The foreign country asking for airlift support submits a written request that includes the minimum essential data elements. If USTC and AMC can provide the airlift, USTC will review and approve the request and eventually invoice the requesting nation using the TWCF billing process. If the intra-theater airlift is provided by non-AMC USAF resources, the unit providing the support, or its higher headquarters, should invoice the foreign country concerned. Unfortunately, while USTC and AMC are used to billing for their TWCF-financed operations and have the procedures and systems in place to do so, non-AMC USAF O&M-funded operations often lack similar mechanisms to track and invoice ACSA transactions. Non-AMC USAF O&M funded airlift operations do not normally bill customers (Army, Navy, etc.) for services rendered.

Absent statutory authority, the USAF cannot normally charge customers and keep the money from O&M-funded operations (usually such miscellaneous receipts must be turned into the U.S. Treasury. However, under the ACSA statute, USAF operations funded by O&M can charge the customer and keep the reimbursement. Cash reimbursement is recommended as RIK and EVE require comptrollers to keep track of what is being exchanged for the airlift and follow up to make sure the books are balanced.

Q15. Can the U.S. provide airlift to a country with which they do not have an ACSA?

A15. Yes. Cooperative Military Airlift Agreements (CMAAs) under 10 U.S.C. § 2350c are another possible means of providing airlift if an ACSA doesn't exist. With Department of State consultation, SECDEF can also enter into an agreement with any allied country for military airlift, which has been delegated to USTRANSCOM. Airlift may be provided on a RIK or cash basis. "Any allied country" is defined as NATO members, Australia, New Zealand, Japan, Korea, and any other country so designated by SECDEF with concurrence from the Secretary of State.

Q16. What form or format is required to request support under an ACSA?

A16. Although individual ACSAs direct the use of a specific form, almost anything containing the essential data elements will work.

Q17. What types of Host Nation Support (HNS) do military forces normally request from foreign nations which have granted basing/staging rights?

A17. Military forces normally request the following types of HNS: Billleting, Administrative and Office Facilities, Medical Facilities, Potable Water, Laundry/Bath Facilities, Ammunition Storage, Diesel/MOGAS, Line Haul, Communication Facilities, Ramp Space, Vehicle Maintenance, Facilities, Host Nation Labor (including translators), Maintenance Hangars, Open Storage, Warehouse Space, Materiel Handling Vehicles, Administrative Vehicles, Fuel (both Jet and Surface), Fuel Trucks, Liquid Oxygen, Fire-Fighting Equipment, Ship Docking Space, and Container Handling Equipment.

Q18. Can U.S. contracting officers contract for other countries?

A18. No. U.S. Contracting officers cannot contract for other countries (because contracting is a national responsibility).

Q19. Within the language of the draft ACSA template, does the phrase "the contractor charged may take into account differentials due to delivery schedule, quantity, delivery, and other similar considerations" apply for all transactions?

A19. No - this caveat only applies to cases where specific acquisitions by the supplying Party from its contractors exist. In other cases, such as where an item is supplied from existing stock, this is not applicable. Putting this language in the

in the ACSA distracts from the general principle that the supplying Party will charge the same price it charges its own forces.

Q20. Can ACSA be used to pay for the travel of foreign individuals?

A20. Commercially-procured airline tickets do not fit the criteria for ACSA. ACSA allows transportation support, but ACSAs normally state that a reasonable attempt should be made by both parties to obtain logistic support through normal channels such as local purchases, EMS, and the local supply system first. While ACSA is not totally eliminated as an option, it clearly is not intended to be used if a nation can buy airline tickets on the common market.

Q21. What is an Implementing Arrangement (IA)?

A21. An IA is a subordinate agreement to the ACSA that spells out a variety of details needed to execute ACSA transactions and "implements" provisions of the ACSA. This IA usually includes, for example, the POCs of each party for various types of support that might be requested under the ACSA. Billing addresses, telephone numbers, and other details are often included. There may be additional IAs under some ACSA agreements, such as those relating to specific functions (such as aerial refueling) or specific events (such as ACSA use during an exercise such as Bright Star or Cobra Gold).

Q22. Who has the authority to negotiate an Implementing Arrangement (IA)?

A22. Although subordinate to the parent ACSA, IAs are themselves considered international agreements and as such are fully subject to DoD, OJCS, and service directives and regulations relating to the negotiation and conclusion of international agreements. The authority to negotiate and conclude IAs rests with the combatant commander and, for single-service matters, with the military service. This authority may be delegated in certain cases. No organization should attempt to negotiate or enter into an IA without first becoming fully conversant in, and complying with, the applicable directives and regulations.

## APPENDIX H

### THE PHILIPPINE DEFENSE REFORM PROGRAM (PDR)

The assessment of the defense and military establishment that was completed in 2003 also led to the formulation of the Philippine defense reform (PDR) program.

The PDR provides the framework for introducing a comprehensive, institutional, structural and systemic reform package at the strategic level for the defense and military establishment.

Under the PDR, ten (10) key areas of reform will receive sustained focus:

#### 1. IMPLEMENTATION OF A STRATEGY-DRIVEN, MULTI-YEAR DEFENSE PLANNING SYSTEM (MYDPS)

A planning, programming and budgeting system that will undertake multi year defense planning will enhance defense resource management in the DND and the AFP. It will enforce fiscal responsibility by enabling the DND and the AFP to outline specific strategies, define objectives, identify needed capabilities and resources to be provided under anticipated financial limits.

#### 2. IMPROVEMENT OF OPERATIONAL AND TRAINING CAPACITY

Improvement of operational and training capacity of the AFP enjoys a high priority in the comprehensive reform agenda for the AFP under the PDR. The backlog of training for the AFP will be addressed focusing on training for commanders, non-commissioned officers and units. Emphasis will also be given to the development of doctrines, training and operations of joint forces that involve the utilization of land, maritime and air forces under a unified command.

#### 3. IMPROVEMENT OF LOGISTICS CAPACITY

The lack of needed logistics in the frontlines has been used as an excuse for the practice referred to in the Feliciano Commission report as "conversion." evidently, there is a need to improve the logistics capacity of the AFP to address this.

Improvement of logistics capacity involves the enhancement of operational readiness and reliability rates for all platforms and weapons systems as well as the logistics efficiency of key AFP systems. This will entail improvements in planned maintenance and maintenance procedures, supply chain management, automated supply management system, inventory controls and logistics training.

#### 4. IMPROVING OPERATIONAL LEVEL EXPERTISE BY ADDRESSING ORGANIZATIONAL, MANAGEMENT AND OPERATIONAL SYSTEMIC DEFICIENCIES (STAFF DEVELOPMENT)

The staff development program of the DND and AFP shall include the development of expertise and management skills in the DND and AFP in critical areas or functions that directly impact on the AFP's capability to plan, support and execute effective operations.

#### 5. IMPROVEMENT OF PERSONNEL MANAGEMENT SYSTEMS

Improvement of personnel management systems in the DND and AFP shall include: (1) review and evaluation of personnel policies and personnel management systems; (2) realignment of AFP force structure to address strategy, threat and mission; (3) reduction of personnel costs; and (4) automation of the personnel management information systems.

#### 6. PLANNING, PROGRAMMING AND EXECUTION OF A MULTI-YEAR CAPABILITY UPGRADE PROGRAM FOR THE AFP

As previously discussed, for the mid-term, the 6-year AFP capability upgrade program for the AFP will focus on the basic requirements of the AFP to improve its capabilities in fulfilling its missions in pursuit of its internal security operations.

**7. OPTIMIZING THE DEFENSE BUDGET AND IMPROVING MANAGEMENT CONTROLS**

This will feature needed improvements in the generation of requirements for planning, budgeting for the DND and AFP as well as the creation of structures and systems for oversight within the DND and the AFP major services to manage resources and requirements from planning to execution.

**8. CREATING A PROFESSIONAL ACQUISITION WORKFORCE AND ESTABLISHING A CENTRALLY MANAGED DEFENSE ACQUISITION SYSTEM**

A defense acquisition system will be established in the DND and the AFP manned by a competent and professional acquisition workforce capable of requirements generation, planning, accountability, reporting and acquisition. The defense acquisition system will be capable of evolving effective acquisition strategies, and policies as well as efficient processes and organizations. In preparation for the transition, the DND and AFP shall establish mechanisms and structures that will serve as precursors for the establishment of a defense acquisition system.

**9. INCREASING CAPABILITY OF THE AFP TO CONDUCT CIVIL MILITARY OPERATIONS**

To diminish the underlying socio-economic conditions and spur development in the countryside, the DND and AFP shall support efforts of the government that will facilitate the entry of economic enterprises in conflict areas. The DND and AFP will also encourage government departments and agencies to identify and intensify particular programs and action plans that support the counter-insurgency campaign funded under their corresponding budgets. The DND will also support the enhancement of convergence of government efforts at addressing the root causes of the insurgency.

**10. INFORMATION MANAGEMENT DEVELOPMENT PROGRAM**

Information management shall support and enhance the decision-making system of the DND and AFP through management of information, information systems and technologies. It aims to establish an enterprise information system that efficiently facilitates the flow of information and knowledge, and that enhances information-sharing while assuring security and relevance, in order to ensure right decisions. Two important steps in this undertaking will be establishing an effective strategic framework; and, assuring that information being used is interoperable, interrelated, timely, available, secure, and that operations, systems and technology are addressed and conform to the existing standards.

The overall direction of the PDR is to enhance DND and AFP capabilities from a strategic and comprehensive perspective. The PDR will provide institutional, structural and systemic reforms that will address the current deficiencies in the DND and the AFP that breed corruption, waste and inefficiency. These reforms are based on templates for defense reform that have been tried and tested in several countries that have undertaken similar reform measures in the past.

With your support, the leadership of the DND and the AFP are committed to implement these comprehensive and institutional reform measures.

APPENDIX I

September 15, 2000

Presenter: Secretary of Defense William S. Cohen

**(Joint press conference with Philippine Secretary of National Defense Orlando Mercado, Camp Aguinaldo, Quezon City, Philippines)**

Moderator: Good afternoon, ladies and gentlemen. This is going to be a very tight, rather rigid 15-minute news conference because of the tight schedule of the secretary, Secretary Cohen. So, we start it by making the two personalities give their very brief remarks, starting with Secretary Mercado.

Secretary Mercado: Good afternoon, ladies and gentlemen. We welcome Secretary Cohen on his third visit to the Philippines. It's truly been a pleasant task to welcome you Secretary Cohen. The military relationship, the relationship of military institutions, has been progressing with the larger view of our security concerns.

We're thankful that since the visit of Secretary Cohen, when he first came to the Philippines, at his insistence and we concur with his idea that we should have a framework under which we understand our roles in this particular region. We have had exchanges of experts who have been discussing our direction for the military relationship between the Philippines and the United States. And this is after the ratification of the Visiting Forces Agreement. We're very happy that things have been moving on and we are very happy to welcome him on his third visit. Mr. Secretary.

Secretary Cohen: Thank you very much, Secretary Mercado. As you pointed out this is my third visit to the Philippines as secretary of Defense and I think it is a strong signal of the ties that we have between our two sovereign nations. I particularly want to thank Secretary Mercado for hosting this brief but, I believe, important visit. The leadership provided by President Estrada and Secretary Mercado has made the year 2000 one of great progress in the security relationship between the Philippines and the United States as illustrated by President Estrada's visit to Washington most recently in July.

I had the great honor of hosting a meeting with President Estrada and Secretary Mercado at the Pentagon. Our countries made progress on environmental cooperation, the transfer of helicopters to help advance Filipino military modernization plans and the U.S. efforts to help improve Filipino World War II veterans' access to health care. And as Secretary Mercado has just indicated, since the passage of the visiting Forces Agreement last year, our forces have been able to exercise together as they are doing even today.

The successful Balikatan 2000 exercise last spring is going to be followed by other exercises and we intend to expand the exercise schedule and ship visits at a pace that is acceptable to both countries. Increased military cooperation between our countries is going to improve the bilateral security between the Philippines and the United States and contribute to regional stability. Our forces worked well together in East Timor, the first UN peacekeeping force there, performed very well under the Filipino leadership.

Right now, the Philippines is facing some difficult, internal challenges from terrorists and secessionists in the South. The United States strongly supports President Estrada's efforts and his government to secure the prompt and safe release of the American hostage who is currently being held as well as the other hostages. And we support the government's continuing discussions to achieve that goal.

We also support President Estrada's efforts to deal with the problems in Mindanao. His determination to work for a unified, prosperous and democratic Philippines. We intend to work with you and with other nations on mutual efforts to combat terrorism. We are improving our program over the -- in the future. We're considering new ways to help the Philippine military meet its needs. We have a joint defense agreement that is conducting a comprehensive examination of the Filipino defense equipment and needs and that team expects to finish its work next month. And the results will help both countries set priorities for using scarce resources effectively as possible. And one area of support of course that we are considering is provision of training aircraft. The strength of our security relationship is based on common values, common commitment to work together for the stability of the Asia-Pacific region, both bilaterally and also through regional cooperation. It made great progress in the

past two years. We placed a strong foundation for future cooperation that will be beneficial for both our countries.

Moderator: All right, I suppose you know the rituals: your name, your outfit and make them as brief as possible because I said we have a very tight schedule. First question from Doris Bigornia, ABS-CBN.

Q: Secretary Cohen, should the Philippine government decide to choose the military option in handling the hostage crisis in Jolo, will you support it?

Cohen: Well, as we have indicated, we hope that the situation can be handled diplomatically and peacefully and that the hostages can be safely returned. Any decision made by the Filipino government certainly is a matter for the government to decide and that's up to the government. We have encouraged President Estrada to continue to seek a diplomatic resolution but ultimately, only the Philippine government can make that decision.

Moderator: Mr. Charles Aldinger, Reuters.

Q: The Secretary has urged not to use force while continuing discussions to free the hostages. Have you given him any assurances that you will do that? And number two, the United States has offered to provide special training to Philippine forces in counter terrorism, and hostage rescue techniques, would you accept that offer?

Mercado: As far as we're concerned, we've had continuing training on the part of our armed forces and our police on such matters. This is not the first time. We've had training of our special forces on hostage situations. But as far as we see it, the decision to utilize or use such mechanism will be dependent on the president. The Cabinet Cluster has met on the matter. We have made our recommendations. The president has indicated that he feels the hostage takers should be given a little more time. There should not be any precipitated action. He believes that given a little more time, there might be a result from the negotiations in a very short while. That being the case, we have from the very beginning, continued to plan but held our forces in view of this particular request, and we will continue to do so unless given the go signal by the president. But at the moment President Estrada said let us not be precipitate in our action on this matter.

Q: Kathy Yan of CNN. Secretary Cohen, just a follow up on that. You are offering a long-term solution to the hostage taking crisis, and offering training in counter terrorism. But in the short-term, what action is the U.S. government going to take to try to secure the release of Schilling?

Cohen: I think, as Secretary Mercado just pointed out, we have an ongoing relationship with the Philippine military. As you know, we have special forces who are training here now. Contrary to some of the published reports that have appeared on the local press, this was not in response to the current hostage situation. It is part of our ongoing training program, and we anticipate that we will continue such training programs well into the future. And so, it is not necessarily a long-term approach. It is a comprehensive approach that we are taking with the training as beneficial to our troops as well as to those who are in the Philippines. So, it is a comprehensive approach that we are taking to the whole issue of counter terrorism. Terrorism is not unique to the Philippines. We have seen the scourge of terrorism spread to many, many countries. It has spread well beyond the borders of this region and it needs to be looked at on the part of many countries, and ways in which we can share technology, techniques and information capabilities in order to defeat the scourge of terrorism.

Q: James Mannion, Agence France Presse. Secretary Mercado, I wonder if you could tell us whether you've asked for help from the United States? Any assistance in terms of special capabilities the United States might have in dealing with this hostage situation? And Mr. Secretary, I was wondering if you offered any help in dealing with this situation?

Mercado: Well, we're not at liberty -- I am not at liberty to indicate to you what the specifics are, but there are discussions between our military establishment, our military forces and their counterparts in the United States on this specific matter of the American hostage being held as of the moment. But it is enough for me to say in general terms that we have always had the cooperation of the United States on issues that are not defined by borders. The issue of terrorism is a global problem, and it has to be addressed in cooperation with other countries, and the United States will always play an important role in this matter. We have training that's available. In fact, under the sponsorship of the American Embassy and the Department of State,

Defense, we just recently concluded training for negotiations, training for our forces to be able to cope with incidents where there are threats of weapons of mass destruction. All of these are ongoing problems. These are not borne out because of one citizen who has been held hostage. This is an unfortunate incident. But I think this cooperation will continue. It will continue even on instances where there are no kidnappings. But the focus of attention now is largely because of this incident. But we would rather see this relationship from a strategic point of view. That this is part of a continuing, a longer relationship and these courses are just part of building our capabilities. We believe that as far as this country is concerned, while we may not have the technological capability all the time, we are still capable of facing these threats as we have indicated and shown our people in the recent clashes between the Philippine Armed Forces and the MILF. With what we have, we have been able to cope and I think we will continue to do so.

Cohen: I can't either expand or improve upon those answers. Secretary Mercado has spoken for me.

Q: Could I just clarify, are you cooperating in this hostage situation right now. Is there a cooperation crisis?

Mercado: Well, we always have cooperation between our military establishments. I think terrorism is a common concern. How we are doing it is something that we cannot specifically discuss.

Q: Under the Mutual Defense Treaty, there is a clause which says that the US can step in and help the Philippines in case there is a threat against national security, or a threat against RP-US interests. And I think in this case, the case of the Abu Sayyaf is a threat to RP-US interests. Aren't you going to step in or aren't you going to elevate the level of the Abu Sayyaf to an international terrorist gang so that you know...?

Cohen: We will always maintain our support for the Mutual Defense Treaty that we have with the Philippines. The specific instance must be determined on a case by case basis, but I don't think that one should try to articulate what the circumstances would be at any given time. We will meet our obligations from the Mutual Defense Treaty.

Q: Secretary Cohen, I'm Thomas Fuller from the Herald Tribune. Does the case of Jeffrey Schilling, the fact that he walked into this camp, does that in any way mitigates the government's view -- the view that the government takes on this case?

Cohen: How he ended up in the hands of the group is really quite irrelevant. He's being held hostage. He is being held hostage against his will, and how he got there, really, is quite irrelevant. He should be released immediately and safely, and that's something that we certainly demand and hope will be achieved.

Moderator: We can accommodate one more question.

Q: Secretary Cohen, did you discuss with Secretary Mercado the (off-mike, unintelligible)?

Cohen: We did discuss the fact that we are going to have more exercises next year and the year thereafter. We expect to build upon these exercises each year, as I indicated in my opening statement, according to the pace that is acceptable to both countries. This defense assessment team intends to complete its analysis by next month, and then we will examine what the requirements are for the modernization of the Philippine military, what the current resources are, and how they can perhaps be expanded in the future. So, we intend to look very closely, work very closely with the Philippine government to achieve that end.

Mercado: Just to add to what Secretary Cohen has indicated, I believe that the important issue here is that, as he had indicated in our conversation, the assurance that the participation in a regional or multilateral military exercise, does not in any way -- is not meant to diminish the bilateral relationship under the Mutual Defense Treaty. It does not in any way -- it's not meant to marginalize an existing bilateral military relationship that is borne out of the Mutual Defense Treaty. And it is not also meant as a cooperative effort to marginalize that any particular nation for that matter. It is meant to enhance our capability in peacekeeping and meeting threats like natural calamities and disasters, and so forth.

to cope with the modern-day problems that we face and require cooperation of the security and military institutions of various nations.

Perhaps we can allow one last, last question.

Q: (Inaudible)

Mercado: Well, the military status of the Armed Forces of the Philippines, as you know, from the beginning, the moment the hostages were brought to Talipao in Sulu, we provided a cordon. And we prevented the entrance and the exit of any individual in that particular area that we cordoned. Unfortunately, as a consequence of the negotiations, it was felt that we were a complication, and we were asked by the negotiators to pull back. We pulled back. We may not have done it happily, we were grudgingly doing it, but we wanted to save the lives because the President has indicated that the most important consideration there was the safety and the lives of the hostages. We pulled back. We all know what happened.

The Armed Forces and the military establishment -- our troops -- are like an arrow drawn against the bow, and it has been stretched for sometime. We have seen our target. We know our range. But we have held that arrow in view of the policy articulated by this administration that we do everything short of the use of military force to save the lives of these hostages. Fortunately we have been able to get the hostages -- original Sipadan hostages -- except one, the Filipino whom I believe as of the moment is ambivalent as to whether he should exit or not. But we have bent backwards, and it is unfortunate that sometimes we do not even have as much as a thank you from other quarters. And there is even a European country -- Foreign Minister who has been criticizing us when -- after the release of their particular hostage; but when the hostage was still being held, the Ambassador of that country was calling us constantly and asking us not to use force for fear that their national will be hurt or harmed.

So, as of the moment, the president has already made a statement. While that option, that military option, has been there from the very beginning, he has said, don't be precipitate in your action, hold that arrow, because it is possible that we'll be able to obtain some results in a very short while from negotiations. And we believe that is the correct position. There's a clamor, I know, for us to send our troops, but the president has so decided that it should not be so. Not yet, anyway.

Moderator: As we said earlier, Secretary Cohen has a very tight schedule so I guess we can call it an afternoon. Thank you.