

Building a U.S.-Japan-Philippines Triad

By Gregory B. Poling, Andreyka Natalegawa, and Danielle Fallin

FEBRUARY 2023

THE ISSUE

China's growing assertiveness in regional waters, including its completion of artificial island bases and militarization of those features in the South China Sea, has radically altered the balance of power in the Indo-Pacific. For Washington, there is no viable strategy for countering China's illegal behavior in the East and South China Seas without robust cooperation with Tokyo and Manila, respectively. It is increasingly urgent that the United States and Japan strengthen the strategic foundations of their partnerships with the Philippines, highlight the mutual benefits of working together, and assess the role of trilateral cooperation in regional security.

INTRODUCTION

As outlined in the **2022 National Defense Strategy** (NDS), the United States is engaged in long-term strategic competition with China that is playing out with particular intensity in the Indo-Pacific. Beijing seeks to undermine the U.S. alliance system and carve out vast exemptions to the established rules-based order, including in the maritime space. China's strategic intent highlights the need for enhanced cooperation between the United States and its allies to address regional security issues, deter illegal maritime activities, and strengthen the use of international law to resolve disputes in the Indo-Pacific region.

China's growing assertiveness in regional waters, including its completion of artificial island bases and militarization of those features in the South China Sea, has radically altered the balance of power, both in conventional military capabilities and in the gray zone short of armed conflict. In the East China Sea, Beijing maintains almost continuous coast guard patrols around the Senkaku

Islands, backed by its growing naval and militia forces. This is straining Japanese coast guard readiness and challenging Tokyo's administrative control over the islands and their surrounding waters. In the Taiwan Strait, China's aerial patrols are stretching the ability of the Republic of China Air Force to respond. Beijing's support for nominally civilian actors, such as illegal dredging vessels around Kinmen and Matsu Islands, undermines Taiwan's administrative control of its surroundings. These gray zone efforts by China all share similar goals and demand greater coordination and information sharing among the United States and its partners.

U.S. alliances with Japan and the Philippines provide critical access and serve as force multipliers in the region. There is no viable strategy for countering China's illegal behavior in the East and South China Seas without robust cooperation with Tokyo and Manila, respectively. Both governments are also crucial in thinking through responses to potential Taiwan contingencies. Japan's

emergence as a major security partner for the Philippines makes trilateral alliance coordination even more important. Tokyo has provided maritime patrol aircraft, coast guard vessels, radars, and more to the Philippines under favorable terms. Japan has begun to take part in the annual U.S.-Philippines Balikatan exercises, various bilateral naval and coast guard engagements, and talks on a status of forces agreement with Manila.

It is increasingly urgent that the United States and Japan strengthen the strategic foundations of their partnerships with the Philippines, highlight the mutual benefits of working together, and assess the role that trilateral cooperation should play in regional security. With this goal in mind, the Center for Strategic and International Studies (CSIS) convened a trilateral U.S.-Japan-Philippines Track 2 strategic dialogue in September 2022 in Tokyo, Japan. The dialogue was intended to provide a platform for U.S., Japanese, and Filipino experts and practitioners to discuss practical issues of alliance coordination, share insights regarding each country's respective strategic outlooks, and consider ways in which the security triangle could be operationalized in a time of conflict.

U.S. alliances with Japan and the Philippines provide critical access and serve as force multipliers in the region. There is no viable strategy for countering China's illegal behavior in the East and South China Seas without robust cooperation with Tokyo and Manila, respectively.

Discussion largely spanned three key themes: commonalities and differences in how Japan and the Philippines respond to gray zone challenges in the East and South China Seas, challenges and opportunities in bilateral and trilateral support for military modernization in the Philippines, and the growing need for all three countries to consider how a Taiwan contingency would affect not only their alliance obligations but also their respective national security priorities. The dialogue informed the findings and recommendations in this report, but all opinions presented are those of the

authors and do not necessarily reflect those of the dialogue participants.

THE U.S.-JAPAN-PHILIPPINES SECURITY TRIANGLE

The U.S.-Philippines alliance has experienced an upswing since former Philippine president Rodrigo Duterte's decision in 2021 to recall the abrogation of the Visiting Forces Agreement (VFA). Early signs demonstrate that the administration of current president Ferdinand "Bongbong" Marcos Jr. is less skeptical of the United States than its predecessor and views the alliance as a top priority. U.S. president Joe Biden's meeting with President Marcos Jr. in New York in September 2022 represents a positive step forward—as well as the first time a sitting Philippine president has visited the United States since the late president Benigno Aquino III attended the Sunnylands summit in 2016. At the meeting, the United States affirmed its commitment to the defense of the Philippines. Whether these trends continue and the alliance undergoes much-needed modernization ultimately depends on both sides continuing to give high-level political and military attention to the alliance. Implementation of the 2014 Enhanced Defense Cooperation Agreement (EDCA) remains years behind schedule, and the Armed Forces of the Philippines' modernization plans require a considerable increase in support. Further, the long-term viability of the alliance rests on a number of agreements and new institutions currently under discussion.

Meanwhile, the United States and Japan have an enduring alliance that underpins the United States' role as a forward-deployed Indo-Pacific power. The partnership is stronger today than at any point in history, underpinned by shared values and a common strategic outlook, particularly as it relates to Chinese revisionism. Since China escalated tensions with Japan in the early 2010s over the Senkaku Islands, combined messaging and efforts by the U.S. and Japanese governments have maintained stability in the East China Sea, demonstrating the potential for robust alliance coordination to blunt the efficacy of gray zone coercion and deter escalation.

Japan's growing role in the Indo-Pacific underscores the value of Tokyo and Washington collaborating more closely in engaging with other alliance partners,

including the Philippines. Japan is uniquely suited to this role given its extensive and long-standing security partnership with the Philippines, creating a robust level of security cooperation between Tokyo and Manila. Yet, despite the wide array of ongoing bilateral activities and the significant potential for enhanced Japan-Philippines cooperation, high-level discussion remains relatively limited on the merits of the partnership and how it might be better integrated into the U.S. alliance network.

CHINESE GRAY ZONE ACTIVITIES IN THE EAST CHINA SEA AND U.S.-JAPAN RESPONSES

Intrusions by the China Coast Guard (CCG) into the territorial waters of the Japanese-administered Senkaku Islands have been ongoing for close to 14 years, presenting a major security concern for both Tokyo and the U.S.-Japan alliance. Although China's risk tolerance has increased in recent years, Beijing seems content to maintain the status quo around the islands while steadily building up its maritime capabilities. Since 2012, China has largely abstained from any risky efforts to upend the status quo in the short term—a clear difference from its strategy in the South China Sea. Instead, the CCG patrols around the islands, with periodic intrusions into the surrounding territorial waters, incrementally normalizing China's contestation of Japanese administrative control.

Despite the wide array of ongoing bilateral activities and the significant potential for enhanced Japan-Philippines cooperation, high-level discussion remains relatively limited on the merits of the partnership and how it might be better integrated into the U.S. alliance network.

As China gains greater competitive advantages in coast guard and naval power, its intrusions may ultimately prove untenable. Over time, the size of the CCG fleet has grown, enabling a presence around the islands for longer periods, and the frequency of these Chinese

incursions has increased. Japan's Ministry of Defense **reported** in December 2022 that a Chinese survey vessel entered Japan's waters for the fifth time in one year, setting a new record. Beijing could take steps that would force Tokyo to choose between backing down or escalating to preserve its administrative control around the Senkakus—a medium-term threat for which Japan is actively preparing by building up coast guard infrastructure in the southern Ryukyu chain. But in the meantime, Japan has taken steps in coordination with the United States to preserve the status quo in the face of Chinese coercion for more than a decade.



Photo: © 2021 by Maxar Technologies.

Growing collaboration with Russia has compounded China's ongoing encroachments into the East China Sea following Russia's invasion of Ukraine. China has showcased its deepening relationship with Russia through joint military activities in the Indo-Pacific, including joint navigation and flights near Japanese territory. In 2022, Chinese and Russian warships conducted joint sails that circled Japan in a maritime show of force. That May, Chinese and Russian strategic bombers flew over the East China Sea following a meeting of Quad leaders (Australia, India, Japan, and the United States) in Tokyo.

Tokyo recognizes that to address China's gray zone activities and other pressures on Japan, it must increase its force capabilities. In new national security and defense strategies released in December 2022, Tokyo announced plans for unprecedented increases in defense spending.

This growth will shatter a long-standing informal cap on spending of 1 percent of GDP. In addition to increasing the defense budget, Tokyo will increase the budget for the coast guard by about 40 percent over the next five years. The decision to boost defense spending is borne not only of security concerns in the immediate neighborhood but also lessons learned from Russia's invasion of Ukraine.

These steps to bolster defense capabilities are important, but they will not wholly address the widening quantitative gap between Japanese and Chinese naval, coast guard, and air capabilities. China's 2022 defense budget amounted to at least **\$229 billion**. Even with the planned growth in Japan's defense budget, Tokyo's annual spending by 2027 will only be about \$80 billion. Japan's capacity to respond to future gray zone challenges will be constrained by limited human capital and difficulties in recruitment for the Japan Self-Defense Forces (JSDF) and coast guard. Japan's aging population and **decreasing birthrate** mean that personnel recruitment continues to be a challenge. For instance, while Japan has made progress in building new ships, it has a limited pool of recruits to pull from to man these vessels. Further collaboration with the United States on unmanned technology could help supplement these gaps but is by no means a panacea.

U.S.-Japan cooperation in pushing back against China's gray zone activities in the East China Sea and stabilizing the status quo around the Senkaku Islands serves as an example of a largely successful response. When tensions around the islands rose during the administration of U.S. president Barack Obama, the United States repeated and elevated long-standing U.S. declaratory policy, for the first time at the presidential level, of the U.S.-Japan mutual security treaty covering the Senkakus. The allies reinforced these rhetorical steps with concrete efforts to strengthen the alliance through enhancements to force posture in Okinawa and the Ryukyu Islands and deeper operational planning related to an East China Sea contingency. Subsequent administrations under former president Donald Trump and current president Biden have regularly repeated that position. The October 2022 **U.S. National Security Strategy** reiterates the U.S. commitment to a "free and open Indo-Pacific" and the defense of Japan, including protection of the Senkaku Islands.

Japan, meanwhile, bolstered its defense capabilities, including intensifying its coast guard presence around the islands and investing in new JSDF capabilities in the Southwest Islands closest to them. Tokyo also regularly released strong and consistent public condemnations of Chinese actions and regularly demonstrated its air and naval capabilities both independently and with the United States. This collective opposition to China's coercion eventually caused it to stabilize the number of vessels patrolling around the Senkakus and lower the temperature of its relationship with Japan. Demonstrations of U.S. commitment to the defense of the islands and Japan's enhanced posture helped to de-escalate the crisis and deepen the alliance. Since then, efforts to modernize the alliance have continued.

CHINESE GRAY ZONE ACTIVITIES IN THE SOUTH CHINA SEA AND U.S.-PHILIPPINES RESPONSES

Over the past 10 years, China has steadily increased its coercive behavior in the South China Sea. This includes militarizing artificial islands in the Spratlys, deploying coast guard ships to prevent the Philippines and other Southeast Asian nations from accessing the resources of their own **exclusive economic zones (EEZs)**, and deploying hundreds of militia vessels to loiter at **Whitsun Reef** and various locations within the Philippine EEZ. China relies on an array of tactics, including harassing oil and gas exploration and unsafe interactions by aircraft, which complicate Manila's ability to respond and deter. Additionally, China has profited from the Philippines' gaps in defense capacity and uncertainty of approach in responding to gray zone crises. In 2014, China's maritime militia turned water cannons toward Filipino fishermen, leading to confusion in Manila on how to respond, as the incident caused damage but could not be interpreted as an act of warfare. China's conduct in the South China Sea thus actively exploits the fact that the Philippines remains largely unprepared for crisis scenarios that fall short of conflict and involve nonconventional weapons and incursions.

Countering gray zone activities will require strengthening the U.S.-Philippines alliance. When the Scarborough Shoal incident took place in 2012, the alliance was unprepared, and when the Philippines asked the United States for assistance, it was **disappointed** by the United

States' toothless affirmation of their alliance and U.S. silence regarding the Mutual Defense Treaty (MDT). This bred a fear of abandonment and hurt public perceptions of the partnership. Scarborough Shoal stands as a salient example of the erosion of stability in the South China Sea and the U.S.-Philippines alliance since 2012. Fear of abandonment in the face of a gray zone crisis has since been ingrained into the alliance.

Lack of contingency planning constrains U.S.-Philippines responses to Chinese gray zone activities, and both sides need to proactively engage with each other on what their respective roles would be in the event of a conflict in the South China Sea. Decisions for the alliance occur at an operational level but not a strategic level. Unlike the U.S.-Japan alliance, which has evolved to counter gray zone activities, the U.S.-Philippines alliance has been stymied by policy and institutional deficiencies. Such deficiencies arise, in part, from a series of complementary but not identical goals in deterring gray zone activities: the United States wants to sustain free and open navigation in the region, while the Philippines aims to protect its territorial sovereignty. Additionally, while the Philippines fears abandonment by the United States, the strength of the Philippines' own commitment to defend U.S. forces, as part of its obligations under the MDT, remains unclear. Fears of abandonment and entrapment point to the need for institutional frameworks built over multiple administrations to clarify responsibilities and reinforce mutual commitments in the alliance, similar to the U.S.-Japan alliance. An enhanced focus on contingency planning and aligning strategic outlooks will be integral to enacting a decisive and unified counterresponse.

To better combat gray zone activities, the Philippines and the United States need to consider new tactics to counter low-visibility influence campaigns. China's ability to escalate tensions and then craft narratives that paint other reactive countries as aggressors gives Beijing a considerable strategic advantage. As such, when countering gray zone activities, strategic public messaging is key. Joint messaging and public release of information related to gray zone challenges—which generally remains slow given bureaucratic roadblocks in Manila—would allow the United States and the Philippines to better counter competing narratives. For mutual security cooperation to be possible in a country

beholden to public opinion, foreign policy discourse in Manila must better reflect regional challenges and the Philippines' national objectives.

Lack of contingency planning constrains U.S.-Philippines responses to Chinese gray zone activities, and both sides need to proactively engage with each other on what their respective roles would be in the event of a conflict in the South China Sea.

Moreover, to effectively deter Chinese activities in the South China Sea, the United States and the Philippines must not only deepen their defense partnership but also boost trade and investment cooperation and enhance the Philippines' economic resilience. The United States is one of the Philippines' closest economic partners—and its **third-largest trading partner**—with almost \$150 million in new foreign direct investment last year. President Marcos Jr.'s visit to the New York Stock Exchange and his meetings with U.S. business leaders during his trip to the United States for the United Nations General Assembly signaled his interest in attracting more opportunities from the U.S. private sector. The Philippines is also a member of the Biden administration's Indo-Pacific Economic Framework, opening the door for both sides to expand their partnership and interests beyond the realm of defense. Deepening the U.S.-Philippines economic partnership will help alleviate some of the pressures associated with China's perceived economic dominance in the Philippines, which in turn plays a limiting factor in determining responses to gray zone challenges.

BILATERAL AND TRILATERAL COOPERATION IN MILITARY MODERNIZATION

Although military modernization in the Philippines remains sluggish, concerted cooperation with the United States and Japan—both in bilateral and trilateral settings—could help build momentum and allow Manila to better meet the challenges associated with Chinese gray

zone activities. The process of military modernization requires a broad approach, one that encompasses the enhancement of both diplomatic and civilian cooperation. Military reforms must also be rooted in good governance, democratic norms, and principles of anticorruption.

The Philippines is the largest recipient of U.S. military assistance in the region. The United States has committed over **\$625 million** over the last five years to Philippine defense and security capabilities designed to increase capacity in the South China Sea. To promote military interoperability, the allies have recently agreed to engage in **496 bilateral defense and security engagements** in 2023, 35 more than in 2022. The U.S. embassy in Manila announced that **\$100 million** would be granted to the Philippines as compensation for its decision to renege on a military equipment deal with Russia. In the next two years, the United States will invest **\$70 million** into cooperative defense capabilities and expand EDCA.

Japan can be a potent player in this space, not least because the Japan-Philippines partnership is far less vulnerable to political shocks than the U.S.-Philippines alliance. For instance, U.S.-Philippines ties faced challenges during the Duterte administration due both to Duterte's skepticism of the United States and to Washington's reluctance to enhance ties amid the Philippines' war on drugs. By contrast, Tokyo had a relatively free hand to deepen cooperation with Manila. Deepening military ties have laid the groundwork for a potential Reciprocal Access Agreement (RAA) between Tokyo and Manila, much like the pacts that Japan has signed with **Australia** and the **United Kingdom**. While talks on a potential RAA remain slow, renewed interest from President Marcos Jr. in **enhancing ties with Japan** could provide an injection of political will and reinvigorate discussions. However, any forward momentum will likely be tempered by concerns from both Manila and Tokyo on how China would respond to the signing of an RAA between the Philippines and Japan. But if past is prologue, rising tension in the region could provide enough of a push to Manila and Tokyo to progress negotiations, in the same way that challenges in the South China Sea eventually pushed the Philippines and Australia toward concluding their Status of Forces Agreement (SOFA) in spite of concerns about China's response.

IMPLICATIONS OF A TAIWAN CONTINGENCY

U.S. House of Representatives Speaker Nancy Pelosi's visit to Taiwan in early August 2022, as well as Russia's invasion of Ukraine and perceived parallels between that conflict and China's behavior in the Indo-Pacific, have helped sharpen the region's focus on the prospect of a Taiwan crisis. The Philippines' proximity to Taiwan means that simply geography, to say nothing of the alliance with the United States, could drag Manila into any military conflict in or around Taiwan. This in turn highlights the need for Filipino strategic thinkers to consider the potential impacts of such a conflict. A cross-strait contingency could lead to both Taiwanese and Filipinos in Taiwan fleeing to the Philippines. With northern Luzon less than 200 miles from Taiwan, and the Batanes Islands even closer, a refugee crisis seems inevitable in the case of armed conflict.

The Philippines has **nearly 200,000 overseas foreign workers** based in Taiwan, and if conflict were to break out across the Taiwan Strait, their evacuation—likely impossible in the face of an outright invasion of the island—would be a top priority. The Philippines also has a much smaller, but still sizeable, **number of overseas foreign workers in mainland China** and even more in Hong Kong. This raises the possibility that those workers could become political leverage for Beijing in a time of conflict and limit the Philippines' flexibility in responding to a Taiwan contingency. The direction of public sentiment in such a crisis—whether demanding intervention on behalf of Filipinos in Taiwan or restraint in the name of those in China—is difficult to predict. Much would depend on the details and scale of the crisis, including the number of Filipinos killed.

The proximity of Philippine territory to Taiwan also makes it an attractive staging point for U.S. intervention and a possible target for Chinese retaliation. The United States and the Philippines have increasingly recognized that Washington would expect access and support in any crisis endangering the lives of U.S. service members. Filipino strategic thinkers seem to recognize this as part of the price of the more “equal” alliance with the United States that both the Duterte and Marcos Jr. governments have sought. To this end, if the Philippine government wants the United States to increase security assistance

and stay committed to defending Filipino lives in the contested South China Sea, then Manila must meet matching obligations. U.S. forces will require greater access to the country to rotate forces and pre-position equipment to credibly project power over both the South China Sea and Taiwan. It is unclear the extent to which the Philippine strategic community has internalized the implications of reciprocity—meaning that the Philippines has obligations to the United States under **Articles II, IV, and V of the MDT**, not just vice versa. The security establishment appears more cognizant of this than the wider political and academic community.

Candid, ongoing, and at times difficult discussions on alliance obligations and their role in a Taiwan contingency between the United States and the Philippines at the Track 1.5 and Track 2 levels mirror talks currently underway between the two governments as part of the ongoing process of alliance modernization. At the **ninth U.S.-Philippines Bilateral Strategic Dialogue** in late 2021, interlocutors from the Biden and Duterte administrations set forth a joint vision for modernizing the alliance with important implications for contingency planning in both the South China Sea and Taiwan. Two components of that statement—new defense guidelines and expansion of the long-delayed 2014 EDCA—will provide important signals on the latter.

The new defense guidelines, to be released in early 2023, are unlikely to name Taiwan but could include important language on joint responses to regional contingencies in general. EDCA allows the United States to gain access to predetermined Philippine military sites to fund upgrades, pre-position equipment, and engage in joint training and operations. In addition to implementing the agreement at the five previously agreed sites, the allies are seeking to expand it to additional locations, which has fueled speculation that new sites would include facilities in northern Luzon, less than 200 miles from Taiwan. As with the new defense guidelines, announcements on the future of EDCA are expected in early 2023. Moreover, ongoing discussions on the risks associated with a Taiwan contingency have raised expectations that the United States would look to the Philippines to, among other things, help monitor the Bashi Channel and prevent any undetected Chinese breakout from the first island chain in a crisis scenario.

Japan, meanwhile, could play a critical role in responding to an armed attack on Taiwan. In recent years, Japanese political leaders have publicly pointed to the impact a Taiwan crisis would have on Japan's security. Japanese views on Taiwan are shaped by geography—a Taiwan Strait crisis could spill over into Chinese strikes on U.S. facilities in Japan or could provoke a new Senkaku Islands crisis. Japan's clear-eyed view of the risks a Taiwan contingency poses to its own national security contrasts with how other U.S. allies and partners, including the Philippines and Australia, have tended to view such a crisis, primarily through the prism of their alliance obligations. However, Tokyo's rhetorical acknowledgement of the implications of a Taiwan conflict does not necessarily translate into a willingness to commit military resources to defend Taiwan. Given legal constraints on the JSDF, Japan's role in a contingency scenario may be limited to defending Japanese territory and U.S. bases in the country rather than actively dispatching combatants in or around Taiwan. But even this operational role would be critical in protecting and supporting U.S. forces flowing into the region in a conflict scenario.

In the Philippines, it remains unclear to what extent the Marcos Jr. administration has thought through the impact of a Taiwan contingency. To this end, the Philippines needs to take major steps toward articulating why Taiwan matters to its foreign policy and national security interests, including, but not exclusively, through the prism of U.S. alliance commitments. In this context, Japan has a key role to play in helping expand Philippine perspectives on Taiwan, and—together with the United States—could socialize further thinking on what role the Philippines would play in a Taiwan contingency.

KEY FINDINGS AND RECOMMENDATIONS

Finding: China's gray zone operations are successful because they place the burden of escalation on the U.S. partners and allies being targeted. China crafts narratives that reinforce this burden, painting its activities as peaceful and civilian in nature. The United States and its allies and partners in the Indo-Pacific need to find ways to deter China's gray zone coercion by, in most cases, imposing nonmilitary costs but, in certain cases, signaling willingness to escalate.

- **Recommendation 1:** The United States, Philippines, and Japan need to establish a consistent and coordinated understanding of what qualifies as gray zone activity and which activities they deem unacceptable in the South and East China Seas. Messaging should be harmonized across the board and consistently aligned with international law, including the 2016 South China Sea arbitration award. The U.S.-Philippines maritime security dialogue launched in early 2022 provides a venue for the United States to share lessons learned from the U.S.-Japan responses to gray zone pressure in the East China Sea. That has been an explicit focus of the U.S.-Japan alliance since at least the unveiling of the 2015 defense guidelines.
- **Recommendation 2:** In line with the Quad's nascent Indo-Pacific Partnership for Maritime Domain Awareness, the United States and Japan should continue to invest in the remote sensing capabilities of its Southeast Asian and Indo-Pacific partners, allowing regional states better visibility into activities occurring in their waters. The United States, Japan, and like-minded partners such as Australia should also explore avenues for unmanned data collection in the South China Sea in partnership with the Philippines. The U.S. Navy's Task Force 59 offers one model for such an effort.
- **Recommendation 3:** The United States, Japan, and the Philippines should strengthen mechanisms to share and publicize information on Chinese gray zone activities with non-allies, particularly Vietnam, to increase the diplomatic and informational costs on Beijing.

Finding: The Philippines' ability to maintain a robust military and law enforcement presence in the South China Sea is vital to defend maritime security and freedom of the seas. But Manila's resources are limited, and it cannot modernize its military capabilities at the pace required without significant assistance. China's maritime capabilities, meanwhile, continue to grow.

- **Recommendation 4:** The United States and Japan should accelerate capacity-building efforts for the Philippine military and law enforcement agencies. The United States and the Philippines must continue to upgrade existing EDCA sites and expand the agreement to new facilities. Both Japan and the United States should invest in the technological capabilities

and infrastructure of the Philippine armed forces and law enforcement beyond the EDCA sites, preparing them to acquire, operate, and maintain more advanced systems.

- **Recommendation 5:** The United States and Japan should encourage and facilitate Philippine acquisition of asymmetric strike capabilities to enhance deterrence. This should include anti-ship and anti-air missiles, loitering munitions, and other unmanned platforms. The United States and Japan should increase joint training and exercises focused on asymmetric capabilities, including lessons learned from Japan's investments over the last decade in the East China Sea.
- **Recommendation 6:** The United States, Japan, and the Philippines should open avenues for more dialogue on military modernization and contingency planning. This is especially timely as Manila considers what will come after the third and final phase of the Armed Forces of the Philippines Modernization Program, which runs from 2023 to 2028. As part of the coordination process, a trilateral and quadrilateral (with Australia) component should be added to more U.S.-Philippines and U.S.-Japan military engagements and dialogues. Japan concluding an acquisition and cross-servicing agreement (ACSA) and RAA with the Philippines will be key to more robust multilateral alliance coordination.

Finding: In the event of a Taiwan contingency, China will hope to isolate the United States and its allies from each other. Some domestic actors within each country, especially the Philippines, will urge neutrality. But the political, strategic, and geographic realities mean that the Philippines and Japan will likely find themselves drawn into such a crisis. The Philippines has spent the least time planning for that eventuality and needs to build up its political, economic, and military readiness if it is to coordinate effectively in an allied response.

- **Recommendation 7:** The United States and Japan should enhance economic support to the Philippines with a conscious goal of helping it become more resilient to Chinese coercion. Otherwise, Beijing's economic leverage will play an outsized role in Philippine strategic calculations. Japan's government is currently revising its official development assistance

principles to align them more closely with strategic priorities. That should add impetus to invest in Philippine resilience.

- **Recommendation 8:** The United States and the Philippines must achieve a shared understanding of their mutual treaty obligations beyond the South China Sea. A more resilient alliance must be a more equal one, as demanded by consecutive Philippine administrations. That means not only will the United States have obligations to the Philippines, but the Philippines will have obligations to the United States as well. The new defense guidelines, expected to be announced in early 2023, will be an important step in the right direction. But reaching and institutionalizing a shared understanding of mutual obligations will be an ongoing process.
- **Recommendation 9:** The United States and the Philippines need to elevate their relationship across the board. A resilient alliance needs more than military cooperation. The United States should also invest in more diplomatic and economic cooperation. This could include opening more diplomatic missions beyond Manila; enhancing support for clean energy, critical mineral supply chains, and other areas of shared economic interest; and negotiating a bilateral free trade agreement in the absence of any U.S. multilateral trade initiatives in the region. ■

Gregory B. Poling directs the Southeast Asia Program and Asia Maritime Transparency Initiative at the Center for Strategic and International Studies (CSIS) in Washington, D.C., where he is also a senior fellow. **Andreyka Natalegawa** is an associate fellow for the CSIS Southeast

Asia Program. **Danielle Fallin** is a research associate and program manager for the CSIS Southeast Asia Program.

The authors would like to thank **Harrison Prétat, Karen Lee, Jared Tupuola, Wantakan Arcado, and Mike Tiernan** for their assistance in producing this brief. The authors would also like to thank the Japan Institute of International Affairs for assisting in convening the strategic dialogue that informed this brief.

This brief is made possible with support from the U.S. Embassy Tokyo.

CSIS BRIEFS are produced by the Center for Strategic and International Studies (CSIS), a private, tax-exempt institution focusing on international public policy issues. Its research is nonpartisan and nonproprietary. CSIS does not take specific policy positions. Accordingly, all views, positions, and conclusions expressed in this publication should be understood to be solely those of the author(s). © 2023 by the Center for Strategic and International Studies. All rights reserved.

Cover Photo: Pasko Maksim, somartin, and eugenekh via Adobe Stock