

***“The Philippines and the United States:
A Dynamic Alliance”***

Keynote Remarks by
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Thank you, Ernie, for the generous introduction and the very warm welcome.

Ladies and gentlemen, it is good to be back in Washington DC, as a visitor now, after having been in residence here from 2001 to 2006. When I left Washington DC in 2006, the country was in the midst of wars in Iraq and Afghanistan, and the government had just announced its plan to renew ties with Libya. China was criticizing the US for overreacting to North Korea's launching of missiles, and Secretary of Defense Rumsfeld stepped down that year, to be replaced by a former CIA head.

I return to a Washington DC well on its way to bringing home its troops from Iraq and Afghanistan. The Arab Spring has redrawn the diplomatic map of the US relations with the Middle East, and we are hearing the very significant results of the US engagement with China on the strategic level. Coincidentally, another CIA Chief is set to become the Secretary of Defense.

Our country and our people have undergone a sea of change in that time. President Benigno S. Aquino III, son of two of the Philippines' democratic icons, was swept into the Presidency with the undisputed mandate of the Filipino people. When he assumed the Presidency, he stated that "our foremost duty is to lift the nation from poverty through honest and effective governance." In pursuit of this commitment, he has entered into a social contract with the Filipino people, and set out an agenda for national development and good governance.

This social contract underpins the three pillars which will continue to define the course of our foreign relations - promoting national security, enhancing economic diplomacy, and protecting the rights and welfare of Filipinos overseas. Anchored on these pillars, we have crafted a foreign policy that is focused and deliberate; a foreign policy that advances our domestic interests, fully cognizant of our commitment to our core values, and our responsibilities to the region and the world.

Economic diplomacy is among our most important tools in achieving the twin goals of poverty alleviation and job creation, and my Department will be more aggressive in engaging with our traditional economic and commercial partners.

Yet we are aware that the success of our economic diplomacy relies on our capacity to create a good investment climate in the country, both internally and externally. Within the country, we are taking the necessary measures to build an economy anchored on transparent, stable and predictable policies that create a domestic condition attractive to foreign investors. To address the concerns of investors, we have initiated a Public Private Partnership Program that will modernize our infrastructure. We have also fostered the conditions for peace, particularly in the southern parts of the Philippines.

Externally, we continue to develop stronger bilateral relations and pursue cooperation with our multilateral partners to build a safe and secure environment not only within the bounds of our territory, but also regionally and globally.

ASEAN continues to be a cornerstone in this endeavor as it moves closer to building an ASEAN community by 2015.

We will also build upon our strong defense partnership with the United States, and will engage China, India, Japan and other regional partners such as the Republic of Korea, Australia, and New Zealand in mutually beneficial security and defense dialogues.

We are also stepping up our cooperation and interaction with the countries in the Middle East and North Africa, and the Organization of the Islamic Conference, in resolving the Mindanao conflict.

As we work on creating more jobs at home, we remain mindful of the President's call "to be even more responsive to the needs and welfare of our overseas Filipino workers." We will continue to do what is necessary to send the clearest signal that the Philippine government cares for its people wherever they are. Protecting the rights and promoting the welfare of OFWs will continue to be strong pillar of our foreign policy.

So how does the Philippine-US alliance figure in our foreign policy?

When I served as Philippine Ambassador the United States, my worldview put the US Philippines alliance at the center of the universe. Coming back wearing a different hat, I am constrained to make adjustments to that perspective.

To be sure, the United States remains the Philippines' foremost strategic ally. Our relations are enduring, cemented by the sacrifices of those who fought side by side in defense of our common ideals.

The United States is one of the Philippines' top two trading partners. Two-way U.S. merchandise trade with the US was at \$15.4 billion in 2010, and 11% of our imports are sourced from the United States. On the other hand, 15% of our exports find its way to

the American market. With our population of over 90 million people, we are the US' 30th-largest export market.

The US is also important to the Philippines in terms of official development assistance. Since 2004, the Government received close to \$1 billion in grant funds for various programs to support economic growth and alleviate poverty; strengthen democratic institutions and governance; and counter transnational terrorism and insurgency in Mindanao.

Strong people to people ties strengthen the fabric of our relations. The 2010 census indicates that some 2.5 million Filipinos live in the United States. The US Embassy in Manila on the other hand, estimates that some 300,000 Americans make their home in the Philippines.

Our common commitment to the ideals of democracy provides another underlying thread that fortifies the fabric of our relations. Despite the network of old and new relations the US has established in the region, it is difficult to imagine any other country who will share as closely with the US the same set of core values and beliefs as the Philippines, and is as committed to the defense and pursuit of these values.

Thus, for many years, the Philippines and the United States have soldered on, confident in the strength of our alliance.

Yet the global and regional environment on which we built our alliance did not stand still. It has developed in ways we did not and could not imagine in the 1940s or even when the Cold War ended.

The new global and regional architecture demands of each country an introspective assessment of how it relates to the rest of the world.

In the post 2001 world for example, security relations between the Philippines and the United States have been focused heavily on counter terrorism cooperation, and this cooperation has undoubtedly borne much fruit for both countries. But the Philippines' relative success in counter insurgency, coupled with pressures in the regional environment, compels a reorientation of focus and resources.

On the other side of the Pacific, we observe the US renewing its engagement with Asia in very substantive ways, after what has been perceived as a long preoccupation with the Middle East. We also see that fiscal pressures may impact certain aspects of US defense and foreign policies, requiring policy makers to explore new and creative ways of doing more for less, at a time of growing challenges in various parts of the world.

The recent slump in the global economy has taught both our countries invaluable lessons, and the intense competition for markets and resources are cause for common concern. In an increasingly interdependent global economy, we need to ensure we are

well positioned to leverage our relations to produce more trade, more employment and generally a better life for our people.

A reset in the relations has therefore become an imperative, to allow the alliance to continue to meet domestic goals, while contributing to global stability.

The intersection between our respective domestic imperatives and the current regional and global challenges indicate a momentum for a mutually beneficial recalibration and reset of Philippine US bilateral relations.

We welcome the pronouncements made by the United States on their renewed engagement with Asia and on the importance of the relations with the treaty allies. Allow me to share with you our own vision for the US continued presence in Asia.

The US presence in Asia has been long standing, and we want it to endure. We want it to be premised on a deep seated recognition of the US role as an Asia Pacific power, rather than a reaction to perceived challenges to its global leadership.

We want the US presence in Asia to build cooperation, rather than it being misconstrued as fermenting divisions. We believe that Asia is in the midst of unprecedented growth and the most serious of challenges. We believe we can best harness these opportunities for growth and address the challenges with unity of purpose, underpinned by a strong rules based international system.

We recognize the potential of the alliance to be an enabler for the growth of the region, in terms of security, the economy and people to people connections. In our current role as country coordinator for ASEAN US Dialogue relations, we are committed to help the US secure its equitable place in the ASEAN-centered regional architecture.

We believe this is also the time to recast the model of our security engagement. The military tenets of the Cold War are no longer valid, and the physical presence of military bases is no longer the foundation of a robust security arrangement. To be clear, we do not expect the US to fight our battles for us, but we count on the US strong and unwavering assistance in building the strength and resources of the Philippine military to meet the new challenges. To this end, we are exploring novel and innovative ways to strengthen the security engagement, in ways that will address the challenges but respect the constraints of each other's domestic environment.

The Philippines is well aware that the alliance is only as strong as the commitment and resources which both countries are prepared to commit for the pursuit of our common goals.

On our part, the Philippines is prepared to step up to our responsibilities to contribute to the security and stability of the region, first and foremost, by being able to secure and protect our own territory. Our defense establishment is thus working to improve our capabilities to police and patrol our own maritime domain. The campaign

against transnational crime, including piracy, drug trafficking and human trafficking, is also being sustained.

We are prepared to take our place in the global supply chain, leveraging the skills and talents of our people, and showcasing an economy where everything works. We resolve to create the best possible environment for businesses to thrive, free from corruption. We will also continue to explore opportunities for mutually beneficial economic linkages, such as the SAVE our Industries Act, which Sen Daniel Inouye re-filed yesterday at the U.S. Senate.

The new model should also embrace a development dimension. The Partnership for Growth is a joint undertaking between the Philippines and the US whose principal aim is to unlock the Philippines' potential "for a broad based and sustained economic growth". As the only pilot country in Asia, the Philippines was selected on the basis of its track record in partnering with the US government and potential for continued economic growth.

We are prepared to assume a more active role in crafting the policy environment of the region, and in building stronger networks of cooperation among regional powers, through bilateral arrangements and through the mechanisms of ASEAN. We intend to lend our voice and the force of our convictions to the issues that define us – the protection and promotion of the rights of our citizens, the establishment of the institutions of democracy, and the peaceful settlement of disputes.

A few weeks ago, I have advocated for the pursuit and promotion of a rules-based international system, which will provide an effective tool for peaceful and fair resolution of disputes.

Not since the Panganiban (Mischief) Reef incident in 1995 has the Philippines faced serious challenges in the West Philippine Sea, otherwise known as the South China Sea (SCS). For instance, our ownership of the Kalayaan Island Group (KIG) features and our legitimate maritime jurisdictions have been contested by certain nations, even as the Philippines' sovereignty and jurisdiction over the KIG are firmly grounded on international law.

The primacy of international law, particularly the United Nations Convention on the Law of the Sea (UNCLOS), is the cornerstone on which we define and protect our territory and maritime entitlements in the SCS. It is this principle and the requirements of UNCLOS that governed the passage in 2009 of the Philippine Archipelagic Baselines Law (R.A. 9522). It is also the same principles that underpin the two vital pieces of proposed legislation defining our maritime zones and archipelagic sea lanes.

In the same manner, we are fully committed to the spirit and letter of the 2002 Declaration on the Conduct of Parties in the South China Sea between ASEAN and

China, and will utilize all diplomatic means at our disposal to work for a binding regional code of conduct.

To reinforce this goal, we offered a framework that transforms the SCS from an area of dispute to a Zone of Peace, Freedom, Friendship, and Cooperation (ZoPFF/C) by a segregation of disputed relevant features from the undisputed waters of the SCS consistent with UNCLOS. In the words of President Aquino, ZoPFF/C is a modality for ensuring that “what is ours is ours, and with what is disputed, we are willing to work towards joint cooperation.”

There should be no room for discourse on what are clearly internal waters. The disputed features, on the other hand, can be transformed into a Joint Cooperation Area for joint development and the establishment of a marine protected area for biodiversity conservation under ZoPFF/C.

We are confident that ZoPFF/C represents an important contribution to securing peace, stability and progress in the SCS within a rule-of-law framework, and that the concept deserves serious and favorable consideration by countries with stakes in the SCS.

The Philippines’ policy in the SCS, both with respect to securing its terrestrial and maritime domain and to advocating dispute resolution and joint cooperation where applicable, is grounded on an unwavering adherence to international law. Since international law must be observed, it behooves the Philippines to embrace this imperative to the fullest.

Ladies and gentlemen,

The immutable forces of geography have predestined for our countries a shared history; but it is the choices we have made through the years that has allowed our relations to evolve and to endure. As we stand at important crossroads, we are called upon again to reshape our engagement in a way that will allow it to meet our mutual needs, and grow beyond our expectations.

I firmly believe in the strength of our alliance, and more so in the dynamism of the ties that bind us. By the grace of God, and with the determination of our governments and people, I am confident that we can provide a new impetus to our relations, which will propel us towards our shared aspirations for peace, prosperity and progress.

Thank you very much.