In Washington, Yasay Defends the Duterte Doctrine

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 Philippine foreign secretary Perfecto Yasay on September 15 gave a speech at CSIS during his first visit to the United States since President Rodrigo Duterte took office in late June. Yasay, who visited Washington amid questions over the direction of U.S.-Philippines relations under Duterte, had an opportunity to reassure his audience on the strength of the U.S.-Philippine alliance and spell out the tenets of the “independent foreign policy” that Duterte vows to pursue. In the end, he did a little of both, but more recent pronouncements from Duterte—and contradictory attempts at clarification from his cabinet—have left some questions unanswered.

Yasay affirmed the Philippines’ “fidelity” to a strong U.S.-Philippines alliance, which he called “a vital component of the Philippines' independent foreign policy.” He stressed that, as it embarks on a journey of change, the Philippines will always view the United States as an “esteemed and trusted ally with whom we share not just a common history and shared values, but a common destiny as well.” Yasay added that the Philippines remains “committed to the principled network of alliances that has for many years guaranteed the stability and enabled the prosperity in our region.”

At the same time, he reminded the audience that Philippine independence was hard-fought and that the country’s right to self-determination was enshrined in its constitution. Yasay spelled out the three pillars he said have “always anchored” Philippine foreign policy—economic diplomacy,
In Washington, Yasay Defends the Duterte Doctrine (continued)

national security, and the protection of overseas Filipinos—that will guide the Duterte government’s engagement with old and new partners. While those who expected to hear a vision for the U.S.-Philippines alliance over the next six years may have been left wanting, Yasay offered some insights into the thinking behind Duterte's foreign policy views.

Yasay sought to portray U.S.-Philippines relations as a broad-based partnership that extends beyond the realm of security cooperation, and called for greater U.S. investment—especially in the information technology sector—and more robust bilateral trade, which last year reached $18 billion. The United States is currently the fourth-largest foreign investor in the Philippines.

It is important to note, however, that U.S.-Philippine cooperation in governance, the rule of law, and development over the past six years is already an important driver of the relationship. Between 2012 and 2016, the U.S. government invested over $739 million in the Philippines through the Partnership for Growth initiative, in an effort to address what the two sides had identified as the country's four main growth constraints: weak governance, constrained public finance, inadequate infrastructure, and weak human resources.

While he acknowledged that U.S.-Philippine military cooperation has deepened over the past six years, Yasay did not elaborate on the future of the Enhanced Defense Cooperation Agreement (EDCA), which the two sides signed in 2014 and allows for the rotation of U.S. troops and equipment through Philippine bases over a 10-year period. The two governments announced a limited rollout of EDCA at five Philippine bases earlier this year.

Yasay said simply that the Philippine Supreme Court’s ruling on the constitutionality of EDCA early this year “paves the way for the United States and the Philippines to better address security and disaster-related imperatives.” In response to a question on whether Washington should be concerned about the “momentum to implement EDCA,” Yasay affirmed that the Philippines will “maintain, respect, and preserve” the alliance and agreements signed with the United States.

Yasay’s speech signaled a desire to see the non-security elements of the alliance, such as trade and investment, governance, education, and people-to-people exchanges, be accorded greater visibility than in the past. This
is because Duterte, the foreign minister says, is interested above all in ensuring the social mobility of all Filipinos versus the advancement of a wealthy few—a veiled reference to criticism that the fast economic growth rates under the previous administration did not trickle down to most ordinary Filipinos.

Yasay made several points that surprised those in Washington not accustomed to hearing this kind of narrative from a close and longstanding U.S. ally in the region. Responding to a question on how bilateral relations can be managed in the coming years given the rising death toll of Duterte’s drug war, Yasay said the two sides “should proceed on the premise that the Philippines and the United States are sovereign equals,” adding that his countrymen cannot forever be the “little brown brothers of America.”

This message seems to be at the heart of Duterte’s foreign policy. As Duterte stressed at a press conference during which he proclaimed his independent foreign policy, the Philippines has “every right to pursue an independent foreign policy without interference.” Duterte has shown his extraordinary sensitivity to any criticism of his domestic drug-war policies, which will continue to constrain relations with the United States as well as the EU, UN, and others.

In his prepared remarks, Yasay interestingly made no direct mention of China. However, he affirmed that the July ruling by the arbitral tribunal at the Permanent Court of Arbitration on the Philippines’ case against China’s South China Sea claim is “final and binding to all parties,” and that “whatever tracks the Philippines pursues will be based on the decision of the tribunal.” He reminded the audience of the importance of confidence-building measures in the aftermath of the ruling, since there are no mechanisms to enforce the ruling. He also made clear that the South China Sea dispute is only one part of the Philippines’ relationship with China.

In response to questions following his speech, Yasay sought to clarify Duterte’s recent statement that he no longer wants the Philippines to conduct joint maritime patrols with the United States or other countries, and that Manila should patrol only within its own territorial waters. On this
point, Yasay said that joint patrols in Philippine territorial waters—which extend 12 nautical miles from its coast—“will continue and must continue because this is our commitment to the United States.” However, he repeated that joint patrols in areas within the Philippine exclusive economic zone, some of which he described as “contested,” would be off limits, but added that the Philippines “will continue to undertake its own patrol” in international waters.

In recent days, Yasay’s clarifications of Duterte’s foreign policy have been more confusing. During a September 28 speech in Hanoi, Duterte declared an end to joint exercises between the United States and the Philippines following the amphibious landing exercises taking place October 4-12. Speaking to the media immediately after the speech, Yasay insisted that Duterte was referring to the earlier pronouncements of canceling joint patrols. Pressed further by the media, Yasay later said that the announcement was about joint exercises but that previously approved drills would continue through 2017, after which exercises would be evaluated.

Duterte also said earlier that he wanted U.S. troops based in Mindanao in the southern Philippines to leave rather than risk being kidnapped by Abu Sayyaf militants. During his remarks in Washington, Yasay explained that the suggested departure of U.S. personnel—who provide military advice for Philippine counterterrorism operations—would be only an “interim” measure to ensure their safety while the government launches an all-out war against the group.

It is too early to tell whether Washington can take the foreign policy vision that Yasay laid out at face value. Despite the often contradictory public statements made by Duterte administration officials, the foreign minister by necessity has had to soften the president’s rhetoric on issues related to the United States and the U.S. role in the Philippines. There is little question Duterte is set on pursuing a more independent foreign policy, at least when it comes to regional security issues, but it remains to be seen whether he will decide to roll back other areas of bilateral U.S.-Philippine cooperation.
It is important to recognize that Philippine foreign policy under Duterte, while marking a shift from the Benigno Aquino era, is still in its formative stage. Some of its elements represent grassroots aspirations in the Philippines that deserve to be better understood in Washington, while others are merely exploratory, and not strategic, in nature—in dealing with either the United States or China.
INDONESIA

- **Indonesia to pursue Google over unpaid taxes.** Indonesian authorities are pursuing Google for allegedly failing to pay taxes on its advertising revenue, according to a September 19 Financial Times report. Google could face fines of over $400 million for 2015 alone if authorities determine that the company has evaded corporate tax payments. According to the Jakarta Special Tax Office, Google Indonesia allegedly paid less than 0.1 percent of the total tax it owed in 2015. The investigation comes as Indonesia seeks to boost tax revenue in an effort to reduce its budget deficit.

- **Central bank cuts interest rate to boost recovery, domestic demand.** Indonesia’s central bank on September 22 cut its benchmark interest rate for the fifth time this year to 5 percent from the previous 5.25 percent in an effort to help energize the country’s recovery and to “prop up domestic demand.” The central bank also reduced the overnight deposit rate for banks to 4.25 percent and the overnight borrowing rate it charges banks to 5.75 percent. Central bank governor Agus Martowardojo said Indonesia could continue monetary easing policy until early 2017.

- **ConocoPhillips to sell its 40 percent stake in Natuna gas block.** Indonesia’s PT Medco Energi on September 19 said it will purchase ConocoPhillips’s 40 percent stake in an oil and gas sharing block that it operates in the Natuna Sea. Medco Energi had previously agreed to purchase a majority stake in Indonesia’s second-largest copper and gold mine from Newmont Nusa Tenggara, the Indonesian subsidiary of U.S.-based Newmont. Details of the purchase, including the transaction value, have not been disclosed.

MYANMAR

- **Military sentences soldiers to five years in prison, hard labor for murder of civilians.** A court martial on September 15 in Lashio Township in northern Shan State sentenced seven soldiers to five years in prison with hard labor for murdering five civilians in a local village. The verdict marks the first time Myanmar’s military publicly sentenced its own personnel for rights violations. Critics, however, have said the sentence is too short and does not include compensation for the victims’ families.

- **USAID backs $10 million microfinance loans for agricultural sector.** The U.S. Agency for International Development on September 20 launched a seven-year, $10 million microfinance loan guarantee program for
Myanmar’s agricultural sector. The loan guarantee aims to help farmers gain better access to business loans of up to $5,000. The program is part of U.S. efforts to boost economic support to Myanmar.

- **Parliament scraps “midnight inspection” law.** Parliament on September 19 approved a bill to scrap a clause in the junta-era Village Tract Administration Law that allowed authorities to conduct late-night searches in private homes. Despite objection from all appointed military lawmakers, the bill received 255 votes in favor and 155 against. The “midnight inspection” law required residents to report overnight guests to local authorities. Guests visiting for more than one month must still be registered.

**PHILIPPINES**

- **Duterte says he is guiding U.S.-Philippines relations to “point of no return.”** President Rodrigo Duterte on September 26 said he is “about to cross the Rubicon” regarding U.S.-Philippine relations and that he plans to open “business alliances” with Russia and China. Duterte has blasted the United States repeatedly in recent weeks over its criticism of human rights abuses in the Philippines’ war on drugs. Speaking at the Center for Strategic and International Studies on September 15, Philippine foreign secretary Perfecto Yasay said the Philippines cannot forever “be the little brown brothers of America” and emphasized Duterte’s push for an independent foreign policy.

- **De Lima ousted as Senate commission chair for probe into extrajudicial killings.** Senator Leila de Lima on September 19 was removed as chair of the human rights committee amid a probe into extrajudicial killings committed during the ongoing Philippine war on drugs. De Lima, a former justice secretary and outspoken critic of President Rodrigo Duterte, was ousted just four days after hearing testimony from a surprise witness who claimed to be a former hitman of Duterte’s alleged “death squad” in Davao City. Duterte ally Senator Richard Gordon was subsequently named chairman, a move observers believe will render the probe ineffectual.

- **Duterte clarifies call for U.S. troops to leave Mindanao.** President Rodrigo Duterte on September 20 said his earlier calls for U.S. troops to leave Mindanao were not an attempt to kick the U.S. military out of the Philippines permanently, and acknowledged the need for continued U.S. support in the South China Sea. Duterte said his September 12 call for the departure of U.S. Special Forces troops from Camp Navarro was necessary for peace talks with insurgent groups in Mindanao. The U.S. military provides surveillance and technical support to Philippine counterinsurgency efforts in the restive southern island.
VIETNAM

- Arrest warrant issued for fugitive former SOE head amid anticorruption campaign. Vietnamese authorities on September 17 issued an international arrest warrant for Trinh Xuan Thanh, former chairman of the construction unit of state-owned oil and gas company PetroVietnam, for “deliberately acting against the state’s regulations on economic management.” Thanh is believed to have fled Vietnam. The government is conducting a probe into the unit’s loss of approximately $150 million during the 2011-2013 period, and has arrested four of its executives.

- Vietnam may increase foreign ownership limit in banking. Prime Minister Nguyen Xuan Phuc on September 15 told representatives of investment funds in Hong Kong that Vietnam may raise its cap on foreign ownership in Vietnamese banks above the current 30 percent. Vietnam has in recent years allowed foreign banks and wealth funds to acquire stakes in five of its largest domestic lenders, in which foreign ownership has reached the 30 percent limit. Phuc was meeting with investors as part of his first official visit to China since taking office.

- Vietnam rejects appeal by popular blogger, sentences land rights activist. A court in Hanoi on September 22 upheld a five-year sentence for popular blogger Nguyen Huu Vinh, widely known as Anh Ba Sam, rejecting his appeal to have his sentence reviewed. Vinh, a former policeman, was convicted on charges of “abusing democratic freedoms” to carry out anti-state activities. Separately, a Hanoi court on September 20 sentenced land rights activist Can Thi Theu to 20 months in jail for causing public disorder by organizing land rights demonstrations.

MALAYSIA

- Election commission releases new voting districts amid speculation of early polls. Malaysia’s Election Commission on September 15 published amendments to voting districts, fueling speculation that the government of Prime Minister Najib Razak could hold early elections next year. While the changes do not create new parliamentary seats, opposition parties claim the redrawn boundaries will shift more opposition supporters to large constituencies with more than 100,000 voters while breaking up ruling party supporters into multiple constituencies, which could help the ruling Barisan Nasional coalition win back a number of seats. Najib must call general elections by mid-2018.

- Malaysia signs MOU on power trade with Thailand and Laos. Malaysia, Thailand, and Laos on September 21 signed a memorandum of understanding on the implementation of cross-border power trade.
According to Malaysia’s Energy, Green Technology and Water Ministry, the agreement will enable Malaysia to purchase up to 100 megawatts of hydropower from Laos and have it transmitted through Thailand by 2018. The agreement is part of the ASEAN Power Grid initiative aimed at strengthening energy security in the region.

- **Mahathir, Anwar Ibrahim condemn Malaysia’s new security law.** Former prime minister Mahathir Mohamad and his former deputy, Anwar Ibrahim, on September 19 condemned the government’s new National Security Council Act, which came into force in August. The two said the legislation “threatens the democratic system” by reducing the power of the Malaysian monarchy and the Conference of Malay Rulers in important security matters. The joint statement came two weeks after the pair met for the first time in 18 years, signaling their desire to put their enmity aside and mount an opposition campaign on Prime Minister Najib Razak.

**THAILAND**

- **Prime minister orders halt to use of military courts for security offenses.** A decree published in the government’s *Royal Gazette* on September 12 announced that civilians would no longer be tried in military courts for security offenses. Ongoing cases will still be tried in military courts. Thai authorities have tried more than 1,800 individuals in military courts for security violations since the May 2014 coup.

- **Government sets up new Digital Ministry to support reform agenda.** Thailand on September 15 said it has created a new Ministry of Digital Economy and Society to replace the former ministry of information and communications technology, as part of the government’s broader effort to boost the flagging economy. The new ministry will be tasked with planning, promoting, and developing activities to transform Thailand into a digital society and economy. The National Legislative Assembly is in the process of deliberating a number of bills on cyber security and the digital economy.

- **Thailand, China agree on cost of joint railway project.** Transport Minister Arkhom Termpittayapaisith on September 21 said that China and Thailand have agreed to a cost of $5.15 billion for the first phase of the Kunming-Bangkok railway project. Thailand will be responsible for the project’s construction costs and China will handle its technical systems. The first phase of the railway will stretch from Bangkok to the northeastern province of Nakhon Ratchasima. The two sides have previously delayed the start of construction several times due to disagreements over the terms of the deal.
SINGAPORE

- **Singapore allows extradition in U.S. Navy bribery scandal.** A Singapore court on September 22 approved the U.S. government’s request to extradite Linda Raja and Neil Peterson, former executives of Singapore-based defense contractor Glenn Defense Maritime Asia (GDMA), amid an investigation into a fraud scheme involving the U.S. Navy. Raja and Peterson on September 15 were charged with conspiring with GDMA owner Leonard Glenn Francis to defraud the U.S. Navy with more than $5 million in false claims. The scandal first came to light in 2013 and has implicated 16 individuals, including 11 U.S. naval officers.

- **Singapore named best country for expats for second year in a row.** A survey by London-based multinational bank HSBC published on September 21 named Singapore the world’s best expatriate destination in 2016, marking the second year in a row that Singapore topped the Expat Explorer Survey. More than 500 expatriates living in Singapore participated in the poll, citing the country’s high wages, rich career opportunities, and safety. Hong Kong ranked second in the Asia-Pacific region and thirteenth worldwide.

LAOS

- **Laos-China rail project slated to break ground in December.** The construction of the 150-mile rail line between Vientiane and the Laos-China border is slated to begin by December 2017, according to a September 14 report by the *Vientiane Times*. Estimated to cost $6 billion, the project is part of China’s plan to build a railway network that would eventually connect the Chinese city of Kunming to Singapore. Vientiane is expected to sign agreements with six Chinese construction companies and six consultancy firms in October.

CAMBODIA

- **CNRP will end boycott of Parliament.** Cambodia National Rescue Party (CNRP) member Son Chhay on September 20 said the opposition party will end its boycott of Parliament in hopes of negotiating a solution to the ongoing deadlock with the ruling Cambodian People’s Party. Son Chhay said the CNRP plans to use its parliamentary presence to question Defense Minister Tea Banh over the military’s intimidation of the CNRP and Agriculture Minister Veng Sakhon on land disputes and falling rice prices. Prime Minister Hun Sen said a few days earlier that Parliament would be the only place for the two sides to talk, but refused to negotiate any deals with the opposition.
• **Land rights activists sentenced to six-month prison sentence.** A court in Phnom Penh on September 19 sentenced four female land rights activists to six months in prison for insulting and obstructing public officials during a 2011 land rights protest. The court said the women blocked roads and insulted and hit officials, causing injury to two security guards. Around 50 protesters gathered outside the court calling for the case to be dropped.

**TIMOR-LESTE**

• **Arbitration court rules it has jurisdiction over Timor-Leste-Australia maritime boundary talks.** The Permanent Court of Arbitration at The Hague on September 26 ruled it has jurisdiction to hold mandatory conciliation talks between Timor-Leste and Australia over the establishment of a permanent maritime boundary in the Timor Sea. Earlier this year, Australia contested the legality of an international commission to hear the case on the grounds that an existing treaty, invoking a 50-year moratorium on negotiations, meant there is no basis for conciliation. The mediation process is expected to take place over the next year.

**SOUTH CHINA SEA**

• **Japanese defense minister says Japan will conduct joint training patrols with U.S. in South China Sea.** Japanese defense minister Tomomi Inada on September 15 told an audience at the Center for Strategic and International Studies that Japan will conduct joint training with the U.S. Navy in the South China Sea. In addition to the U.S.-Japan bilateral exercises, Japan will provide Vietnam and the Philippines with additional patrol ships in an effort to increase the maritime law-enforcement capacity of regional powers. The move comes in response to increased Chinese assertiveness in the East and South China Seas.

• **Indonesia, U.S. plan joint patrols against illegal fishing in South China Sea.** Indonesia’s Marine Affairs and Fisheries Ministry on September 21 announced plans for joint patrols with the U.S. Navy along Indonesia’s South China Sea border to combat illegal fishing and human trafficking. Maritime Affairs and Fisheries Minister Susi Pudjiastuti said the many foreign fishing boats operating in Indonesian territorial waters necessitated cooperation with the United States, which sends aircraft carrier strike groups through Indonesian waters during regular patrol routes.

• **China, Russia conduct joint naval drill in South China Sea.** Chinese and Russian naval forces conducted their largest-ever bilateral combat
exercises from September 12 to 19 in the South China Sea. The exercises, called Joint Sea 2016, included naval gunnery, antisubmarine warfare, maritime interdiction, and amphibious assault. The cooperation on maritime issues comes in the wake of Russian president Vladimir Putin’s September 5 announcement that Russia supports China in its opposition to the Permanent Court of Arbitration ruling that declared China’s extensive South China Sea maritime claims invalid.

- **Satellite images show Taiwan building possible anti-aircraft emplacements on Itu Aba.** Google Earth satellite images of Itu Aba Island show new construction that could be antiaircraft gun towers, according to a United Press International story published September 20. Defense officials from Taiwan, which holds Itu Aba as its sole feature in the South China Sea, asked Google to blur the images showing four structures just off the shore of the island. Images of the island taken last year do not show the structures.

**TRANS-PACIFIC PARTNERSHIP**

- **Vietnam delays ratification of TPP amid uncertainty in U.S. Congress.** Vietnam will delay ratification of the Trans-Pacific Partnership (TPP) trade agreement when its National Assembly reconvenes on October 20, according to a September 20 Bloomberg report. The National Assembly website said the vote is delayed “because many countries in the world haven’t approved it so we shouldn’t take the lead.” Ratification by Vietnam would largely be a formality, as top Communist Party officials had expressed their unanimous support for the deal in January.

**ASEAN**

- **ASEAN to increase cooperation in light of Zika outbreaks.** ASEAN health ministers on September 19 held a teleconference calling for further collaboration to combat the spread of the Zika virus in the region. The ministers issued a joint statement on cooperation in five key areas: strengthening disease surveillance, leveraging existing mechanisms for information sharing, enhancing the effectiveness of the regional response, taking appropriate measures to manage risk by ensuring access to diagnostic testing, and conducting research and sharing knowledge of best practices. Zika cases have been recorded in most ASEAN countries, except Brunei, Laos, and Myanmar.
CSIS Asian Architecture Conference. The CSIS Southeast Asia Program, Scholl Chair in International Business, and Simon Chair in Political Economy on October 11 will host the annual CSIS Asian Architecture Conference. The conference is being organized after the East Asia Summit (EAS) in September and ahead of the Asia-Pacific Economic Cooperation (APEC) forum in November. CSIS will bring together key thought leaders, business executives, and policymakers from the United States and Asia for a discussion on some of the important issues surrounding the EAS and APEC. They will discuss plans for the upcoming APEC summit in Peru and the opportunities and challenges for infrastructure development in Asia, and offer thoughts on how the next U.S. administration might take full advantage of Asia’s regional architecture. To RSVP, email the Southeast Asia Program.
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