

2

The Philippine Approach to Regional Cooperation

Mitsuo Fukushima

The end of the Cold War has wrought major changes in the international environment surrounding the Philippines. Almost in parallel with this, there have been dramatic developments in the domestic situation in that country. The most crucial of these were the deterioration in the economy and political climate which began in late 1989 and the rejection by the Senate of the treaty leasing bases to the U.S. in 1992. The foreign policy of the Philippines, in particular its regional cooperation, has reflected this tumultuous domestic political and economic situation and has been strongly governed by it. To study the approach taken by the Philippines in regional cooperation after the end of the Cold War, therefore, we have to clarify how the domestic situation in the Philippines, the backdrop to all this, and the country's position in the economy, politics, and security of the region have changed before and after the Cold War. This will enable us to determine what the objectives and emphasis of regional cooperation are in its foreign policy. We will then examine what kind of approach the Philippines is actually taking with respect to regional cooperation. Finally, we will try to make some projections on future developments.

I. Changes in Domestic Political Climate

Here, we will give an overview of the changes in the domestic political situation to the extent required for examining the foreign policy of the Philippines. First, we will consider the anti-government insurgency and then the country's political stability.

1. Decline of Anti-Government Insurgency

As everyone knows, the Philippines turned away from authoritarian rule to democracy as a result of the February 1986 civil uprising. Political stability was not achieved under the ensuing Aquino administration, however. The insurgents who had been engaged in anti-government activities against the Marcos administration

continued substantively unchanged. The anti-government insurgents include the Communist Party of the Philippines/New People's Army (CPP/NPA), the Moro National Liberation Front (MNLF) and other Muslim separatist movements, the Reform the AFP Movement (RAM) whose failed coup d'état against Marcos led to the February uprising, the related Young Officers Union (YOU), and the anti-Aquino Marcos Loyalists.

RAM has been dissatisfied with the Aquino administration's policy toward the Communist insurgents and staged a failed coup d'état in December 1986. Since then, it has attempted a total of six coups, including a massive operation in December 1989. All ended in failure, but military rebels remained the biggest destabilizing factor in the political arena. Potential support for them rapidly receded, however, due to the protracted political instability and declining economy. The establishment of the Ramos administration in June 1992 spelled the waning of their influence. The Ramos administration, riding the wave of support from the former Aquino Administration, rode out the crisis and was launched peacefully through fair elections. Accordingly, the military rebels, who had argued that the previous administration had not been legally established through fair elections, lost their justification for anti-government insurgency.

On the other hand, the Communist forces, which had posed the greatest threat to the Marcos administration, lost their basis for growth and began shrinking in size. This was due to the ideological dispute over how to evaluate the legal anti-government forces led by former President Aquino against the Marcos dictatorship, the restoration of democratic institutions under the Aquino administration, and the economic recovery, including in the agricultural sector, in the first half of the administration. Further, the progress made in the counter-insurgency operations, including civic actions, by the military caused the NPA forces to fall from their peak 1987 level of 25,200 to about one-third that or 8,350, at the end of 1993. The Armed Forces are planning a "Lambat Bitag II." This is a revised version of the counter-insurgency masterplan of the Armed Forces which cut the NPA from its 23,000 of 1988 to 16,000 by June 1991 and aimed at further halving the forces by the end of 1992.¹ The dispute between the pro-Maoist Jose Maria Sison faction and the anti-Sison faction which argued the possibility of legal struggle, which surfaced in 1992, led in 1993 to a critical internal rift throughout the entire Communist Party, New People's Army, and National Liberation Front (NDF).

The Muslim secessionists movement had already split in the MNLF, the Moro Islamic Liberation Front (MILF) and the MNLF Reformist Group in the days of the Marcos administration. The Muslim secessionists movement can still field around 20,000 men.² Its activities are scattered and local in nature and no longer pose a major threat to the central government. The activities, however, continue to be a serious obstacle to the security and economic development of the western Mindanao.

The Ramos administration began peace talks with the main anti-government forces shortly after its inception under the national unification policy. It has not yet achieve a final reconciliation with any of these forces yet, but, overall, things are moving in the direction of greater stability.

2. *Weak Base of Administration*

The Aquino administration was based on a coalition of the left, right, and center due to the way in which it started and was threatened by repeated coup d'état attempts by the military rebels. Further, President Aquino failed to exercise sufficient leadership. Accordingly, the administration ended up running the country without any clear basic political or economic direction. While nominal political and economic democratization was achieved, no real gains were made. Behind this were, first, the reaction to and backlash from the authoritarian rule of Ferdinand Marcos and the resultant rejection of strong political leadership and the rising tide of strong populist political culture due to the role of people-power in the February uprising, second, the revival of a strong Congress, and, third, the revival of vested interest and elite groups in politics and the economy.

The dwindling threat of anti-government insurgency has brought an end to the long period of fundamental political instability, but new obstacles to stability and growth appeared in its stead due to the combination of the above three factors. In particular, the increasing tendency for politicians at the central level to base their actions with constant eye on upcoming elections has invited stagnation in Congressional politics. The political parties, like before Martial Law, basically are comprised of politicians seeking political favors and guarantees of organizational and financial support for their election campaigns from presidential hopefuls. Despite the extremely high 75 percent support rating for President Ramos by an opinion survey,³ this political situation makes implementation of national policies based on a medium or long term perspective and entailing some short term sacrifices difficult.

Under the Ramos administration, the minority ruling party succeeded in forming a majority coalition (112 seats out of 200) in the House of Representatives, but held only two seats in the Senate. Due to the internal dispute in the opposition party Laban ng Demokratikong Pilipino, which held 12 seats in the Senate, Senator Edardo Angara, considered close to Ramos, was elected as the new Senate President in early 1993, so the Congress was run relatively smoothly that year. In the start of 1994, however, there was a mounting confrontation between the government and the Senate over critical economic reforms. Behind this was the pressure from the business community which was trying to protect vested interests and, also, the approaching elections in May 1995. In those elections, all of the members of the House of Representatives, half of the Senators, and all local officials come up for the reelections. In particular, the Senators will be elected at large therefore any support for unpopular policies may endanger their chances for reelections. A March 1994 country paper by Chase Manhattan Bank noted that "The Senate was the stumbling block [to reforms], perhaps reflecting the lack of political will to overcome powerful vested interests." It added that "Even when legislation is finally passed, the process is excruciatingly slow."⁴

The entrenchment of a populist political culture was already clearly to be seen in the approach of the government to the opposition to prices hikes in the Aquino administration. The same is true of the Ramos administration. The civil movement encompasses everyone from the left or the reform movement called the "new left" to the labor unions, RAM, and religious organizations and other moderate groups. They mobilized huge masses of people left out of the party-based political process over the

hike in oil prices in February 1994 and the expanded 10 % value added tax (VAT) in July to press for withdrawal of them. The government was pushed to retract the hike in oil prices due to the fears of an adverse effect on public order and political stability. In May, the LDP Senators who had voted for the amendment turned their backs on it when faced with strong popular protest. The issue of the VAT was brought to the Supreme Court. In the end, on August 25, the Supreme Court upheld the constitutionality of the law, clearing the way for its implementation on October 1.

II. Key Issue is Economic Recovery

1. Laggardly Performance of Economy

The economy began falling apart in 1990. In addition to the political instability engendered by the failed coup d'etat of the end of the previous year, there were droughts, power shortages, the huge earthquake in Northern Luzon in 1990, the Gulf Crisis, and the eruption of Mt. Pinatubo in June 1991. Even after 1992, the economy failed to improve due to further declining conditions, such as even worse power shortages, and the surge in kidnappings and other organized crimes. There was close to zero real growth in the GDP from 1990 to 1992. The economy finally turned toward recovery in 1993 in which the GDP recovered 1.7 percent. The GNP, including remittances from overseas workers etc., has grown by a rate somewhat faster than the GDP or 2.3 percent in 1993. There has not, however, been almost any increase in the real per capita production when considering the 2.4 percent rate of population growth. The unemployment rate in the third quarter was at a high level of 8.1 to 9.9 percent for the years 1988 to 1993. The percentage of the population below the poverty line was 45.5 percent in 1988 and 46.5 percent in 1991, so was probably somewhat worse in 1993.

Since the late 1980s, the Philippines has been left behind by the other ASEAN nations as they pursued rapid economic growth. In 1991, the business community began to view this as a crisis situation and realized the necessity of economic liberalization and deregulation policies. Most major politicians shared this view. When it came to the formulation and implementation of policies for tariff reductions, deregulation of foreign investment, and the like, however, conflicting interests of individual industries always came up as a major obstacle. The same is true of measures to cut the fiscal deficit of the government which is essential for economic recovery and stable growth. In most cases, the process takes time and involves much wavering back and forth due to the interests of individual industries and political repercussions. As a result, the opportunity is sometimes allowed to slip away.

In addition to the shadow political events cast over the economy, the changes in relations with the U.S. forced the Philippines to shift in its foreign policy which has been inward looking and reliant on the U.S. to a regional outlook. As will be explained later, the refusal by the Senate to ratify a new Bases Treaty brought a de facto end to the long years of close relations with the U.S., which the Philippines had relied on for military and economic aid. Since the 1974 expiration of the RP-U.S. Trade Agreement (generally referred to as the Laurel-Langley Agreement), which had set the pace for

economic relations with the U.S. since the end of World War II, economic relations with the U.S. had grown gradually weaker. In the future, the Philippines has to play on an almost level field with the other ASEAN nations in relations with the U.S. It cannot expect much either in military assistance or economic aid. Even before the refusal to ratify the new Bases Treaty, the U.S. had been strongly pressing the Philippines as an equal partner to not only protect intellectual property rights, but also to liberalize trade and investment and eliminate the surplus in its trade with the U.S. The Philippines is now placed in the position of having to deal on its own not only with issues of national defense, but also of economy.

The Aquino administration established policies for reforming the economy, but was not able to make any great strides forward with them. The Ramos administration has continued the basic policies of the former administration and is giving first priority to economic development. It has designated as preconditions for its restoration of political stability and public order and promotion of reforms based on economic liberalization and deregulation. In 1993, the government launched the "Philippines 2000" plan for bringing the Philippines into the ranks of the NIEs by the year 2000. The plan is an extremely ambitious one viewed from the current state of the economy. The government's "Medium-Term Philippine Development Plan (1993 to 1998)" targets for 7.5 percent average annual GNP growth rate. Most recent estimates by the government, however, see only a 5.5 percent average annual GNP growth from 1994 to 1998.⁵

2. Conditions for Economic Development Present?

Economic development mainly depends on industrial development. Therefore, as shown by the experiences of the other ASEAN countries, the key is the introduction of foreign capital and technology. Due to the protectionist barriers plus the power shortages and poor state of public order, foreign direct investment (as registered with the central bank) has in the past few years been only under US\$400 million a year. While it took a long time, the government has gradually been tearing down the traditional protectionist barriers to trade, such as by liberalizing foreign exchange and enacting a law in May 1994 for deregulating foreign investment in the banking sector, which had been de facto closed since World War II except to four branches of foreign banks and to 30 percent equity ownership. As part of its deregulation of foreign investment in the banking sector, the government amended the General Banking Act to allow another 10 branches of foreign banks and, separate from this, up to 60 percent foreign ownership in domestic banks. The House of Representatives' draft bill allowed foreign banks to enter into the field in two ways, i.e., setting up a branch and establishment of a 100 percent domestic subsidiary, but the Senate version allowed only either a branch or a subsidiary to be established and limited foreign equity to 60 percent. In this respect, the domestic banks successfully lobbied on their own behalf. Further, in 1994, the power shortages were fairly much ended. In June 1994, a law was enacted amending the value added tax and therefore the negotiations with the IMF over the 22nd financing (EFF, 3 years, US\$648 million) which had been pending since 1991 finally reached a successful conclusion. This is expected to result in an increase in loans from international institutions and official development assistance, which had long been held up.

In 1993, the government began clamping down on kidnappings and other organized crime and on corruption in the Philippine National Police and further worked to dismantle the private army of local strongmen. As a result, it appears that the corner has been turned in crime and deteriorating public order.

In this way, it appears as if the conditions are being laid for high economic growth in the Philippines. Foreign investment in fact began rising in 1994, due in part to the high value of the Japanese yen. As seen before, however, under the current political conditions in the Philippines, it is extremely difficult to fight vested interest groups and push forward with national goals or to formulate and implement the necessary policies at the times required and to maintain consistency in the key policies for economic growth. This is also true of foreign trade and business policies. The 1993 World Bank country report emphasized that "Two essential ingredients, which have been stressed in other East Asian countries but which have been lacking in the Philippines are consistency of policy and a sense of national purpose."⁶

The Philippines still has a somewhat higher per capita GNP compared with Indonesia, but lags behind the rest the ASEAN in terms of economic growth. With things being as they are, without a massive infusion of foreign investment, the Philippines would have a difficult time catching up to Thailand even over the medium term. Accordingly, it is being forced to make decisions even more difficult than other ASEAN nations in regional economic cooperation in Southeast Asia, particularly ASEAN, in view of its domestic economic situation.

III. End of the Cold War and Shift in Foreign Policy

The Ramos administration considers foreign policy to be a means for achieving economic objectives. Secretary of Foreign Affairs Romulo announced guidelines for shifting the emphasis in Philippine diplomacy from politics to economics right after taking office in 1992 and emphasized the necessity of economic growth and development for democracy and greater freedoms. Of course, the basic principles of the traditional foreign policy of the Philippines have been maintained, that is, support for the United Nations, a continued partnership with the U.S., and reliance on collective security arrangements.

The end of the Cold War meant the end of the military tension between the Eastern and Western camps in Southeast Asia. The effect of all this on the Philippines, however, was not in fact that great. Almost in parallel with the final collapse of the Cold War structure, historical changes occurred in the relations between the Philippines and the U.S. Further, it would be more accurate to say, the Philippines was not in a state allowing it to suitably handle these changes in its external environment. For example, the collapse of the socialist camp had almost no effect on the Philippine Communist Party. This was probably because the party had in recent years already received almost no assistance from the socialist countries in ideology, funding, or weaponry and there were social and economic problems generating support for the party, such as extreme poverty, even worse than in other ASEAN countries.

1. *Changes in Relations With U.S.*

Relations between the Philippines and the U.S. since the end of World War II have changed from one of a so-called “special relationship” based on common interests of the Philippines with its old suzerain state the U.S., that is, dependence on the U.S., to limited independent diplomacy based on a growing nationalism. The close special relationship had been maintained institutionally through the agreements and treaties concluded between the two countries in the early years of the former’s independence. These were the RP-U.S. Trade Act (usually called the Laurel-Langley Agreement, 1946) which gave American citizens parity, or equal rights, with their Filipino counterparts and defined a special trade relationship, the Bases Treaty (1947), and the related Military Aid Agreement (Military Aid Treaty, 1947) and Mutual Defense Treaty (1951).

The American military bases in the Philippines, the most notable of which were Clark Air Base and Subic Naval Base, served as forward defense bases for the containment of Soviet Union and China in Asia-Pacific region along with American bases in South Korea, Taiwan and Japan during the Cold War. The Philippine government then considered these military treaties to ensure the country’s external security. Critics, including Nationalists, denounced that the treaties would serve not Philippine but American interests and the presence of U.S. bases had always been the target of Filipino nationalist protest. At the demand of the Philippines, the Bases Treaty was revised several times. One of the most important revisions was the reduction of duration of the agreement from the original 99 years to 45 years. Thus the agreement was to remain in effect until 1992 (this includes the serving of one year’s notice for termination), unless fresh negotiations were initiated to extend it. Philippine Secretary of Foreign Affairs Narciso Ramos and U.S. Secretary of State Dean Rusk signed an exchange of notes to this effect on September 16, 1966.⁷

The situation in Asia changed dramatically. Measures were taken to ease tensions in the region under the Nixon Doctrine of 1969. In 1972, the U.S. normalized ties with China by the signing of the Shanghai Communique between President Nixon and late Chinese Premier Zhou Enlai. In 1973, the U.S. completed its pullout from Vietnam. In April 1975, Saigon fell. The Council of Ministers of SEATO decided to phase out the organization on September 1975 (formally completed on June 30, 1977). By July 1976, all U.S. military personnel had been completely phased out from Thailand. In 1978, the Soviet Union and Vietnam concluded a Treaty of Friendship and Cooperation.

In the Philippines in late 1960’s to early 1970’s massive protest rallies were held against “American imperialism.” It prompted Marcos to start emphasizing an independent foreign policy.⁸ There was a rising apprehension over U.S. commitments to its allies under its mutual defense treaties due to the developments in Vietnam war.

Similarly, the other ASEAN nations shifted from their traditional policy of ideological confrontation with Indochina to one of encouragement of diplomatic relations with those countries. In July 1975, Marcos and Thailand then Prime Minister Kukrit Pramoj in a joint communique reaffirmed the “temporary character” of U.S. military bases in the region.⁹ In July of the following year, the Marcos government issued, with the People’s Republic of Vietnam, a joint communique in which the

both government pledged “not to allow any foreign country to use one’s territory as a base for direct or indirect aggression and intervention against the other country or other countries in the region.”¹⁰

The Philippines established diplomatic relations with China in 1975 and made strong demands for revision of the security relationship with the U.S., including the Bases Treaty. Formal negotiations began in the following 1976. Before starting the negotiations, the Ford administration had concluded that the retention of all facilities and their functions in the Philippines was “vital” in supporting U.S. objectives in the Pacific area, but since 1977 U.S. diplomatic and defense circles had been debating on the dispensability of U.S. bases in the Philippine. The withdrawal and relocation of the bases from the Philippines, however, was decided against.¹¹

The negotiations were broken off at the end of 1976 as Gerald Ford left office and it was not until early 1979 that agreement was finally reached. The break occurred over amount of compensation for the use of the bases. The U.S. offered US\$1 billion for five years, US\$500 million each for military and economic assistance, as compensation for use of the bases. On the other hand, the Philippines asked for US\$2 billion for a five year period, half for military and the other half for economic assistance. In the revised treaty, the two sides agreed on restoration of Philippine sovereignty over the bases, placement of the bases under the command of Filipino base commanders, return of unused portions of bases, and renegotiation every five years. The amount of the assistance pledged along with the treaty revision was for US\$500 million in military aid for five years. Economic assistance was not clearly stipulated. Despite the revisions, there was no substantial change in the status and privileges of the U.S. in use of the bases. Philippine sovereignty over the bases had only symbolic meaning. This was because the American forces in the Philippines were continued to be guaranteed unhampered military operations under Article V of the new treaty just as in the 1947 Treaty.¹²

The governments of the other ASEAN nations showed strong interest in the negotiations over revision of the Bases Treaty. When the talks with the Ford administration broke down, the governments expressed their apprehensions that their own safety would be threatened if the bases were abandoned. The Manila press reported that the other ASEAN nations were pressuring the Marcos regime to compromise with Carter on the base issue.¹³

The importance of the base negotiations for the Philippines was less in assuring security from external threats than in the increase of military and economic assistance as compensation for the base leases. The Philippines had been troubled by guerrilla activity by the Communist Party/New People’s Army, and MNLF, but the RP-US Mutual Defense Treaty included no built-in guarantee of immediate common defense against an externally assisted internal attack. The U.S. Congress, further, interpreted the treaty as obliging the U.S. to repel an attack only if the U.S. bases were directly attacked.¹⁴ Based on this, the Marcos administration decided to implement its Self-Reliance Defense Program (SRDP) and demanded increased military aid, but the American government and Congress moved to cut back aid due to their critical view of authoritarian rule.

2. *End of Cold War and Rejection of New Bases Treaty*

Revised in 1966, the treaty governing U.S. bases in the Philippines was set to expire in September 1991. The U.S. armed forces were obliged to withdraw within one year after that. Accordingly, negotiations started in May 1990 over a new Bases Treaty (formally called the RP-U.S. Treaty of Friendship, Cooperation, and Security). The negotiations ran into an impasse over the period for the base lease and the amounts of direct and indirect compensation. In February 1991, the Philippines offered a seven year lease, while the U.S. asked for seven years plus three years for withdrawal. The Philippines demanded US\$850 million a year in compensation (US\$400 million direct) while the Americans argued for US\$520 million (US\$360 million direct). Due to the eruption of Mt. Pinatubo in mid-June 1991, however, Clark Air Base became unusable and the situation thereby became extremely disadvantageous to the Philippines. The U.S. then proposed to pull out from Clark Air Base before September 1992 and to lease Subic Bay Naval Station for 10 years plus one year for withdrawal and offered US\$362.8 million in direct compensation a year and US\$203 million from 1993 on. The Philippines agreed to this proposal the next day and the two countries signed the new treaty on August 27.

The Philippine Senate, which had the authority to ratify the treaty, rejected it by a vote of 12 to 11 on September 16 after heated debate both inside and outside the congress. The government offered the American government an administrative agreement allowing three years for withdrawal to ease the effects of the pullout on the economy, but the U.S. government failed to take up the offer. At the end of the year, the Philippine government finally had to notify the American government of the termination of the 1947 RP-U.S. Bases Treaty on December 31, 1992. A ceremony was held on November 24, 1992 on the return of Subic Naval Base, whereon the last American soldier pulled out of the Philippines.

The point of contention at the Senate had been whether to ratify the treaty to address the country's economic problems or to reject it to give priority to the principles of nationalism, including implementation of the non-nuclear article of the Constitution. At the time, unemployment rate had reached 18 percent. The closure of the bases would have deprive about 90,000 base-related workers of their jobs. On the other hand, Professor Solita Monsod of the University of the Philippines estimated that the total losses from the first year after a U.S. pullout would amount to US\$421 million, or 11.8 billion pesos at the current exchange rate, equal to 1.1 percent of the current GNP. The total revenue of the National Government in 1992 was 242.7 billion pesos.

How was the security issue of the Philippines itself dealt with in the debate over the new Bases Treaty? In the speeches of the 23 senators in the Senate, only eight alluded to the question of external security.¹⁵

The 12 senators who opposed the new Treaty signed the non-concurrence resolution on the Treaty on August 27, 1991.¹⁶ In his speech, Senator Enrile, former Secretary of Defense under the Marcos regime, argued that we did not have enemies to fear.¹⁷ Senator Maceda stated that "The American have made it clear that the bases cannot be called on to support us in the event of an open dispute in the Spratley Islands. Yet, this is the only imminent external problem that we foresee over the next few years."¹⁸

Only five of the Senators who voted for the new Treaty mentioned the security issues. Senator Angara pointed out the need to keep “sea-lanes adjacent to the Philippines accessible for free use by everyone” with the US maintaining its bases and naval and air forces in the Philippines.¹⁹ Senator Osmena cited boarder conflicts with the neighboring countries.²⁰ Senator Paterno stated that there was no clear immediate threat of external aggression.²¹ Senator Alvarez argued that there was no enemies in the Pacific Basin where everybody seems to be too busy making money.²² Senator Gonzales also warned that the Philippine-US security partnership was vital to the collective security strategy in Southeast Asia.²³ Senator Shahani argued that the Cold War had ended, but that the international situation was still fluid and that a 10-year preparation period would be required for deciding whether the bases should be withdrawn.²⁴

In this way, one can say that not even one Senator argued the need for American military bases for protecting the country from external threat. Protection of sea lanes, fluid international situations, and the like were not issues central to the Philippines. Also, the U.S. Armed Forces had never intervened in any small scale conflicts in the adjoining waters and there had never been any reports of the Philippine government requesting assistance in such circumstances.

3. *Security Issue of the Philippines*

Turning to the issue of the Spratly Islands, which Senator Maceda gave as the only imminent security problem foreseeable in the next few years, American authorities had repeatedly stated that the mutual defense pact covered the territory of the Philippines as defined by the 1898 Paris Treaty, that the Spratly Islands were outside of that territory, and that they would not provide aid even if the waters or islands over which the Philippines claimed sovereignty and occupied were attacked. The Philippines occupies eight of the Spratly Islands. Presidential Decree No. 1596 of June 11, 1978 established these as the Municipality of Kalayaan. As of March 1991, the Philippines had stationed 50 soldiers on the biggest of these islands, Pagasa, and no more than seven on the other seven islands.²⁵

Accordingly, what we can say from the statements of the Senators is that they did not believe that the Philippines was under any grave external threat or had any enemies. The U.S. had taken a similar view since the height of the Cold War. In 1950, the U.S. National Security Council concluded that “external threats to the Philippines appear to be relatively remote at this point.”²⁶ Further, in 1983, Rear Admiral La Rocque testified in a U.S. Bases hearing of the Congress that “if the U.S. withdrew its bases, there would be no negative effect on Philippine sovereignty, primarily because the Philippines faces no external threat.”²⁷

For the insular nation of the Philippines, which faces the Asian continent safely across the South China Sea, unlike the countries of continental East Asia, there is only the chance of a small scale conflict in nearby waters—there is in fact extremely little external threat, either realistically or psychologically.

The only point of contention in the debate over the U.S. Bases Treaty was the defense capabilities of the Armed Forces of the Philippines (AFP). Up to then, the AFP had dealt with domestic threats using land forces. It was weak in terms of air and sea defense and relied on the U.S. military for external defense in those areas and

on U.S. military aid for almost all its armament and equipment. U.S. Ambassador Frank Wisner stated at the 34th meeting of a mutual defense commission of May 1992 that the Philippines would lose all means of defense against external threats after the complete pullout of American forces from Subic.²⁸

In 1991, then Secretary of National Defense Ramos stated that the Philippines did not have the capacity—air and naval of protection and was not ready to assume the burdens and responsibilities of security.²⁹ Therefore, the AFP formulated a 10-Year Modernization Program to start from 1991 to deal with external threats under the assumption that there would be no pullout of American forces for the time being. This called for a shift in emphasis from the traditional domestic counter-insurgency to external defense and, toward that end, a reduction in the Army and augmentation and modernization of the Air Force and Navy through reforms in manpower, equipment, and organization. The total cost of the program was to have been about 140 billion pesos.³⁰ The goal of the program was to build an independent defense capability on a par with the other armed forces of ASEAN.³¹ One-third of the fund for the modernization plan, however, would be financed from the bases compensation package.³²

In 1991, the AFP were substantially 100 percent dependent on allocations from the Foreign Military Fund (FMF), derived from the base compensation package, for their supplies, spare parts, fuel, etc. On the other hand, about 70 percent of the about 16 billion pesos of the 1990 military budget, or 11 billion pesos, was used for salaries and benefits for the 120,000 man forces.³³ According to Defense Secretary De Villa, the U.S. had given twice the government budget to the AFP through the Military Bases Agreement (MBA). Then Air Force Commander Abadia stated that the Air Force only had six fighter planes only two of which were able to perform any missions. He indicated that without American assistance, the Air Force would have no usable aircraft at all by 1995.³⁴ Navy Commander Mariano Dumancas Jr. indicated that the Navy was better off than the Air Force, but that it acquired an average 28 percent of its required supplies from the base compensation package in 1987 to 1991 (49% in 1991, as against 61% for the Air Force, 73% in 1991), so withdrawal would have a striking effect on its ability to wage war.³⁵

IV. Approaches to Regional Cooperation

As seen above, the Philippines is lagging far behind the rest of the ASEAN nations in terms of its political, economic, and security conditions. In August 1994, the Lakas-National Union of Christian Democrats (Lakas-NUCD), the ruling party of President Ramos, and the Laban ng Demokratikong Pilipino (LDP), which held 17 of the 23 seats in the Senate, agreed to form a coalition. Ramos therefore neutralized cause of his biggest potential political headaches up to at least the 1995 elections.³⁶ The coalition would be fielding a common slate, divided equally between the two parties for 12 senate seats that must be contested in 1995 up for reelection. Of course, the aim of the LDP was to secure reelection of its four Senators. The remaining opposition parties would be the Nationalist People's Coalition (NPC) and the KBL (New Society Movement). On the other hand, the formation of this coalition shows that the Ramos

administration had failed to sufficiently broaden its popularity and base of support. After the elections, will come the 1998 presidential elections. Concern remains that there is no guarantee that the political situation will continue to be stable in the future, but this hangs to a considerable extent on the economic growth in the next one or two years.

1. *Regional Economic Cooperation*

At the heart of regional economic cooperation are the AFTA (ASEAN Free Trade Area), which aims at realization of a free trade area by the year 2008, sub-regional economic area concepts, and policy coordination in liberalization of trade and investment, and human rights and environment issues. The tariff reductions under the AFTA were to have begun at the start of 1993, but only Singapore and Malaysia have implemented them on schedule. The Philippines, like Indonesia and Thailand, has put off implementation until after 1995. The Philippines has also seen major delays in coordination between government and domestic industries due to protectionist pressures from domestic industry in the decision on which items to cover and which to exclude from the tariff reductions.

In the case of the Philippines, only 24.03 percent, the lowest level, of the total number of items for which tariffs are to be reduced (at HS-6 digit level) are fast track items, while the greatest percentage, 75.97 percent, are normal track. The ratio of items covered in all tariff items is 78.71 percent, the lowest level.³⁷ Current tariff rates of over 20 percent are supposed to be lowered to 20 percent in the period from 1998 to 2001. In the Philippines' case, 19.5 percent of the total number of the normal track items and 12.2 percent of the fast track items have tariff rates over 20 percent. These are the lowest after Singapore at 0 percent and Malaysia at 8.7 percent in the case of the normal track items and after the same at 0 percent and 5.6 percent for the fast track items as well. However, the simple average tariff rate of the 15 items covered by the fast track is the highest, 19 percent, in the Philippines and Thailand. The rate for Indonesia is 14 percent and for Malaysia 11 percent. Further, in terms of the temporary exception items (at HS-9 digit level) which must be adjusted within eight years, the Philippines stands second (with 714 items) to Indonesia (1654) in number of items, followed by Malaysia (627), Brunei (208), and Thailand (118). The rates of temporary exception items (at HS-10 digit level) against all items for which tariffs are to be reduced are 13.82 percent, 18.36 percent, 6.67 percent, 3.31 percent, and 1.33 percent, respectively.

It is difficult to draw any conclusions at the present time over the effects of AFTA on the Philippines. As indicated by the large number of products which are temporarily excluded, the related industries will demand continuation of exception in the medium term in the future as well due to the long economic slump of the Philippines. AFTA has as one of its aims, in addition to greater regional trade, the attraction of foreign investment by the establishment of a good investment environment. Wages in the Philippines are the second lowest in the ASEAN countries after Indonesia, yet some of its labor intensive industries are tending to be moved to the lower wage level countries such as China and Vietnam. Further, many export industries, including labor intensive industries, are proceeding to mechanize in order to improve quality and productivity. At the very least, in ASEAN, low wages will soon no longer be an

enticement to foreign investment. Accordingly, the Philippine government or business community as a whole must make up for the delays up to now and catch up with the rest of the ASEAN countries with the AFTA in order to realize its "Philippines 2000" plan, though there will be difficulties in coordination of interests among individual industries.

Stimulated by the success of the growth triangle based around Singapore, consideration was given to a "Northern Triangle" comprised of Aceh, North Sumatra in Indonesia, Kedah and three other states of Malaysia, and five southern provinces of Thailand. The concept of an "East ASEAN Growth Area" (EAGA) linking Davao City and General Santos City of the Philippines, Northern Sulawesi and East and West Kalimantan of Indonesia, Sabah and Sarawak in Malaysia, and Brunei was developed. The EAGA was proposed by the Philippines. President Ramos reached agreement with Prime Minister Mahathir over consideration of this concept during his visit to Malaysia in January 1993. He further obtained the agreement of President Suharto over realization of this concept when he visited Indonesia in late September, after which agreements on the postal service, air travel, and sea transport were concluded and the way toward greater intra-regional exchanges was opened up.³⁸ The Philippines had at one time called enthusiastically to Taiwan over a concept of an economic area linking the south of Taiwan with northern Luzon, but this never materialized. The EAGA would provide a critical opportunity for development of lesser developed areas not only in the Philippines, but in the other two countries as well.

In general, the aim of a sub-regional economic area is for regions to pool their differing resources to promote development. This economic area, comprised of Mindanao, Sulawesi, and Borneo and surrounding the Celebes Sea, has abundant mining, agricultural, and fishing resources. Borneo produces oil and natural gas, Kalimantan coal, Southern Mindanao bananas and pineapples, and Sulawesi cloves and other farm products. The region, however, does not have any industrial area which could serve as the heart of all of this. With the exception of oil refining and other processing of mineral products, the share of industrial production in the area covered was just from about 13 percent of that of Sulawesi and Sabah to about 20 percent of that of Mindanao and Sarawak.³⁹ Mindanao, however, has abundant human resources, including a well trained labor force, compared with the other regions, while Brunei has tremendous capital resources. In the Philippines, which initiated this concept, the local business community in Southern Mindanao has taken the lead in its promotion and has been calling for Mindanao to be used as the industrial base for the growth area. The Philippine side appears to wish to construct oil refining bases using the oil of other regions, but first will start with the processing and manufacture of agricultural and fishery resources in the area and then move on to light consumer goods for the region. Many difficulties are foreseen, however, at the actual stage of development. For example, there is no existing industrial area of any significant size, sea and air lanes connecting the areas have not yet been established, and funds have to be raised.

On the other hand, Indonesia issued its Presidential Decision No. 28 of 1993 for promotion of EAGA at the end of July 1994 and designated expansion of air cargo, shipping, fishing cooperation, and tourism development as four areas required for its

immediate realization. The Indonesian government has first of all decided to use public funds to build key airports, seaports, and other infrastructure in the region and to encourage private investment. For the time being, it is targeting tourism development.⁴⁰ Also, Indonesia's airline is running scheduled flights between Manado and Davao.

Right now, on the Philippine side, the EAEG concept is notably being pushed by the Philippine fishing industry, eager for access to Indonesian waters.⁴¹ While the Philippines and Indonesia have not reached agreement over exclusive economic zones, Indonesian authorities have adopted the permissive attitude towards Filipino fishermen operating in their waters. The newly incepted EAGA, however, was heavily damaged by the repercussions of the Indonesian government's all-out opposition to the "Asia Pacific Conference on East Timor" in Manila at the end of May by human rights groups from 20 nations. In the end, the Philippine government defused the issue by making the compromise of banning foreign participation in the conference in concern over a deterioration of relations with Indonesia.⁴²

The Indonesian government repeatedly expressed its displeasure over the conference to the Philippine government. Indonesian information officers stationed in Manila made statements to the effect that the conference touched upon the sovereignty of their country and was harmful to bilateral relations and suggested the possibilities of effects on the peace talks with the MNLF. The Philippine government confirmed again its position that it recognized East Timor as Indonesian territory. President Ramos stated on May 13 that "we have the support of the Indonesian government in our peace talks (with the MNLF) and hope that bilateral relations will not deteriorate due to this type of conference. We would like it understood that our Constitution does not inhibit such activities of private groups."⁴³ The Indonesian government, however, began putting the pressure on. It postponed the date of peace talks with the MNLF and drastically began to impound the operations of Filipino fishing boats in the Celebes Sea. Indonesian officials and businessmen sent word they not be attending a May 26-27 meeting, "East ASEAN Business Conference," in Davao.⁴⁴ The conference was postponed and nine of the 12 joint ventures due to be signed at the conference were put on hold. About 25 small Filipino fishing boats based in General Santos City were impounded by Indonesians in the space of a week. According to Antonio Peralta, Filipino economic adviser to the EAGA, "If the Filipino fishing fleets are prohibited by Indonesian authorities, then General Santos' five canneries would have to have closed down."⁴⁵

The ASEAN countries have various disputes with each other over their territorial boundaries, fishing rights, overlapping exclusive economic zones, etc., but all give priority to economic development and are either shelving these issues or else are moving in the direction of resolving them through negotiations. The strong-arm tactics by a big country in the region may be effective in the short run, but harbors the risk of harming regional cooperation in the future. Further, as seen above, at the end of July after the incident, Indonesia issued a presidential command promoting the EAGA to demonstrate positive support for the EAGA. Even without this type of incident, it will probably take close to 10 years for the EAGA to set itself up to a certain extent.

2. *Regional Security and the Spratly Islands*

The Philippines has the weakest external naval and air defense forces even amongst the ASEAN nations. While succeeding in reducing insurgencies and able to make major cutbacks in land forces, the Philippines will not be able to maintain any modern air or sea defense forces able to match those of the other ASEAN nations due to its medium term shortage of fiscal resources. President Ramos stated in November 1992 that the Philippines had insufficient defense forces, but that there did not appear to be any threat of armed invasion, so he had no intention of joining in the military expansion of ASEAN, but that he was beginning work on a US\$7 billion modernization plan for enabling the country to match the capabilities of its neighbors within the next 10 to 15 years.⁴⁶ In May 1994, however, former Armed Forces Chief of Staff, General Lisandro Abadia, accused the Congress of dragging its feet on the US\$8.7 billion long-term modernization program he presented in 1993. In response, Senator Orlando Mercado said that only 10 percent of the US\$724 million annual defense budget went for new equipment while 70 percent was consumed by bloated payroll. And he demanded a reduction and rationalization of the Armed Forces.⁴⁷ Along with the winding down in domestic insurrections, there had been plans for the Philippine National Police (PNP) to assume the job of maintenance of domestic security, including counter-insurgency duties, from the Armed Forces at the end of 1992 and for the Armed Forces to devote themselves exclusively to external defense. The lack of preparedness of the PNP, however, resulted in this transfer of jurisdiction being delayed again until the end of 1994.

A look at the budget the ASEAN countries spent on an average for their armed forces from 1988 to 1992 shows Thailand in the lead with US\$1.9 billion (2.3% of the GNP), followed by Indonesia at US\$1.58 billion (1.44%), Singapore with US\$1.4 billion (5.1%), and Malaysia with US\$1.23 billion (1.38%). The Philippines spent only US\$956 million (2%)—the lowest in absolute terms.⁴⁸

While no longer hosting American military bases, the Philippines is the only ASEAN country with a mutual defense pact with the U.S. It continues to stage joint military exercises with the U.S. In his speech at the ceremony over the return of the Subic Bay Naval Station, President Ramos demanded a clarification of the “automatic retaliation clause” in the RP-U.S. Mutual Defense Pact, which for many years now has been a source of friction between the two countries. Before that, General Charles Larson, Commander in Chief of the U.S. Pacific Forces, announced that claims over sovereignty were not covered by the treaty and that the U.S. would not assist the Philippines in the case of a military clash over the Spratly Islands.⁴⁹ Judging from the current international climate, the U.S. will probably not intervene militarily in any dispute over territorial land or waters between the Philippines and its neighbors.

On the other hand, in November 1992, the National Security Council (NSC) of the Philippines announced its perception of the dispute over the Spratly Islands as one in which “no realistic threat of attack is foreseen.”⁵⁰ In 1994, there was an incident in which Vietnam built a lighthouse on an island over which the Philippines claimed sovereignty. In June, Assistant Chinese Foreign Minister Wang Mingfan lodged a protest over the Philippines having granted American companies an oil exploration permit covering a portion of the disputed Spratly Islands.⁵¹ This type of incident will

probably keep on occurring in the future, but in the area of border disputes, in particular the Spratly Islands issue, which poses the most realistic external threat to the Philippines, even the countries concerned are leaning heavily toward a peaceful resolution of disagreements, including some form of joint development.

In relations with Taiwan, there is a territorial dispute over the seas to the north in addition to the issue of the Spratly Islands. In the past, there have been incidents of fishing vessels being seized by each side for violation of territorial waters. In 1992, 13 Taiwanese fishing boats were seized.⁵² On the other hand, Taiwan requires a place for its investments and an inexpensive labor force, while the Philippines has common interests in that it needs foreign investment and overseas jobs. The two countries have established "economic and cultural offices" in Manila and Taipei. In July 1991, the Office of the President of the Philippines and the Council of Agriculture of the Executive Yuan of Taiwan signed a fishing treaty under which the Philippines allowed Taiwanese fishing boats to travel along two sea lanes going through disputed waters to fishing grounds in the South Pacific and Taiwan agreed to provide economic assistance. The treaty was scrapped one month later, however, as a result of strong protests by China. Instead, the government has declared the two sea lanes on the Pacific open for noncommercial travel by foreign fishing vessels, which of course are mainly Taiwanese.⁵³

In relations with Malaysia, the issue of sovereignty over Sabah has been shelved since the days of the Marcos administration. President Ramos visited Malaysia in January 1993 and met with Prime Minister Mahathir. The two agreed that the issue of sovereignty over Sabah should be discussed over sufficient time and therefore de facto put the matter on hold. The two leaders further agreed on the establishment of a joint commission for examining bilateral issues such as trade, investment, tourism, labor problems of overseas Filipino workers, and the concept of the East Asian Growth Area. The Senate has supported the shelving of the country's claims considering that it should focus on the establishment of strong economic relations with Malaysia and the other Southeast Asian countries at the present time.⁵⁴

On the other hand, at the end of March 1994, some 1,200 Filipino domestic helpers were rounded up at St. John's Cathedral in Kuala Lumpur. In mid-April, 85 Filipinos were detained on Labuan Island off Sabah. The state's Supreme Court affirmed death sentences to three Filipino drug traffickers.⁵⁵ There has been no end to incidents over labor migration. In February 1994, however, Prime Minister Mahathir visited Manila and calls for Malaysians to invest in the Philippines. In April, Azlan Shah, the paramount ruler of Malaysia, paid a further visit to cement relations between the two countries. In May 1994, the first meeting of the joint commission was held in Manila. The two countries deliberated over tougher measures to control the illicit flow of people and goods.⁵⁶ It is expected that bilateral relations will be gradually improved through such exchanges.

Conclusion

Judging from the current economic, political, and security situation of the Philippines, the Philippines lacks effective weight in diplomatic negotiations even compared with

the rest of the ASEAN nations. The participation of Indochina and Myanmar and other less developed countries in ASEAN might ease the pressures on the Philippines, but this brings up one of the problems faced by the Philippines at the present time. Slowly losing its wage competitiveness, the Philippines sponsored a seminar for investment in Vietnam in the beginning of 1994, which called for Filipino businessmen, in particular, garment manufacturers, to invest in labor intensive industries in Vietnam. The Philippines is therefore in the difficult position of having to catch up with the fast growing countries in the region while being pressured from behind by the less developed countries, which will be fierce competitors for foreign investment. Accordingly, until the country gets on the track of economic recovery and achieves sustained economic growth, the Philippines will probably have to maintain a generally passive stance in regional cooperation. In other words, what the Philippines requires the most, not only in regional cooperation, but in domestic affairs as a whole, is the spirit of ASEAN of consensus building and problem solving in negotiations.

Notes

- 1 *Business World*, Nov.13, 1991.
- 2 *Asiaweek*, May 11, 1994, p.31.
- 3 Public opinion survey, covering 1200 people, of Social Weather Station, July 1993.
- 4 *Far Eastern Economic Review*, May 12, 1994, p.23.
- 5 *ibid.*, p.28.
- 6 *ibid.*, p.30.
- 7 Patricia Ann Paez, *The Bases Factor: Realpolitik of RP-US Relations*, Manila: Center for Strategic and International Studies of the Philippines, 1985, p.91.
- 8 Paez, *op. cit.*, p.34.
- 9 *ibid.*, p.38.
- 10 *ibid.*, p.128.
- 11 *ibid.*, pp.129–160. The important factors in assessing the value of retaining the bases were the need for showing the ASEAN nations the American commitments to remain an Asian and Pacific power and continue to be involved in Asia (that is, the political symbolism of the bases) and, also, the increase in time required for warships to engage in battle in the event of relocation, limitations on base facilities and functions, and the increased expenses and manpower for building and maintaining new bases. Considering the advances made in military technology, it had been possible to withdraw from or reduce the scale and functions of Clark Air Base, but it was argued that its abandonment might be regarded by the Philippine government as a degradation of American military commitment. Clark's function of operating the US-Philippines air defense system was one of the most tangible evidence of American defense commitment under the RP-US Mutual Defense Treaty. Based on this considerations, it was concluded that "prudence would dictate no relocation of either Subic Bay or Clark Air base."
- 12 *ibid.*, *cit.*, p.104.
- 13 *ibid.*, p.157. Paez writes: Vietnam had stressed in 1978 that the regional cooperation between itself and the ASEAN governments was impossible unless it was carried out in a "new form" which among things, meant a withdrawal of all American bases from the region, but later softened its attitude towards the bases when it wanted to improve relations

with ASEAN because of its conflicts with China and Cambodia. (The December 1978 invasion of Cambodia by Vietnam strengthen regional support for the presence of American forces.) On the other hand, the other ASEAN nations had adopted the declaration of "Zone of Peace, Freedom, and Neutrality" (ZOPFAN) in Southeast Asia and were worried over inviting attack by taking actions counter to this, so found it convenient to avoid officially issuing a collective endorsements for the retention of the U.S. bases in the Philippines. To skirt this, they reportedly express privately their desire for a continued U.S. bases presence.

- 14 *ibid.*, pp.34–36.
- 15 See Mario Tungol, *Why They Voted "Yes" and Why They Voted "No" to the RP-US Bases Treaty of Friendship, Cooperation and Security*, Manila: Merriam & Webster, Inc., 1992.
- 16 See the full text reprinted in *ibid.*, pp.218–220. In the resolution the Senators argued: "Observing that the retention of the United States military installations in the Philippines is anachronistic in the context on the contemporary international situation characterized by the dismantling of the Cold War machinery and progressive disarmament and demilitarization, and therefore does not contribute to the 'maintenance of international peace and security' which is cited as a share concern of the two Government in the Preamble of the Treaty."
- 17 *ibid.*, p.78. Enrile said: "I ask, what enemies do we have to fear? The Soviet Union could not afford an aggressive war even before its disintegration. China only wants to survive unchanged. Our Southeast Asian neighbors may have modern arms, but they don't have the numbers, the battle doctrines and the experience that the poorly-equipped Philippine armed forces have acquired in the course of the longest-running insurgency in Asia. Modern weaponry does not win wars; soldiers do."
- 18 *ibid.*, p.99.
- 19 *ibid.*, p.16.
- 20 *ibid.*, p.42. Osmena asked: "we not forget the humiliation of the Malaysian gunboats bombarding Philippine villages in Tawi-Tawi and Taiwanese fishermen intruding in our seas with impunity."
- 21 *ibid.*, p.47. Paterno said "So long as infrastructure and social services are deficient, it is very difficult in our democracy, absent a clear immediate threat of external aggression, to generate the political will to appropriate sufficient budget to upgrade, let alone modernize, the Armed Forces."
- 22 *ibid.*, p.11. Alvares said "Today, the Pacific Basin is where everybody seems to be too busy making money to ever think of making war. There are no enemies here. Only the cartels and economic rivals...Its (the United States) presence ensures the unhampered economic rivalry in the Asia Pacific."
- 23 *ibid.*, p.23. Gonzales said "The Philippine-US security partnership has a vital feature of the collective security strategy in Southeast Asia...They (peace and security) must be backed by arrangements for collective security...Let us not be lulled by the peace that now obtained in the world and our region."
- 24 *ibid.*, p.64.
- 25 *Business World*, Mar.19, 1991.
- 26 Paez, *op. cit.*, p.290.
- 27 *ibid.*, p.136.
- 28 *Business World*, May 29, 1992.
- 29 Ramos quoted by Senator Osmena, Tungol, *op. cit.*, p.42.
- 30 *Business World*, Mar. 21, 1991.
- 31 *Manila Chronicle*, May 31, 1991.

- 32 Tungol, op. cit., p.65.
- 33 *Manila Chronicle*, Aug.12, 1991.
- 34 *Manila Chronicle*, Jul.1, 1992.
- 35 *Business World*, Aug.19, 1991. For example, the average age of the ships in the Navy was 40 years (*Business World*, Sep. 5, 1991). In 1992, Dumancas stated that with the 43 ships in operation, the Navy did not have enough sheer numbers of ships or capabilities to go after the modern, high speed boats of pirates, smugglers, illegal foreign fishers, and intruders (*Business World*, Jun.19, 1992). For example, the Navy reported that it had seized 76 vessels engaged in smuggling in 1992, but the 150 million pesos confiscated was only less than 25 percent of the estimated amount of smuggling (*Manila Bulletin*, Jan. 4, 1993).
- 36 *Far Eastern Economic Review*, Sep.8, 1994, p.24.
- 37 Portion regarding AFTA is based on Shigeru Itoga ed., *Ugokidasu ASEAN Keizaiken: 2008 Nen e no Tenbou* [ASEAN Economic Area on the Move: Outlook for Year 2008], Institute of Developing Economies, 1994. For the figures, see Tables 3, 4 and 5 in Tables and Charts of Basic Data.
- 38 *Nihonkeizai Shinbun*, Oct. 4, 1993.
- 39 Katsumi Nozawa, "The Aim of the East ASEAN Growth Triangle Concept: The Viewpoint of the Philippines," *Asian Trends*, 1993-III, No. 63, Institute of Developing Economies.
- 40 *Jakarta Post and Bisnis Indonesia*, Aug.1, 1994.
- 41 *Far Eastern Economic Review*, Jul. 28, 1994, p.30.
- 42 *Far Eastern Economic Review*, Jun. 2, 1994, p.17.
- 43 *Asahi Shinbun*, May 15, 1994.
- 44 *Asahi Shinbun*, May 21, 1994.
- 45 *Far Eastern Economic Review*, Jun. 2, 1994, p.17.
- 46 *Manila Chronicle*, Nov. 17 and 19.
- 47 *Asiaweek*, May 11, 1994, p.31.
- 48 *Manila Chronicle*, Nov. 30, 1992.
- 49 *Manila Chronicle*, Nov. 25, 1992.
- 50 *Manila Chronicle*, Nov. 19, 1992.
- 51 *Far Eastern Economic Review*, Jun. 30, 1994, p.20.
- 52 *Manila Daily Bulletin*, Jan. 3, 1993.
- 53 *Manila Chronicle*, Aug. 6, 1991.
- 54 *Manila Chronicle*, Jul. 24, 1993.
- 55 *Asiaweek*, May 4, 1994, p.45.
- 56 *Asahi Shinbun*, May 7, 1994.