

# PERSPECTIVE

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## **Duterte's Moscow Visit Advances Philippine and Russian Foreign Policy Goals**

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### **EXECUTIVE SUMMARY**

- Philippine President Duterte's truncated visit to Russia in May should be seen as part of an attempt by his administration to pursue a more balanced foreign policy by re-orienting the country's foreign relations away from the US and strengthening ties with other major powers.
- Duterte is particularly keen to develop defence cooperation with Russia, though the generally pro-US Philippine national security establishment remains more cautious. Philippine-Russia military exercises and Russian arms transfers to the Philippines have yet to be negotiated.
- Russia has responded enthusiastically to Duterte's overtures because the prospect of closer relations with Manila helps deflect criticism that its "turn to the east" is too China-centric, opens the way for arms sales and undermines US primacy in Asia.

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## INTRODUCTION

Although President Rodrigo Duterte's trip to Moscow was cut short due to an outbreak of violence in Mindanao, for two reasons his official visit to Russia on 22-24 May 2017 can be considered a qualified success for both countries. First, by travelling to Russia, Duterte was able to demonstrate his seriousness about enhancing relations with so-called "non-traditional partners", a key element of his pledge to pursue an "independent foreign policy" that reduces the country's perceived dependence on the US. For Russia, Duterte's visit was a public relations success because it helps strengthen the Kremlin's narrative that the country's "turn to the east" is real, substantive and not just about China. Second, the two countries signed a series of agreements aimed at broadening and deepening bilateral relations which have always been rather tenuous.

However, while both sides recognize the potentialities, it will take considerable time and effort before the Philippines and Russia become serious trade and security partners.

## WHY VISIT MOSCOW?

President Duterte wants to strengthen relations with Russia as part of his commitment to pursue an "independent foreign policy". According to the Philippine ambassador to China, Chito Santiago Romana, this policy consists of three elements: first, to reduce the country's dependence on the US; second, to normalize relations with China (which had hit rock bottom under Duterte's predecessor President Aquino); and third, to bolster ties with "non-traditional partners" such as Japan, India and Russia.<sup>1</sup>

Since taking office in June 2016, Duterte has moved quickly to operationalize these three elements, at least rhetorically.

On US-Philippine relations, Duterte has spoken of his desire to "separate" from the US, and reduce security ties between the two countries. He has threatened to terminate combined military exercises, end arms transfers from the US, and abrogate a 2014 agreement which allows for the rotational deployment of US forces to the Philippines. However, rhetoric aside, it is important to note that almost a year after Duterte assumed power, apart from the downsizing and refocusing of military exercises, the US-Philippine alliance remains essentially unchanged.

With respect to China, Duterte's policies have led to a significant improvement in bilateral relations. For over two decades, the principal point of contention in Sino-Philippine relations has been overlapping territorial and maritime jurisdictional claims in the South China Sea. Duterte has tried to reduce the salience of the Spratlys dispute by putting on ice the ruling issued by an Arbitral Tribunal on 12 July 2016 (which overwhelmingly favoured the Philippines), initiating bilateral talks and raising the prospect of joint development in disputed waters (both are Chinese preferences for resolving the dispute). As a result, bilateral tensions have eased considerably and China has rewarded the Duterte

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<sup>1</sup> Mico Galang, "US, China, and Duterte's 'Independent Foreign Policy'", *The Diplomat*, 6 April 2017.

administration with promises of US\$24 billion in investments and soft loans for major infrastructure projects in the Philippines. However, as with Philippine-US relations it is important to identify the gap between rhetoric and reality. While Manila may have changed its approach to Beijing, it has not changed the basis of its claims in the South China Sea and the Philippine national security establishment remains vigilant, and concerned, about Chinese activities in the Spratlys. A reversal of the current situation cannot be ruled out, especially if China again becomes more assertive.

In pursuit of the third element of Duterte's foreign policy, relations with Russia have advanced rapidly. In contrast to his barely disguised animus towards America, Duterte has spoken of his admiration for the Russians—describing them as “brighter” and more “generous” than Americans<sup>2</sup>—and President Vladimir Putin in particular, whom he once described as his “hero” presumably because of his illiberal views, tough stance on crime and terrorism, and opposition to US hegemony.

Duterte and Putin have met three times: in Lima, Peru in November 2016 during the APEC Summit; in Beijing in May 2017 at the Belt and Road Forum; and again in May in Moscow. During their meeting in Lima, Duterte accused the US of hypocrisy, bullying smaller nations and forcing the Philippines to contribute military forces to conflicts in which it had no interests.<sup>3</sup> In Beijing a month earlier, he had told an audience “I've realigned myself in [China's] ideological flow and maybe I will also go to Russia to talk to Putin and tell him that there are three of us against the world —China, Philippines and Russia. It's the only way.”<sup>4</sup>

Duterte has evinced a particular interest in establishing defence ties with Russia which hitherto had been practically non-existent. He has been very critical of the quality of US arms transfers—which are usually refurbished second-hand items such as ships and aircraft—and how the transfer of US defence equipment reinforces the country's dependence on the US. Moreover, Defence Secretary Delfin Lorenzana has lamented that the process of acquiring US arms is too slow, that Washington places restrictions on how those arms can be used, and that US Congressmen have threatened to cancel arms deals with the Philippines because of Duterte's “war on drugs”—which has led to thousands of extra-judicial killings—forcing Manila to look to China and Russia as alternative suppliers.<sup>5</sup> When Duterte was in Moscow, the Philippines' ambassador to Russia, Carlos Sorreta, commented that Philippine military personnel “should not be going into battle carrying arms attached to strings that run all the way to Washington”.<sup>6</sup>

As a major arms exporter, Russia has been very keen to meet Duterte's defence requirements. In Lima last year, Duterte said that Putin had offered him an extensive range of military equipment— from submarines to small arms—on a “buy one, get one free” basis.<sup>7</sup> In December 2016, Lorenzana met with representatives of the Russian defence

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<sup>2</sup> “Duterte repeats China war threat”, *Manila Times*, 24 May 2017.

<sup>3</sup> “Meeting with President of the Philippines Rodrigo Duterte”, President of Russia website, 19 November 2016, available at < <http://en.kremlin.ru/events/president/news/53275>>.

<sup>4</sup> “Duterte aligns Philippines with China, says U.S. has lost”, Reuters, 20 October 2016.

<sup>5</sup> “PH to shop for Chinese, Russian arms due to strict US conditions”, Reuters, 15 May 2017.

<sup>6</sup> “Envoy: Russia has no military interest in SEA”, *Philippine Daily Inquirer*, 24 May 2017.

<sup>7</sup> “Putin offered good deal for guns—Duterte”, *Philippine Daily Inquirer*, 25 November 2016.

industry in Moscow. In view of the country's limited defence budget, however, Lorenzana ruled out purchasing any "big ticket" items from Russia such as submarines or jet fighters but did express an interest in Russian equipment such as drone technology and rifles that the Armed Forces of the Philippines (AFP) could use against insurgents and terrorists.

In a concrete sign of the positive trajectory in bilateral defence ties, the Russian Navy paid two port calls to the Philippines in the first half of 2017. In January, the destroyer *Admiral Tributs*, accompanied by the tanker vessel *Boris Butoma*, pulled into Manila harbour on a four-day goodwill visit. On visiting the *Tributs*, Duterte was effusive in his welcome: "Anytime you want to dock here for anything, for play, for replenish supplies or maybe our ally to protect us".<sup>8</sup> In a speech onboard the warship, Russia's ambassador to the Philippines, Igor Khovaev, noted that while his country respected the Philippines's traditional partners, it was "ready to become a new reliable partner and close friend of the Philippines" and, in a dig at the US, was willing to sell Manila "sophisticated weapons, not second hand ones".<sup>9</sup> Rear Admiral Eduard Mikhailov, the head of the flotilla, suggested the two navies hold combined exercises to help improve Philippine responses to maritime piracy and terrorism.<sup>10</sup> In April, the guided-missile cruiser *Varyag* and tanker ship *Pechenge* visited Manila on another four-day goodwill visit. On a visit to the *Varyag* Duterte exaggeratingly remarked: "The Russians are with me, so I should not be afraid."<sup>11</sup> While Duterte has also visited a Chinese warship he has yet to visit a single US warship.

Despite the positive optics, Philippine-Russian defence exchanges should be kept in perspective. During the *Varyag's* port call, interaction between Russian and Philippine naval personnel was limited to cultural and sporting activities. A few weeks later, the US and Philippine armed forces held their 33<sup>rd</sup> annual Balikatan exercises which involved more than 5,000 troops.

## PHILIPPINE-RUSSIA BILATERAL AGREEMENTS

Duterte arrived in Moscow on Monday 22 May for what was supposed to be a four-day official visit. However, the day after his arrival he cut short his trip and on 24 May returned to the Philippines to deal with an outbreak of violence between Filipino security forces and Islamic extremists in Marawi City, Mindanao (Duterte declared martial law in Mindanao while he was in Moscow).

In a sign of Russia's eagerness to promote bilateral relations, Duterte's meeting with Putin was brought forward to Tuesday 23 May. At that meeting Putin expressed his condolences for the loss of life in Marawi, and his hope that the situation could be resolved with minimal casualties.<sup>12</sup> Duterte reportedly asked Putin for a soft loan to purchase Russian military

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<sup>8</sup> "Duterte hopes Russia will become Philippines' ally and protector", Reuters, 6 January 2017.

<sup>9</sup> "Russia offers Philippines arms and close friendship", Reuters, 4 January 2017.

<sup>10</sup> "Russia seeks maritime drills with Philippines, sends two warships to Manila", *International Business Times*, 3 January 2017.

<sup>11</sup> "Duterte: The Russians are with me", ABS-CBN News, 21 April 2017.

<sup>12</sup> "Meeting with Philippine President Rodrigo Duterte", President of Russia website, 23 May 2017, available at < <http://en.special.kremlin.ru/events/president/news/54552>>.

hardware to help address the deteriorating security situation in the southern Philippines.<sup>13</sup> Putin's response to Duterte's request was not reported. Prior to leaving Manila, Duterte had indicated an interest in acquiring precision guided munitions from Russia to fight Maoist and Islamic extremists. President Duterte invited his Russian counterpart to visit the Philippines, though it remains unclear whether Putin will attend the East Asia Summit (EAS) in Manila in November 2017.

Although Duterte managed to see President Putin, his meeting with Prime Minister Medvedev was cancelled. After his departure, Foreign Secretary Alan Peter Cayetano stayed on in Moscow to oversee the signing of ten bilateral agreements, the most important of which dealt with trade and defence.

The value of two-way trade between the Philippines and Russia is anaemic: a mere \$226 million in 2016, down from \$1.4 billion in 2013.<sup>14</sup> This dramatic drop in bilateral trade can be attributed to the downturn in the Russian economy due to falling oil prices and the effects of Western sanctions following the Kremlin's annexation of the Crimea in 2014. The agreement signed in Moscow aims to grow bilateral trade back to pre-2014 levels and above, and to encourage businesspeople to invest in each other's economies. Duterte was accompanied by a delegation of 200 Filipino businesspeople, and in an encouraging sign of economic synergies, US\$875m worth of commercial deals were concluded at a business forum on 25 May.<sup>15</sup>

On defence cooperation, the two sides agreed to increase personnel exchanges and port calls, send observers to each other's military exercises and develop military education links.<sup>16</sup> This agreement is designed to lay the foundation for future military-to-military activities, possibly including combined exercises and arms transfers.

Other bilateral agreements covered intelligence and foreign affairs exchanges, investments, agriculture, tourism, transportation and nuclear energy technology.

## **WHY IS RUSSIA SO KEEN ON THE PHILIPPINES?**

Since Duterte assumed office, Russia has responded enthusiastically to his overtures for three reasons.

First, by strengthening relations with the Philippines, the Kremlin can argue that its "turn to the east" policy is delivering positive and substantive results, and that Russia has not become dependent on China. Putin introduced his "Asia pivot" in 2012 to reduce the country's economic exposure to the West and to bolster trade ties with Asia's fast-growing

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<sup>13</sup> "Duterte asks Putin for soft loans to buy arms", *Manila Times*, 25 May 2017.

<sup>14</sup> "Overview of Philippines (PH) – Russian Federation (RF) Bilateral Relations", Embassy of the Philippines, Moscow, Russia website, available at <<http://www.moscow.pe.dfa.gov.ph/diplomaticrelations/jurisdiction/russia>>.

<sup>15</sup> "Philippines, Russia firms sign \$875m business deals", *Philippine Star*, 27 May 2017.

<sup>16</sup> "10 deals signed in Russia, even with Duterte at home", *Philippine Daily Inquirer*, 26 May 2017.

economies. The policy was given added impetus in 2014 when falling oil prices (Russia's principal export) and Western-imposed sanctions in the wake of Russia's annexation of Crimea ravaged the Russian economy. However, detractors have criticized the policy as being too China-centric with not enough attention being given to Southeast Asia and ASEAN-led forums such as the EAS (which Putin has failed to attend since Russia was admitted in 2011).<sup>17</sup> President Duterte's visit to Russia provided the Kremlin with a riposte to those critics who have accused it of neglecting Southeast Asia.

The second reason is transactional, particularly arms sales. Russia is the second largest arms exporter after the US, and Southeast Asia is an important market due to rising national defence budgets. Between 2010 and 2016, Russia sold US\$6.31 billion worth of military equipment—including submarines, frigates, fighter aircraft and helicopters—to Southeast Asia representing 13.2 per cent of its total global arms sales.<sup>18</sup> Its three biggest customers were Vietnam (US\$4.9 billion), Indonesia (US\$675 million) and Myanmar (US\$663 million), and it also made defence sales to Thailand, Malaysia and Laos. Because of the Philippines' longstanding alliance with the US, however, Russian defence companies have found it almost impossible to enter the Philippine market. This situation looks set to change under Duterte, though Russian arms sales will likely be modest given the country's small defence budget and the problem of interoperability, as well as opposition from the AFP which prefers US-supplied equipment.

Third, President Putin opposes US primacy and, like China with which it has forged a close strategic partnership,<sup>19</sup> seeks to undermine America's system of global alliances and partnerships. For both Moscow and Beijing, the Duterte administration's recalibration of the country's foreign policy provides a window of opportunity to develop military-to-military ties with the Philippines, thereby weakening the US-Philippine alliance (both China and Russia have adopted a similar strategy towards Thailand whose relations with the US have been strained since the army seized power in 2014). Moscow's geopolitical motivation helps explain Defence Secretary Lorenzana's repeated assertions that Russia has been quite "aggressive" in pushing for closer defence cooperation.<sup>20</sup> This development seems to have made the Philippine national security establishment—which has maintained extremely close relations with the US since independence in 1946—somewhat uncomfortable. Lorenzana, an ex-general, has himself adopted a very cautious approach to Russia (as he has with China), noting that future Philippine-Russia defence activities will be small-scale compared with military cooperation with the US.

## CONCLUSION

Duterte's Moscow trip helped both the Philippines and Russia advance their respective foreign policy goals, at least symbolically. The visit also laid the foundation for what the

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<sup>17</sup> Ian Storey, "What Russia's 'Turn to the East' means for Southeast Asia", ISEAS Perspective #67/2015 (3 December 2015).

<sup>18</sup> See SIPRI Arms Transfer Database, available at <<http://www.sipri.org/databases/armstransfers>>.

<sup>19</sup> Ian Storey, "The Russia-China Strategic Alignment: Consequences for Southeast Asian Security", ISEAS Perspective #59/2016 (26 October 2016).

<sup>20</sup> "Duterte asks Russia: Be PH ally and protector", *Philippine Daily Inquirer*, 7 January 2017.

two sides hope will become a more substantive relationship. Two-way trade will likely grow and interactions between the two countries' armed forces will probably increase. A key test of President Putin's commitment to Russia-Philippine relations—and indeed Russia-ASEAN relations more broadly—will be his attendance at the EAS in Manila in November 2017.

However, the Philippines' trade relationship with Russia will always be dwarfed by its economic ties to China, Japan and the US. Moreover, rhetoric aside—and as the presence of US Special Forces advisers in Marawi clearly demonstrates—America remains, and is likely to remain, the Philippines' primary security partner long after Duterte has left office.

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