

THE PHILIPPINES AND THE UNITED STATES: AN ENDURING PARTNERSHIP
Speech of Ambassador Albert del Rosario
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I am honored to have been asked to speak before the San Diego World Affairs Council. In the last three years, I have had the privilege of speaking at various fora sponsored by the World Affairs Council in Hampton Road, Virginia and in Cleveland, Ohio. Tonight, it is a matter of great satisfaction for me to contribute to your focus on international relations.

Within the time allotted to me, it is my hope to be able 1) to present a brief historical view of our relationship until the year 2001, 2) to discuss the enhancement of the relationship after the tragedy of 9/11, and 3) to close with an overview of the current political and economic developments in the Philippines.

I. HISTORICAL OVERVIEW

To begin this historical overview, the Philippine American relationship started over 100 years ago. In 1898 the Philippines was ceded by Spain to the United States. In 1898 as well, Filipino resistance against Spain shifted to the US which spanned three years until 1902 to end the Philippine-American War. For the next 33 years, the Philippines was a direct colony of the US. In 1935, the US placed the Philippines under a Commonwealth status or limited self-rule, with a promise of full independence after a 10-year period.

During this period, American influence had a profound impact on Philippine national life. Its most significant contributions were the introduction of the public education system, the use of English as the medium of instruction, the system of commerce and industry, health and sanitation, and transportation and communications. We also inherited the American system of laws and the American style of democracy.

WORLD WAR II

In 1942, before the Philippines could be granted its independence, World War II began. With the outbreak of the war, the Philippines was occupied by the Japanese for three years during which Filipinos and Americans combined their forces in mounting a valiant resistance. It was during this period that the epic battles of Corregidor and Bataan took place. In 1945 General MacArthur liberated the Philippines when he returned as promised.

LET ME JUST DO A QUICK ASIDE HERE:

As an Ambassador, I am not free to engage in commercial endorsements. There is, however, a movie called "The Great Raid" which is currently undergoing public showing. It factually depicts the rescue of 500 American POW's in a Japanese prison camp in the Philippines. It is considered as the most successful rescue effort in the annals of US military history. It brings to the fore the outstanding

collaboration of Filipinos and Americans to defend freedom and democracy,

PHILIPPINE INDEPENDENCE

In 1946, the Philippines was granted its independence. In 1947 the Philippines and US signed the Military Bases Agreement. Two of these bases, Clark and Subic, were the largest bases outside the Continental US.

MUTUAL DEFENSE

In 1951, the two countries signed the Mutual Defense Agreement, thus making the Philippines as the oldest treaty ally of the United States in Asia.

Determined to be allies in defending freedom, the Philippines stood together with the US not only in World War II, but also during the Cold War, the Korean War, the Vietnam War, and the Gulf War.

PEOPLE POWER

To fast forward our history, in 1986, the Filipino people brought down the Marcos dictatorship regime in the first-ever People Power Revolution. Under President Cory Aquino, followed by President Fidel Ramos, democratic institutions were rebuilt. During this period, the world also changed with the fall of the Berlin Wall and the collapse of the Soviet Union.

NON-RENEWAL OF BASES AGREEMENT

The end of the Cold War led to a revaluation of US bases in the Philippines. In 1991, the Bases Agreement was not renewed leading to a departure of US forces from the Philippines. With relations at its ebb, bilateral defense and economic cooperation fell sharply which led the Filipinos to believe even more that US assistance had been tied to the presence of military bases all along.

VFA/PEOPLE POWER II

After virtually no activity in the bilateral relations, 1998 saw their resurgence when the Philippine Senate ratified the Visiting Forces Agreement with the United States. While the Filipinos were averse to the maintenance of foreign bases in their country, they were open to allowing temporary access to US forces for joint military training exercises.

Three years later in 2001, the Filipinos staged a Second People Power Revolution ousting the corrupt administration of then President Joseph Estrada. As the constitutional successor, then Vice President Gloria Macapagal-Arroyo assumed the presidency.

II. TRAGEDY OF 9/11

Then came the tragedy of 9/11. This event served to bolster our alliance, as even before this horrific attack, the Philippines was already combating terrorism.

RAMZI YOUSEF

Prior to 9/11, in 1995 for example, we arrested in downtown Manila an Al Qaeda operative named Murad which led to the capture of Ramzi Yousef who was one of the masterminds of the 1993 World Trade Center bombing. Murad's arrest, interestingly enough, also pointed to the discovery of a plot for the use of commercial planes to bomb high profile US targets, which information we shared with the United States. We, moreover, successfully shut down operations of front charity organizations set up by Bin Laden's brother-in-law named Khalifa which funded terrorist activities.

FIRST ASIAN LEADER TO STAND UP

Immediately after 9/11, President Arroyo was the first Asian leader to support the US led "Operation Enduring Freedom" in Afghanistan. The Philippines subsequently enlisted in the "Coalition of the Willing for "Operation Iraqi Freedom". We believed that taking down Mr. Hussein was the moral thing to do and that addressing Iraq was an extension of the war on terror. With the fall of Saddam Hussein, we sent a 97-man humanitarian contingent to Iraq.

ABU SAYYAF

The Philippines itself had its own problems with terrorism. In 2001, with US support, assistance and training in surveillance, intelligence, reconnaissance, mobility, communications and humanitarian activities, we neutralized in Southern Philippines the Abu Sayyaf from a peak strength of 1200 to the current level of less than 300 fragmented fighters. To this time we continue to pursue the remaining Abu Sayyaf who had been driven out of their lair in Basilan.

It was during this period that US support significantly increased when the US trained and fully equipped three (3) light reaction companies; they also trained and partially equipped three (3) infantry battalions and one (1) marine battalion for counter-terrorism.

In terms of mobility assistance, the US provided the Philippine AFP with eight (8) helicopters, one (1) cyclone vessel, one (1) C-130 and 300 trucks. There remains a commitment by President Bush to provide an additional 30 helicopters.

JEMAAH ISLAMIYAH

The Philippines has as well been aggressively pursuing the elements of the Jemaah Islamiyah, a satellite of Al Qaeda in Southeast Asia. With our capture of JI operative Fathur Roman al Ghozi, for instance, we preempted a plan to bomb the US Embassy and other Western interests in Singapore. There are believed to be certain JI cells operating and as we pursue and discover them, we endeavor to immediately neutralize them.

REWARD FOR JUSTICE

The Philippines has moreover neutralized two (2) out five (5) terrorists under the

US State Department's Rewards for Justice program. Over the past year, we have neutralized over 100 terrorists, improved anti-money laundering measures, and disrupted terrorist funding flows with the assistance of the US.

PRESIDENT BUSH'S ACKNOWLEDGEMENT

President Bush himself acknowledged the Philippine contribution to the War on Terror in his speech last March at the National Defense University. He stated that Americans are more secure because the Philippines' new Anti-Terrorism Task Force has helped capture terrorist suspects, including members of Al Qaeda and affiliated networks. Following the conviction of 17 Abu Sayyaf members, the State Department in its 2004 report on global terrorism has cited the Philippines as among those countries whose fight against terrorism has matured beyond arrests towards prosecution. As you may know, the Philippines is furthermore considered by the US as one of its reliable frontline allies in Asia.

PDRP

To insure interoperability between our two Armed Forces, the Philippines and the US have launched the Philippine Defense Reform Program which aims to reform, enhance capability, and lay the foundation for modernization of the AFP. To be completed over a number of years at a cost of several hundred million dollars, the PDRP has initially addressed 1) developing a multi-year planning system, 2) improving operational and training capacity, 3) improving operational readiness, 4) correcting systemic deficiencies, and 5) developing its manpower resources.

Due to the imperative of having a reformed military capable of meeting the challenges for the 21st Century, I believe that this cooperation is one of the most important initiatives we have been able to accomplish in Washington.

PNP

We have also started a joint assessment of deficiencies and weaknesses of the Philippine National Police who are our first responders in terrorist incidents. This exercise will likely lead to reforms and increased capability.

JOINT EXERCISES

In addition, each year, several joint military exercises are conducted in the Philippines by Philippine and US forces to improve interoperability.

MAJOR NON-NATO ALLY

The Philippines has moreover been designated as a major non-NATO ally to give it priority in accessing Excess Defense Articles (EDA) especially in the area of mobility which is badly needed.

PEACE PROCESS

On the diplomatic front, the Philippines is in the process of negotiating a peace

agreement with the Moro Islamic Liberation Front (MILF) to resolve a long time Muslim secessionist problem in Southern Philippines. To this end, we are receiving diplomatic assistance from the United States Institute of Peace (USIP) and funding assistance from the US Congress. Funding assistance will provide for livelihood, basic services, human development and reintegration of the ex combatants into the mainstream.

DEVELOPMENT ASSISTANCE

The Philippines is likewise receiving a substantial amount of development assistance from the United States, 2/3 of which are being directed to Improving conditions in Southern Philippines. These programs are being managed by the USAID which also serves to provide other activities for the Philippine Government in capacity-building for its various institutions.

MULTILATERAL THRUST

As terrorism is a transnational threat requiring a multilateral response, President Arroyo initiated the first trilateral agreement with Malaysia and Indonesia against terrorism. The agreement now also includes Thailand and Cambodia.

As Chair of the Counter Terrorism Committee for the 21 member-countries of the Asia Pacific Economic Cooperation or APEC and as Chair of the UN Counter Terrorism Committee, we are firming up the resolve of the international community in fighting terrorism.

PULL-OUT OF THE 51 MAN CONTINGENT FROM IRAQ

Even as our alliance has been made sturdier, our partnership more solid, and our friendship warmer, sometime last year we had a principled disagreement with the United States involving the early pull-out of our 51-man residual contingent in Iraq. This resulted in expressions of disappointment from the administration of President Bush.

It was a difficult decision for President Arroyo which needed to be made in promotion of national interest. Angelo dela Cruz, was symbolic of the Filipino everyman, representing the eight million Filipinos working outside of the country, separated from their families, often in dangerous places. Over 1.6 million of them work in the Middle East. Not saving the life of this hostage would have created deep divisions in our country which would have resulted in serious instability. The decision to save this life was applauded by all sectors of the Philippines and served to unite the country, thus making us a stronger ally of the United States.

Even as the Philippines pulled out its contingent three weeks earlier than scheduled, there remains in Iraq - even at this time - over 6,000 Filipino workers, the majority of whom continue to serve the Coalition military bases.

OTHER AREAS OF COOPERATION

Since our relations with the US have become comprehensive, our cooperation

extends beyond defense, security and development assistance to other areas such as agriculture, energy, labor, investments, trade, tourism and culture.

TRADE

On the trade front, the US has generally been our largest trading partner. Last year, total trade was about \$14 billion with a positive trade balance. The \$14 billion represents about 17% of total trade.

The US has proposed a Free Trade Agreement (FTA) which both countries are currently studying to determine the respective costs and benefits.

TOURISM

On tourism, despite negative publicity and inaccurate travel warnings, Americans including Filipino-Americans represent the largest tourist segment to the Philippines. Americans represent 21% of total foreign tourists.

INVESTMENTS

On investments, the US is cumulatively our largest foreign investor. From 2001 to 2004, new US investments totaled over 7 billion dollars.

In terms of a specific competitive advantage, we believe that the Philippines has an edge as a primary destination for the outsourcing of ICT services. Because of our quality human resources, level of education, English proficiency and communications infrastructure we are placing significant emphasis on attracting call centers, business processing, animation, software development and medical/legal transcription. Our call centers for example are growing at a rate of 50 to 70%. The long list of American companies who have outsourced to the Philippines include AOL, Procter and Gamble, Citibank, AIG, Motorola, Intel and others.

In addition to attracting outsourcing of ICT services, the Philippines has been promoting investments in energy, mining and infrastructure.

CULTURAL FRONT

On the cultural front, Filipinos and Filipino-Americans contribute to the dynamism of the US. More than 50 percent of the 2.5 million total based in California, They surpass the national averages in educational levels attained, median household incomes, and median household values. There are as well currently over 100,000 American residents living in the Philippines.

POLITICAL FIELD

On the political field, President Arroyo was invited for a working visit to the United States in 2001. In 2003, there was an exchange of State Visits

between President Arroyo and President Bush, thus strengthening the alliance, the partnership, and the friendship between our two countries.

To deepen understanding between the two countries and to better articulate Philippine interests, a Philippines-United States Friendship Caucus has been organized composed of 72 distinguished bipartisan members of the House of Representatives.

One of the leaders and co-founders of this most valuable Caucus is present here tonight in the person of Congressman Bob Filer. The Congressman has been a long-standing friend of the Philippines and the Filipino-American community. He has been a lead advocate in our campaign to help the Filipino veterans of World War I obtain the recognition and benefits due them as veterans. He has been supportive of the Filipino-Americans, not only in his district, but throughout the United States in their efforts to improve their community and to empower themselves. With his assistance to the Philippine Embassy in Washington, we have made major advances in defense, security, and development cooperation between our two countries.

May we respectfully request Honorable Congressman Bob Filer to rise so that we can express our gratitude by applauding him?

INTERNATIONAL ISSUES

On a broad range of international issues, the positions of the Philippines and the United States are aligned.

KOREAN PENINSULA

On reducing tensions in the Korean Peninsula, the Philippines and the United States call for a complete, irreversible and verifiable nuclear disarmament of North Korea and its return to the Six Party Talks.

MYANMAR

On Myanmar, we seek the release of Aung San Suu Kyi, the inclusion of her party in the political process, the re-invitation of the UN Special Envoy and the early pursuit of the road map for democratization and reconciliation,

CHINA

On China, in much the same way as the US, the Philippines pursues a policy of constructive engagement with Beijing and seeks assurance from this power center that its transformation to global power status will be a positive factor for regional peace and stability.

MIDDLE EAST PEACE PROCESS

On the Middle East peace process, we support the Middle East road map for a permanent two-State solution. We also support Israel's right to exist and to adequate security as we support the legitimate national aspirations

of the Palestinian people.

We welcome the Israeli disengagement from the Gaza and part of the West Bank which is an important step towards peace but we deeply regret the recent killings there and hope that the pullout will not be marred by further violence or deaths. We hope that the Palestinian Authority will disarm Palestinian resistance groups to give peace a chance.

UNITED NATIONS

At the United Nations, we assumed the presidency of the Security Council last year, and will do so again this September. We continue to advocate consensus-building and the rule of law, and promote multilateralism,

With the Philippines as chief advocate, the United Nations held the first-ever Conference on Interfaith Cooperation last June.

The Philippines and the United States have likewise a shared interest in reforming the United Nations. The Philippines has proposed a Security Council Summit to make it more effective in ensuring global collective security. We seek the creation of a Human Rights Council to replace the Commission on Human Rights, the formation of the UN Peace Building Commission and the expansion of the Security Council.

Clearly, at the bilateral, regional, and global levels, the nature of our partnership is broader, deeper and more diverse. It is believed that our relationship has been elevated to a mature plain which is driven by our interest to work together for our mutual benefit.

III. CURRENT POLITICAL AND ECONOMIC DEVELOPMENTS

As allies and friends, the US government and concerned Americans are watching current developments in the Philippines. Allow me to brief you on this.

The Philippines has been experiencing a political crisis. There are accusations against the President and certain members of her family. What are the political and economic developments and what are the prospects beyond this crisis?

POLITICAL DEVELOPMENTS

One, the President has admitted to a lapse in judgement in calling an election official but she has steadfastly denied having had any intention to cheat in the 2004 elections.

Two, the United States recognizes President Arroyo as the duly-elected president of the Philippines. International monitors attested that the 2004 elections were basically free and fair.

Three, the President has said that she welcomes impeachment hearings so that she could "have her day in court" and prove that she did not commit any impeachable offense. She has asked those with complaints to present them to Congress.

Four, the House Justice Committee is currently addressing the complaint. If this Committee votes in the majority to favor the complaint, it will be referred to the Plenary.

Fifth, a one-third vote in the House Plenary, regardless, can result in an Impeachment being forwarded to the Senate for trial.

Sixth, the President can be convicted or removed from office by 2/3 vote in the Senate.

Seventh, the President has further stated that she advocates a change in the form of government by having Congress call for a constituent assembly. She intends to lead a national dialogue on which form of government could serve our people best.

Eight, the President has moreover extended her hand in a reconciliation effort to the opposition to unite the country.

On the basis of current developments, we believe the probability of impeachment is extremely low.

The President may have been weakened but the presidency as an institution has been strengthened. The Filipino people have also rejected extra-legal and extra-Constitutional means to effect any change in leadership as the opposition has advocated. Democracy remains vibrant and is working in the Philippines as it should.

ECONOMIC CONDITIONS

Notwithstanding the political turmoil, the economy appears to be extremely resilient and the economic reforms are yielding positive results. For example

- GDP in 2004 increased by 6.1%
- GDP in the first 4 months of 2005 increased by 4.7%
- GDP estimate for 2005 by World Bank is 5.1%
- Budget deficit targets in both revenues and expenditures are better than anticipated
- Exports are up 14%
- Stock market index in the first quarter was a 5-year high
- Unemployment is declining
- Gross International Reserve is at \$17 billion or months' imports
- Non-Performing Loans of the banking sector is down to 11%

In conclusion, President Arroyo is committed to fulfilling her term until it ends in

2010 and is dedicated to eradicating poverty, implementing fiscal and economic reforms, winning the fight against corruption, pursuing the peace process, modernizing infrastructure, and reforming the political system in the Philippines.

We hope for your continuing confidence and support in building a stronger Philippines for a stronger alliance and partnership. Thank you. (END)