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July 4, 1988

U.S. Military Bases Negotiations:
Act III

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Dear Peter,

I returned to Manila just in time for Act III of the U.S. military bases negotiations. After almost three months of protracted talks, an agreement by the late-July deadline appears elusive. There has been little apparent progress on key agenda items, the most important of which is how much financial compensation the U.S. will provide for the use of Clark Air Base and Subic Naval Base. One negotiator wearily told me, "It has been a long, drawn-out negotiation." It's hard to tell whether the talks will wind up in four acts--as comedy, or five acts--as tragedy.

As in all Philippine drama, the characters on either side of the negotiating table deliver their public lines with much flair and exaggeration. Philippine Secretary of Foreign Affairs, Raul Manglapus, has hinted that the Philippines is demanding \$2 to \$3 billion per year in compensation. He told the press: "If the United States cannot afford it (the exact amount is unclear), I don't think they should be here." His counterpart across the negotiating table, Ambassador Nicholas Platt, has been relatively tight-lipped. But Secretary of State George Shultz has played the heavy, announcing in a statement disseminated quickly by the U.S. Embassy that the U.S. would not pay a "staggering sum" of rent. If necessary, said Shultz, the U.S. would "find some other place to have ships and planes." In the days before Shultz's three-day visit

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here next week, both sides have alternated between sharp, public posturing and words of reconciliation.

Although the negotiations are taking place behind closed doors, and, if successful, the resulting document will only be a three-year executive agreement signed by Manglapus and Platt, both sides are playing for a larger audience. For sometime in 1991, the Philippine body politic will decide on the long-term tenure of the bases. Under the 1986 Constitution, the bases may stay past 1991 only under a treaty ratified by two-thirds of the Senate, which may also be put up to a national referendum should the House so vote. If the U.S. is viewed as being "fair" now, the Aquino administration is seen as providing assistance in 1991 when its active lobbying will be crucial.

Since this report comes during Act III of the negotiations, the information herein will soon be of mere historical import. Yet, a look at the mechanics of the negotiating process and how public perceptions are shaped may be of interest. This newsletter will not duplicate information contained in a previous newsletter on the bases and past base negotiations. The description that follows is, of course, limited by a media blackout observed by both the Philippine and American sides. This report is based on talks with foreign diplomats, plus interviews with a member of the six-person American negotiating panel, another American official involved in the talks, and a member of the five-person Philippine panel.

I. Anti-Bases Sentiment

Public opinion appears to have swung against the bases since I was last here six months ago. No major civilian politician has taken a "pro-bases" stance. Manila's better newspapers criticize the current basing arrangement and the long-term presence of the bases. Last month, the Philippine Senate voted 19 to 3 for a tough anti-nuclear bill that completely bans nuclear weapons from Philippine territory. The U.S. Embassy says that if the bill becomes law, "it's the end of our security relationship." And the head of the Philippine negotiating panel, Secretary Manglapus, recently announced that he would have voted for the bill if he were still in the Senate.

To be sure, some of this is just bluster. The Senate's vote was a safe, protest move since the anti-nuclear bill is not expected to pass the more conservative House, where it hasn't even been tabled for consideration. Afterwards, President Aquino can always exercise her veto power. These threats by both sides that they will terminate the basing relationship if the other side doesn't cooperate are still more air than substance. According to an Asian diplomat, there is a "lot of posturing. Both sides think that the other is taking a hard-line position."

II. Stalled Talks

Opening on April 5, the current negotiations are officially

a regular five-year "review" of the original 1947 Military Bases Agreement, which has been amended some 40 times. If the review is successful, the resulting Memorandum of Agreement will be in force for three years up through 1991 after which a treaty is required. The review will determine the amount of U.S. military and economic aid for FY1990 to FY1992. The previous review in 1983 was wrapped up in just six weeks. The 1983 Memorandum of Agreement added what a member of the 1983 Philippine panel called "cosmetic" changes in the Military Bases Agreement. It also set U.S. aid at \$180 million per year. Recent increases in U.S. aid beyond the annual levels required by the 1983 agreement brought annual U.S. aid to about \$350 million for last year.

But during this review, the negotiations have bogged down at almost every point. The Philippine panel is seeking major changes in the agreement regarding issues of "Philippine national sovereignty" over the bases and large sums of compensation. After almost three months of negotiations, including some 25 plenary sessions headed by Manglapus and Platt plus numerous working group meetings, the two sides have resolved only minor issues. "It's always a disappointment," says a Philippine diplomat. "You think you are at the end of the tunnel. But then you see another tunnel." He says that on the key issue of compensation, the two sides are "miles apart." The same is true for the other main issue--nuclear weapons.

The two panels have recently produced a "joint working draft" of about eight pages that, if signed by Manglapus and Platt, will become the text of the Memorandum of Agreement. An American official claims that 75% to 80% of the language in the draft is agreed upon. But for crucial paragraphs, such as those on nuclear weapons and compensation, the two sides each have their positions set apart in bracketed text. It is now a matter for people at a level higher than Platt and Manglapus. It is also a question of which side will give in.

The U.S. has recently taken a hard-line position, claiming that the "review" is merely a review of the present agreement, not a commitment to reach a new agreement. If the review is not successful, says an American official, the U.S. will continue under the 1983 agreement with aid set at only \$180 million a year. The U.S. negotiators also don't want to make major concessions on "national sovereignty" issues for a temporary three-year agreement when, if they want to keep the bases, they will have to make further concessions in 1991. Says an American official: "We keep telling the Philippine panel that it is absolute nonsense to give away options on the bases when we are not sure of the [long-term] security relationship." He expects the negotiations to drag on, cautiously predicting that "One day in late August you will be hearing that negotiations are going on as usual. Then the next day you will have an agreement." I can't vouch for the probity of this prediction, but it's as plausible as any of the other predictions tossed about in what is now typhoon season.

To formulate its bargaining position, the Philippine government established last year a joint executive-legislative preparatory committee made up of a few Cabinet members and the heads of the House and Senate committees on foreign affairs and national defense. The preparatory committee's recommendations are the negotiating guidelines for the Philippine panel. A Senate aide who helped prepare the guidelines told me that on issues of national sovereignty the Philippine panel follows the positions taken in the 1976 negotiations. Those negotiations ended in failure with 25 issues unresolved.

(A highly readable account of the 1976 negotiations, the remaining copies of which have been purchased by the foreign embassies here, is A Question of Sovereignty, authored by former Ambassador to the U.S., Eduardo Romualdez, but ghost-written by a Filipino lawyer and a Catholic priest. For the more important of the 25 unresolved issues please see part IV.)

To back up their demands for overhauling the Military Bases Agreement, Philippine negotiators point to other U.S. basing agreements in Spain and Japan, which they claim grant the host countries more control over the bases. A Philippine diplomat asserts: "I would invite anyone to look at the original '47 agreement and compare it to any other agreement of the U.S. on military bases. For me, it's a matter of national dignity, there are things [unfair provisions] that have been there for 41 years." A Pentagon official involved in the successful 1979 negotiations once said that compared with U.S. base rights in other countries, the Philippines offers "operational flexibility unmatched anywhere in the world."

In general, Philippine negotiators seek to incorporate provisions from the Spanish and Japanese agreements that will formally place limitations on U.S. military operations at the bases. But, to take the case of Spain, an American official involved in the current talks argues that there are fundamental differences between the Spanish and Philippine situations that prevents the wholesale application of Spanish provisions. Because Spain is only one of several NATO countries in the region, says the official, when Spain calls for major changes, such as the removal of U.S. F-16s, it is relatively easy for other bases in the region to take up the burden. (The aircraft will be redeployed in Italy.) The Philippines, however, hosts the only U.S. facilities in the region, making similarly extensive changes impractical.

Specifically, the most important issues relating to Philippine "national sovereignty" revolve around nuclear weapons and the U.S. right to "unhampered military operations" at the U.S. facilities. Under the 1959 and later amendments to the Military Bases Agreement, U.S. use of the military facilities for combat operations, other than those in accordance with the U.S.-Philippine Mutual Defense Treaty, or the deployment of long-range missiles is "subject to prior consultation" with the Philippine government. "Prior consultation" apparently does not formally grant the Philippines the right to block some U.S. combat operations. The Philippine panel wants to change the toothless "prior consultation" to "prior consent."

A Philippine diplomat claims that under the U.S.-Japanese basing agreement, the U.S. must have, in effect, "prior consent" on certain military operations. But here, like in Rashomon, everyone has their own view of reality. An American official accuses the Philippine side of "formula shopping"--selecting the parts of other agreements that best suit them and ignoring the ambiguities that other countries have put in their agreements for purposes of public consumption. The official says that in the U.S. agreements with Japan and other countries there are certain understandings that only the two governments are privy to. He further claims that Japanese diplomats are unwilling to discuss fully these private understandings with Philippine negotiators. I spoke with the Japanese diplomat here in Manila whom the Philippine negotiators consult for their interpretation of the Japanese agreement. The Japanese diplomat said that their agreement has the unwritten understanding that Japan "can say yes or no" to changes in U.S. force levels at the bases and the introduction of U.S. ships that may be nuclear-armed. But when pressed, the diplomat conceded that Japan has never exercised this right to just say no.

Then there is the "problem" of the 1986 Philippine Constitution. Secretary Manglapus has repeatedly said that the Philippine negotiators will have to abide by the Constitution's nuclear-free provision. The Constitution reads: "The Philippines, consistent with the national interest, adopts and pursues a policy of freedom from nuclear weapons in its territory." But the Philippine government itself has not yet decided whether the clause "consistent with the national interest" grants the President broad discretionary powers to permit the presence of nuclear weapons. Manglapus says he is waiting for a definitive interpretation of the Constitutional provision by Secretary of Justice Sedfrey Ordoñez. The Secretary of Justice, who reportedly was close to issuing a decision, now says that he has yet to be asked formally by Manglapus to issue his report. It appears that by delaying his decision, the Secretary of Justice is giving Manglapus more bargaining power. Currently, Manglapus can take the position that the Constitution forces him to take a tough stance against nuclear weapons. But once Ordoñez comes out with his decision, which many believe will grant the President considerable discretion on nuclear issues, Manglapus loses his leverage, and his flexibility.

Others, however, read the delay by Ordoñez differently. They point out that if Ordoñez comes out with a decision granting Aquino the power to determine the national interest, he will face a storm of protest from the turf-jealous Senate. It appears that how and when Ordoñez renders his decision rests with Aquino. According to an American official, "If necessary [they] can have his opinion in the next 48 hours."

The nuclear issue poses a dilemma not just for Ordoñez, but the entire Philippine executive. On one hand, the Philippine Constitution, the Senate's anti-nuclear bill, and the growing anti-nuclear movement in Manila, are pushing Aquino toward an anti-nuclear stance. On the other hand, the U.S. Embassy has made it quite clear that if the Philippines insists

on tough anti-nuclear provisions there will be no agreement and, hence, no increased aid package. So far, Aquino has avoided addressing the problem by making few comments on nuclear issues and maintaining the policy of keeping her "options open" on the long-term presence of the bases. This does two things. First, it allows the government to avoid a direct confrontation with anti-nuclear and anti-bases sentiment. Second, keeping the options open on the bases makes for more bargaining power with Washington. But if Manila is to have an agreement with Washington, it will have to address, in some form, the nuclear issue.

To deal with this dilemma, and give the appearance of wringing significant concessions out of the Americans, the Philippine panel is pushing to incorporate the so-called "Spanish formula." Under the basing agreement between Spain and the U.S., the storage of nuclear weapons on land is prohibited, but not their transit or presence on ships.

Recently, Philippine negotiators received private advice from visiting Spanish diplomats on the finer points of the Spanish formula.

Last month, Secretary Manglapus organized a media extravaganza called the "International Conference of Newly Restored Democracies," which involved representatives from 12 such countries including El Salvador and Nicaragua. While the dignitaries made speeches, a member of the Spanish delegation knowledgeable about Spain's successful negotiations with the U.S., sat down with his Philippine counterpart for private talks. A Philippine diplomat described the face-to-face talks as "helpful" in answering questions about the Spanish formula that months of cables to the the Philippine Embassy in Madrid had failed to clarify. (See part IV for the Spanish formula.)

The Spanish formula may indeed be incorporated in some form into the final agreement. An American official says that "we are willing to entertain the Spanish formula [provided the Philippines] uses language that preserves NCND." NCND is the shibboleth of U.S. nuclear policy to Neither Confirm Nor Deny the presence of nuclear weapons in or aboard ships, aircraft, or military bases.

Aside from the nuclear issue and that of "unhampered military operations," the Philippine panel raised several smaller issues, which have been more or less resolved. The first item that the two sides came to an agreement on concerns the "social issues" surrounding the bases, specifically AIDS. Both sides have agreed to language on the cause and control of the disease, which has spread in the entertainment districts around Clark and Subic. However, a Philippine diplomat says that the question of U.S. funding for AIDS treatment may remain a "sticking point" because "it's a bottomless pit for expenses."

For all the changes in the Military Bases Agreement proposed by the Philippine panel, the American panel pushed for few

changes and one of them caught the Philippine negotiators by surprise. The U.S. negotiators tabled a proposal for expanding the rights of U.S. personnel to conduct "off-base patrols." (Last year, three U.S. servicemen were killed by New People's Army gunmen in the suburbs surrounding Clark) The Philippine panel hadn't even prepared for this issue. The two sides have agreed on general language that leaves the details to be worked out later by the Mutual Defense Board, a U.S.-Philippine body that meets regularly to settle minor problems.

Although these issues relating to "national sovereignty" are significant, and sorely felt by the Philippine negotiators, a Philippine diplomat concedes that the amount of compensation is more important. "Whether we have an agreement or not will hinge on the compensation issue." Concessions gained now on sovereignty issues, will of course be a starting point for negotiations in 1991 and help sell the agreement to the Philippine public. A cynical European diplomat says, "The problem for the Philippines is to look independent. [But] the main issue is whether they get a high price."

There has been much wild speculation in the local media on the compensation figures put forward by both sides. A report by the Heritage Foundation suggesting \$500 million per year was seen by many as Washington's trial balloon. The figure has stuck in the local press as the initial U.S. offer. On the Philippine side, \$2 to \$3 billion has been batted about after Secretary Manglapus had a memorandum issued saying that the Philippines should get aid levels "similar" to that of Egypt and Israel. According to a Senate aide to the preparatory committee, the Philippine panel may have actually set \$2 to \$3 billion as their initial bargaining position. Whatever the initial Philippine proposal, it apparently took the American panel by surprise. After receiving the Philippine proposal, the American negotiators asked to break for a short while so they could huddle and discuss it privately. Later, when Manglapus told the press that anything over the current \$180 million annually would be "realistically" considered one of the American negotiators joked that the U.S. position was \$180 million plus one dollar. More recently, Manglapus has hinted to the press that the Philippine demand is now at least \$1 billion.

To justify their claims for increased compensation, the Philippine panel draws on a series of U.S. statements on the importance of the bases. The Philippine arguments are ad hoc, using various rationales to come up with figures upwards of \$1 billion. One rationale is to cite a glossy United States Information Service booklet on the strategic role of Clark and Subic in providing stability for the Southeast Asian region and then compare this with the role of the U.S. bases on NATO's southern flank--Turkey, Greece, Spain, and Portugal. A Philippine diplomat argues: "The four NATO countries are a regional cornerstone for the U.S. We have a comparable function here as the only U.S. facilities in Southeast Asia. We should be getting something comparable to what the four NATO countries are getting." The amount works out to about \$1 billion.

When Philippine negotiators make this and similar arguments, the response of the U.S. negotiators is noteworthy. According to Philippine and American diplomats, American negotiators don't say that the U.S. won't pay such large amounts; rather, that the U.S. can't afford to provide the money. One imagines that in the base negotiations ten years ago Ambassador Richard Murphy didn't use the poverty argument with Foreign Minister Carlos Romulo.

As part of the recent toughening of the U.S. position, U.S. Embassy officials say that the Pentagon is "seriously studying options" to relocate the bases elsewhere should the Philippines insist on excessive levels of compensation. But here, the U.S. negotiators are burdened with the unhappy legacy of the Marcos era when the Pentagon argued on Capitol Hill that the bases (and Marcos) were "vital" and relocation elsewhere would be prohibitively expensive. In one speech, Manglapus quoted at length a congressional study estimating that to relocate the bases "four to six additional navy battle groups...might be required...cost[ing] upwards from \$60 billion." (Manglapus didn't mention that this is a worst case scenario in which the Soviets are the new tenants at Clark and Subic.) U.S. Embassy officials say that more recent studies show that dispersing the bases to Korea, Japan, Guam, and Micronesia would cost only \$4 to \$5 billion, but they have a hard time brushing off the old line that relocation is too expensive. A U.S. Embassy official admits that "most" people in the Philippine government "think that we are bluffing."

On this key matter, private, informal discussions between non-American diplomats and members of the Philippine panel may help convince them that the U.S. is not bluffing. According to Philippine and other diplomats, the Canadian Ambassador privately told a member of the Philippine panel that, in effect, "The money is not there. The Americans are serious about alternative basing sites if you ask for staggering sums of money." In another private conversation, a Japanese diplomat, whom the Philippine negotiators rely upon for an understanding of the Japan-U.S. basing agreement, also said that the U.S. simply can't afford massive amounts of compensation. Coming from third parties who will play a major role in a proposed economic rescue package for the Philippines, such comments may be more credible than those from the U.S. A U.S. Embassy official "hopes" such comments will bring some "reality" to the Philippine position, since "reality is very important at this stage."

(Because this report arrives after the review, here are what seem to be solid figures. The initial U.S. offer was \$180 million plus 50% or 55%--about \$270 to \$280 million per year. The Philippine counter-offer is \$1.2 billion per year. The U.S. counter-offer is about \$320 million per year.)

While Philippine negotiators may well settle for the reality of millions rather than billions per year, they have the problem of selling this to the Philippine public. Through constant repetition in the media, the figure \$2 to \$3 billion annually has become fixed in the public mind. It seems as if anything less than one billion dollars will be unacceptable. A Philippine diplomat worries that raising expectations could

lead to a "debacle." According to an American official, the Philippine negotiators say that they "need something that they are able to sell to the people." The American continues, "Now we're all saddled with the task of some sort of creative accounting to deal with [these] expectations. If it's necessary to have one billion, we can come up with the magic B word." The way to do it, he says, is to include all U.S. spending at Clark and Subic--U.S. purchases, salaries for Filipino base workers, and spending by U.S. servicemen on 'R & R.' Last year, U.S. spending came to \$500 million.

III. Slaying the American Father

Secretary Manglapus' call for Filipinos to "slay the American father" has received wide coverage here and abroad. His full statement, originally from a speech he gave in 1966, is less emphatic: "We must slay the American father image and cut it down to brotherly size." In his view, Filipinos can never be truly independent as long as they rely so heavily on Uncle Sam and his bases. Manglapus says that eventually, the U.S. military bases must go.

But those who say they will slay the American father, won't.

Both leftist and conservative columnists have criticized Manglapus for posturing. He and other policy makers know that the Philippines needs the bases and the benefits they bring more than the U.S. does. A run through figures that the U.S. Embassy circulates, and Manglapus does not dispute, proves the point. U.S. aid and spending at the bases totalled some \$850 million for 1987. U.S. investment in the Philippines and the trade surplus running in the Philippines' favor should be included too, since some of it would dry up were the bases to go. New investment by U.S. corporations in 1987 reached over \$200 million while the net trade surplus for the Philippines was some \$640 million. Local purchases and salaries by U.S. multinationals and the U.S. government came to slightly over \$1 billion. The total package for 1987 rounds off at \$2.2 billion. The Philippine GNP was \$33.5 billion in 1986. With a \$29 billion debt and an economic recovery program that relies on foreign economic aid, trade, and investment, the Philippine government is unlikely to discard this relationship.

But to give the appearance of leverage, the Philippine Department of Foreign Affairs cites recent studies that purportedly show that conversion of the bases to civilian use--a ship repair center at Subic and a Narita-style international airport at Clark--would bring in more money. According to a Senate aide to the preparatory committee that set the negotiating guidelines, the studies aren't serious. In fact, it has been the Senate, not the Department of Foreign Affairs, that has taken the lead in pushing for more credible and serious studies on converting the bases to civilian use.

The bases, of course, also provide considerable benefits for the Philippine's external and internal security. Previous newsletters have described the Philippine military's dependence

on U.S. equipment and funds for operations. As for external security, the Department of Foreign Affairs and President Aquino herself have stated that the Philippines has no immediate external enemies. That perception may change. The Soviet build-up in Cam Ranh Bay probably will not be the cause for concern, despite U.S. Embassy warnings to the contrary. The Soviet Navy appears to have avoided any flag-showing or exercises that might dampen anti-bases sentiment. Instead, the conflict between Vietnam, China, and the Philippines over the oil-rich Spratley Islands and possible gun-running to the insurgent New People's Army is more likely to focus attention on potential external threats.

As the negotiations drag on, both sides are positioning themselves for 1991 and beyond. The American side wants to be seen as playing fair. By granting the right mix of increased compensation and modifications in the agreement, Washington can maintain good relations while saving the important concessions for the new bases treaty in 1991. The Philippine panel wants to be seen as tough negotiators, wringing the best agreement possible out of Uncle Sam. By gaining substantial concessions and compensation now, Manila sets the stage for greater changes in 1991. But the reality is that for Philippine nationalists such as Manglapus, a frustrating conclusion to the review would be nothing new in the 41-year history of the agreement. For as long as the Philippines remains so dependent economically on the bases, Philippine nationalists will have to swallow their pride.

Sincerely,



Erik Guyot

IV. Points of Contention and Comparison

25 Unresolved issues from the 1976 negotiations

In April 1976, the U.S. and the Philippines formally opened wide-ranging negotiations on the Military Bases Agreement. For a variety of reasons, one being that President Marcos delayed progress to see who he would be dealing with at the White House, the talks collapsed on August 31, with 25 issues unresolved. A dozen years later, these 25 Philippine demands form the basis for many of the proposals set forth by the Philippine negotiating panel. When Philippine negotiators are asked for the Philippine position on a certain point, they sometimes refer reporters and others to these 25 unresolved issues contained in A Question of Sovereignty: The Military Bases and Philippine-American Relations, 1944-1979., Eduardo Z. Romualdez. Below is a selection of the 25 issues, many of which have been raised by the Philippine panel. The list is not definitive, but does provide some insights into the perspective of the Philippine negotiators. The responses ascribed to the American negotiators in 1976 are from that book.

#2 The Philippine position was to place further, formal restrictions on the U.S. right to "unhampered military operations" at the bases. The Philippine side proposed that use of the facilities would be only for purposes and activities authorized by the Philippines, specifically for military defensive purposes. A clear statement to that effect was to be incorporated in the Agreement. The U.S. position was that military combat operations already require prior consultation with the Philippines and such operations are only held when consistent with the U.S.-Philippine Mutual Defense Treaty and the U.N. Charter. Furthermore, the U.S. argued, it was inappropriate for an agreement between Allies to suggest that one of them would use the facilities for offensive purposes, or contrary to the U.N. Charter. This is still an issue today. A Philippine diplomat claims, "I have looked at the agreements regarding military operations for all countries [with U.S. bases.] We are the only country that permits 'unhampered military operations' in the facilities." A legal advisor to the U.S. Department of Defense once said that, unlike in Spain, which has restrictions regarding the Middle East, at Clark and Subic there are "essentially no restrictions by the Philippines on what we may use the bases for."

#3 The Philippine panel sought the establishment of agreed force levels for all U.S. units and personnel at the bases. The American negotiators said that it would be highly impractical to have a set limit on the numbers of forces stationed at the bases at any one time because force levels vary greatly with air and naval units constantly moving in and out. Under the 1983 agreement, the U.S. periodically notifies the Philippines on force levels. The 1976 Spanish agreement, covering

smaller bases, sets a range of force levels. This issue has not been raised during the current negotiations.

#6 The Philippine position called for an explicit prohibition against the introduction and storage of nuclear weapons. The U.S. position was that its global deterrent posture rests upon Neither Confirming Nor Denying the presence of nuclear weapons. Today, this is still a point of contention, with Philippine negotiators seeking to incorporate parts of the Spanish formula.

#14 Under the Military Bases Agreement as amended in 1965, U.S. personnel are exempt from Philippine criminal jurisdiction only if the offense occurred during the performance of official duty. The Philippine panel argued that a Philippine court would now determine official duty status. The American position was that, as in the past, the serviceman's commanding officer would issue the "certificate of official duty." In either case, the decision could be appealed to a higher body. As with other issues in the current negotiations, the Philippine negotiators claim that the Spanish and Japanese agreements grant the host countries greater criminal jurisdiction. An American diplomat says that the Spanish agreement has built-in ambiguities regarding official duty certificates. A Japanese diplomat says that under their agreement, U.S. military commanders normally determine official duty status. The Japanese diplomat claims that Japan has only once sought, and received, a high-level political decision overruling the prior determination of a U.S. commander.

#18 The Philippine position stipulated that all contracts and transactions in the bases would use Philippine currency as sole legal tender. Apparently, this issue has not been raised again.

#19 The Philippine position was that all permanent structures, equipment, and other installations within the bases were property of the Philippines. This has been an issue in the current review, with the U.S. negotiators saying they are not willing to talk about the conditions under which U.S.-built structures will revert to the Philippines during the review. They are willing to discuss this in the treaty negotiations in 1991.

#20 The Philippine position was that the U.S. would provide a specific amount of outright compensation to the Philippines. This continuing "rent" vs. "aid" argument has been the focus of the public rhetoric surrounding the present negotiations. Manglapus has broadly hinted that the Philippines is demanding rent. But in a broadside from Washington, Shultz said that the U.S. absolutely rejected the concept of rent for bases. Interestingly, this whole debate is taking place outside the negotiating room, not inside. A Philippine diplomat says that after Shultz's blast, the Philippine negotiators expected that the "Shultz statement would be translated into a formal position" by the American panel. Instead, "there was never any mention of it." Indeed, some other contentious issues between the Philippines and the U.S. have not entered the negotiations. American negotiators have refrained from making the easy argument that there's no reason why the U.S. should

give billions in aid when the Philippine government is not capable of dealing with the aid it has already received. According to a Philippine diplomat, inside the negotiating room there has been no mention of the \$2 billion backlog in foreign aid to the Philippines.

#26 The Philippine position was that the Pilipino text of the agreement should be considered as equally authentic as the English text. Apparently, this issue has not been raised again as the Philippine government continues to issue documents in English only.

As in the 1976 negotiations, the current Philippine panel takes the shotgun approach--aiming for all issues, important or otherwise. The Philippine negotiators have set a serious agenda--nuclear weapons, billions of dollars, limitations on U.S. military operations. But instead of focusing on a few key issues, they have also spent days wrangling over minor items. By publicly raising some unwinnable, minor issues, the Philippine negotiators drag out the talks and, more importantly, may be setting themselves up for public disappointment.

However, part of the reason behind the shotgun approach is that the Philippine negotiators want to avoid giveaways and making mistakes. Initially, the Philippine panel was not well-prepared. Changes as a result of cabinet shuffles have hampered preparatory studies and denied the Philippines one of their most seasoned negotiators. Last year, it was widely assumed that the Ambassador to the U.S., Emmanuel Palaez, would head up the Philippine panel. A veteran of past negotiations going back to 1956, Palaez had assembled a team to produce preparatory studies for the review. But when then-Senator Raul Manglapus was brought in as the new Secretary of Foreign Affairs, Palaez was shunted aside. Only one member of the current Philippine panel has extensive experience from previous negotiations. In addition, the old Ministry of Foreign Affairs building burned down a few years ago, destroying some archival materials on past negotiations.

Further slowing the negotiations, are the duties of Manglapus as Foreign Secretary, which have repeatedly called him away from Manila. American negotiators calculate that they could have had 40% more plenary sessions headed by Manglapus and Platt if not for Secretary Manglapus' travels. An American official complains that the numerous working group meetings held in Manglapus' absence are not highly productive because "you can't change a comma" in the meetings. (The American concedes, however, that in past negotiations Filipinos could blame the Americans for always cabling Washington for instructions.)

The result is that after the self-imposed deadline of July 31, the Philippine negotiators will face a U.S. budget-imposed deadline at the end of August if they want to get their hard-won compensation package into the FY1990 foreign aid bill. Past August, the State Department can still squeeze in the FY1990

aid package for the Philippines, but it will take some special maneuvering. Thus some people see the need for an agreement by late August.

The Spanish Formula

The so-called Spanish formula--the portions of Spain's agreement with the U.S. concerning nuclear weapons--may provide a face saving solution for the Philippine government's dilemma over nuclear weapons.

The 1982 agreement states: "The storage and installation in Spanish territory of nuclear or non-conventional weapons or their components will be subject to the agreement of the Spanish Government." In addition to providing for the presence of nuclear weapons with Spanish consent, the agreement also permits the temporary docking of nuclear-capable vessels. The document does not explicitly prohibit the transit of nuclear weapons through Spanish territory or their presence on the Spanish "territorial sea." ("Spanish territory," "territorial sea," and "air space" are three separate concepts in the agreement.)

The Philippine panel is pushing for this language, but, according to an American diplomat, the present Philippine wording "would in effect do away with NCND." As in other areas, the two sides are in disagreement as to what the Spanish formula really means. But if they can work out some mutually acceptable language, it may help create the impression that both sides have won.

Received in Hanover 7/20/88