

# Defence Exports between India and Philippines

## Opportunities and Challenges

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India and the Philippines established diplomatic relations in 1949, yet their defence and maritime cooperation has developed more prominently in recent years. In 2006, President Abdul Kalam embarked on a state visit to the Philippines, resulting in the signing of four bilateral agreements, including one pertaining to defence cooperation. This agreement aimed to foster increased interaction among military personnel from both nations, facilitate information exchange and provide training for Philippine military personnel in India.<sup>1</sup> This collaboration is sustained through secretary-level meetings and the Philippines' participation in Indian defence exhibitions. Amidst the escalating tensions in the South China Sea, particularly impacting the Philippines, the level of cooperation between India and the Philippines has intensified in recent years. On the maritime front, the Indian navy ship visits and cooperation has continued to Philippines since 2010 and followed by an Indian defence delegation visit in Manila on May 2011. This nascent partnership reached a significant milestone with the inaugural of the 'Joint Defence Cooperation Committee' meeting held in Manila in January 2012.<sup>2</sup>

However, despite the formalisation of the 2006 Agreement on Defence Cooperation, the defence ties between the India and the Philippines have

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persisted in a limited and rudimentary state. As a result, Manila considered India a distant neighbour, with cooperation largely confined to less critical areas of politics.<sup>3</sup>

The Duterte administration demonstrated a strong desire to expand and strengthen defence ties with an ascending India in areas that were previously overlooked, such as maritime security cooperation. It was during this time that the Philippine defence sector openly recognised India's growing and increasingly vital role in maintaining maritime domain stability.<sup>4</sup> Subsequently, in 2022, Manila and New Delhi inked an agreement for the acquisition of the India–Russia *BrahMos* missile by the Philippines.<sup>5</sup> Consequently, arms transfers afford the supplying nation access to the receiving nation's military personnel, thereby creating additional opportunities to strengthen military-to-military relations.

Later, in 2023, a significant step towards bolstering the bilateral cooperation between India and Philippines took place, that is, the Indian Coast Guard signed a Memorandum of Understanding (MoU) with the Philippine Coast Guard (PCG) on enhanced maritime cooperation.<sup>6</sup> The delegation from the Philippines visited Goa, where they observed the operational capabilities of Indian Coast Guard ships and aircraft developed under the 'Atmanirbhar Bharat' initiative. Additionally, they received a customer demonstration flight on the Indian Coast Guard Advance Light Helicopter *MK-III*. The delegates also visited the Indian Coast Guard Ship *Sujeet*, constructed by Goa Shipyard Limited.<sup>7</sup> This visit provided India an opportunity to showcase its strength and capabilities.

Subsequently, India has extended an offer of seven helicopters to the Philippine Coast Guard to support rescue operations and humanitarian services. Discussions are currently underway among the Indian government, the PCG and the Department of Transportation (DOTr) to expedite the export of these helicopters from India.<sup>8</sup> Hence, the expected timeline and the potential benefits of this acquisition is crucial for enhancing their capabilities. Additionally, inviting the Philippines Coast Guard and Navy to participate in search and rescue exercises would foster cooperation and strengthen capabilities.

Moreover, the relationship between India and the Philippines has risen to a different level following the official visit of H.E. Enrique Manalo, Secretary of Foreign Affairs of the Republic of the Philippines, to India on 27 June 2023.<sup>9</sup> This visit has certainly brought the two nations closer and presented fresh opportunities for the two countries to work on their several convergences of interest. This commentary explores the opportunities and

challenges associated with defence exports and maritime cooperation between India and the Philippines.

### OPPORTUNITIES FOR DEFENCE EXPORTS

India and the Philippines can leverage their strategic partnership to enhance their defence relationship. India aims to surpass its current annual defence exports significantly, targeting a surge to Rs 35,000 crores by 2024–25. In the fiscal year 2022–23, the nation's defence exports reached unprecedented heights, nearing the Rs 16,000 crore milestone, as reported by the Ministry of Defence.<sup>10</sup> Military exports from both India and the Philippines have experienced a notable increase in recent years (see Table 1). These exports include 'missiles, artillery guns, rockets, armoured vehicles, offshore patrol vessels, personal protective gear, different radars, surveillance systems and ammunition.'<sup>11</sup> The remarkable expansion is driven by a robust government initiative towards indigenisation, with the goal of attaining self-reliance in defence. This endeavour aligns with India's ambition for a more significant strategic presence globally, concurrent with its pursuit to become the world's third-largest economy.<sup>12</sup>

India has emerged as a major exporter of defence equipment, including ships, aircraft and weapons systems. Under its 'Look East/Act East' policy, India is rapidly extending its defence, economic and strategic influence in Southeast Asia, with the Philippines emerging as a highly promising partner. Notably, Manila stands as India's primary defence customer following the finalisation of a significant US\$ 375 million *BrahMos* missile defence deal in 2023.<sup>13</sup> The Philippines has also expressed interest in purchasing the *Tejas* LCA, a single-engine multi-role fighter jet, while India has also offered the Defence Research and Development Organisation (DRDO) developed *Akash* missile air defence system for export to Vietnam and the Philippines.<sup>14</sup> Apart from defence equipment, India has also offered assistance in hydrography and maritime affairs related matters.<sup>15</sup>

The Philippines Navy and Indian Navy are engaged in discussions aimed at enhancing maritime cooperation. This includes exchanging hydrographic products and building the capacity of the Philippines Navy's hydrographic infrastructure. They are exploring cooperative surveys and exchanging best practices, considering the feasibility of sending ship riders to Indian institutions like INHO (Indian Naval Hydrographic Office) in Dehradun. For future capabilities, there's a focus on conducting more extensive hydrographic surveys and oceanographic research, supporting

HADR operations and providing timely, accurate and dedicated meteorological support. Additionally, efforts are underway to offer more training courses for Philippine hydrographers in India, aiming to further strengthen maritime capabilities and collaboration between the two nations.

**Table I** Military Expenditure—India and Philippines (2012–2023) in US\$ million

Year	India	Philippines
2012	55142,1	3178,5
2013	55178,6	3628,4
2014	57867,1	3366,1
2015	58416,9	3683,6
2016	64374,7	3792,5
2017	68909,5	4506,5
2018	71336,2	4786,8
2019	76372,3	4772,3
2020	76835,6	4915,4
2021	76348,5	5546,1
2022	80955,8	4166,5
2023	81491,8	4805,8

*Source:* SIPRI, 2024.

India offers a wide range of defence products, from naval vessels to armoured vehicles, which can cater to the modernisation needs of the Philippine armed forces. Indian defence equipment is often competitively priced and offers cost-effective solutions compared to alternatives from other countries. Strengthening defence ties through exports can contribute to enhanced regional security and maritime cooperation in the Indo-Pacific region.

India’s investments in the Philippines are valued at approximately US\$ 5 billion across various sectors, spanning from technology to infrastructure. Prominent companies include ‘Tata Consultancy Services, Infosys, Larsen & Toubro, GMR, Bioseeds, Tata Motors, Thermax, Adani Ports, and Sun Source Energy’.

Recently, there has been a growing focus on connectivity-related initiatives in sectors such as aviation and airports, railways, maritime and shipbuilding,

and road transportation. The Philippines can learn from India's experience in developing indigenous shipbuilding technology, fostering national-level self-reliance and security.

Preserving maritime order and safeguarding India's maritime interests are fundamental aspects of India's engagement with Indo-Pacific stakeholders, including the Philippines. Defence cooperation entails capacity-building, exchanges, training exercises and regular naval visits (see Table 2). During a bilateral meeting between the Philippines Secretary Enrique A. Manalo and Indian External Affairs Minister S. Jaishankar on 27 March 2024, Minister Jaishankar emphasised the significance of the ship's visit, noting that it underscored the 'shared challenges' between the two nations. Therefore, it is crucial for Delhi and Manila to explore the initiation of joint bilateral exercises at various levels to strengthen their strategic partnership and maritime security collaboration.

**Table 2** Ships' Visit by Indian Navy to Manila from 2012 till 2023

Year	Indian Navy Ships	Ports Visited in the Philippines	Purpose of Visits
2012 (10 December)	INS Sudarshani	Cebu, Manila	Mission of Peace and Goodwill
2013 (12–16 June)	INS Kirch, INS Shakti, INS Satpura and INS Ranjit	Manila	Goodwill Visit to counter China's assertiveness in the Maritime Domain
2014 (19–22 September)	ICGS Samudra Paheredar	Manila	Goodwill Visit
2015 (20–23 August) & (1–4 November)	INS Sahyadri	Manila	Goodwill Visit to Enhance Defence Cooperation
2016 (30 May–2 June)	INS Sahyadri and Shakti	Manila	Visit as a part of India's Act East Policy and Indian Navy's increasing footprint and operational reach
2017 (7–10 January)	ICGS Samarth	Manila	Goodwill Visit

2017 (3–6 October)	INS Satpura and Kadmatt	Manila	Goodwill Visit Commemorating the 25 years of India- ASEAN Association
2018 (23–26 October)	INS Rana (D52)	Manila	Goodwill Visit
2019 (1 February 2019)	ICGS Shaunak	Manila	Indian Coast Guard Day
2019 (23–26 October)	INS Sahyadri and Kiltan	Manila	Goodwill Visit including a Passage on Exercise
2021 (3–5 July)	INS Kiltan	Manila	Joint Naval Exercises
2021 (24–26 August)	INS Ranvijay and Kora	Manila	As a part of the Maritime Partnership and Exercises between the Indian Navy and the Philippines Navy and for Replenishment
2022 (3–7 June)	INS Satpura	Manila	Strengthening Mutual Working Relationship and Interoperability between the Indian Navy and the Philippines Navy
2023 (13 December)	INS Kadmatt	Manila	Goodwill Visit

Source: Author's compilation from various news reports.

### CHALLENGES IN DEFENCE EXPORTS

India faces several challenges in defence exports in general:

1. *SCOMET Regulations*: India's defence exports face restrictions due to the Special Chemicals, Organisms, Materials, Equipment, and Technologies (SCOMET) list, governing the export of sensitive military items. This

constraint narrows the range of products available for export. Anticipated expansions to the SCOMET list include coverage of controlled products from all regimes, a requirement for membership. Industries requiring licenses must prepare to comply with evolving export control regulations or risk potential civil or criminal consequences.<sup>16</sup>

2. *Limited R&D Capability*: India's Defence Research and Development Organisation (DRDO) has made significant strides, but there are still gaps in research and development compared to other major defence exporters. This can hinder the innovation and development of cutting-edge defence technologies for export.
3. *Adherence to Military Specifications*: Meeting the military specifications (MILSPECS) of other countries, especially NATO members, can be challenging. India must ensure that its defence products meet the standards and requirements of potential buyers, which may involve significant investment and adjustments.
4. *Reciprocal Agreements and Security of Supplies*: India faces obstacles in establishing Reciprocal Defence Procurement (RDP) and ensuring Security of Supply Arrangement (SOSA), particularly concerning ammunition. This shortage can limit the ability to meet the demands of international clients and affect the competitiveness of Indian defence exports.

Complex regulatory frameworks and export control policies may pose challenges for defence exports between India and the Philippines.

Developing infrastructure and logistical capabilities for defence exports requires significant investments and planning. In a competitive global market, both countries face competition from established defence exporters, requiring innovative strategies to position their products effectively in the global market. Developing indigenous defence technology capabilities and overcoming technology constraints can be challenging for defence exports. Geo-political factors and regional dynamics may influence defence export partnerships between India and the Philippines.

## CONCLUSION

The defence exports between India and the Philippines represent a promising avenue for strengthening bilateral defence cooperation. Despite challenges, leveraging opportunities such as strategic partnership, diverse defence products and cost-effective solutions can pave the way for mutually beneficial

collaborations. Overcoming regulatory, logistical and technological hurdles will be key to realising the full potential of defence exports and enhancing regional security in the Indo-Pacific.

The ties between India and the Philippines have witnessed notable advancements in the maritime and defence sectors, yet the trade connectivity aspect remains an area for further development. Despite progress, numerous untapped economic opportunities persist within maritime, trade connectivity and defence cooperation. As both nations share a commitment to democratic principles and envision maintaining regional peace and stability, there exists substantial potential for collaborative efforts in co-creating, co-developing and co-producing, particularly within the aerospace and defence sectors, aligning with India's 'Make in India' campaign.

## NOTES

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