

# PHILIPPINES DEFENCE SPENDING PLANS 2016

With 7,107 islands and 10.2% of the world's coastline, the Philippines defence capabilities are stretched to face challenges including piracy, terrorism, illegal fishing, pollution, smuggling and more. In response to these and other threats, the Philippines government has increased its 2016 defence budget by 9.2 per cent for 2016, reaching a total of PHP126.62 billion (US\$2.66 billion)<sup>1</sup>. This represents a record defence budget for the country.


As part of this increase, Armed Forces of the Philippines (AFP) modernization program, has also risen from PHP15 to PHP25 billion pesos (\$528.3 million)<sup>2</sup>. With this new spending power, 2016 is expected to be a significant year for defence related procurement in the Philippines.

To learn more, we take a look at the procurement plans of the Philippine Coast Guard, Navy and Air Force.

---

<sup>1</sup> <https://www.shephardmedia.com/news/defence-notes/philippines-boosts-defence-spending/>

<sup>2</sup> <http://www.reuters.com/article/philippines-budget-idUSL3N14625920151217>



Caption: Republic of the Philippines Navy ship BRP Apolinario Mabini (PS 36) Image Credit: CC - Zero

## PHILIPPINE COAST GUARD

The Philippine Coast Guard (PCG) will hire 900 more uniformed personnel in 2016, a move described by the agency's chief as "massive" recruitment.<sup>3</sup>

The PCG has ordered ten multi-role response vessels (MRRV) from Japan, a contract, worth PHP8.8 billion (US\$200 million).

Each vessel will measure 40m in length, with a range of 1,500 nautical miles and cruising speed of 16 knots. The ten boats and associated spare parts will be delivered over a 24-month period beginning in the third quarter of 2016. The vessels will be stationed at various bases, including Manila, La Union and Puerto Princesa.<sup>4</sup>

Speaking back in December 2015, Rear Admiral William Melad, acting commandant of PCG, said they are "waiting for final approval and go signal to proceed with the procurement of two choppers." The helicopters are estimated to cost PHP777.6 million (US\$16.3 million) each.<sup>5</sup>

“According to newly appointed PCG commandant Rear Admiral William Melad, the PCG are currently in communication with the Japan International Cooperation Agency (JICA) on the acquisition of multiple 92-meter vessels. Speaking to the Manila Bulletin, Melad said the estimated cost per vessel is currently estimated at 11.7 billion yen, but he did not discount the possibility the figure could still go up.”<sup>6</sup>

---

3 <http://www.rappler.com/nation/117315-philippine-coast-guard-recruitment-2016>

4 <https://www.shephardmedia.com/news/imps-news/philippine-coast-guard-capability-progresses/>

5 <http://www.mb.com.ph/coast-guard-wants-new-choppers-to-augment-rescue-capabilities/>

6 <http://www.mb.com.ph/coast-guard-eyes-acquisition-of-bigger-ships-for-wps-patrol/#LaRkPyhftdJq4JP2.99>



## PHILIPPINE NAVY

The Philippines Department of National Defense (DND) is currently upgrading three of the Philippine Navy's (PN's) Jacinto-class corvettes. The contract involves restoration and sustainment of the vessels' Oto Melara 76 mm and MSI-Defence Systems 25 mm guns, the installation of new electro-optical fire control systems and sensors for two vessels, and the upgrade of existing fire control systems for one vessel.<sup>7</sup> Bid submissions will be accepted between 11th - 29th February 2016.<sup>8</sup>

In late 2015, IHS Jane's reported that the PN was procuring three former Royal Australian Navy (RAN) Balikpapan-class landing craft.<sup>9</sup>

The two strategic sealift vessels (SSV) that the Philippines ordered from Indonesia will be delivered in May 2016 and May 2017. The contract is valued at PHP3.8 billion (US\$80 million). The two 11,583-ton SSVs will be based on the Indonesian Navy's Makassar-class LPDs.<sup>10</sup> They will have a lift capacity of 500 troops, embark three large helicopters and accommodate 126 crew.<sup>11</sup>

Part of the AFP modernization program budget has already been earmarked to be spent on two frigates.<sup>12</sup> Although these will take up a significant portion of the budget, their long endurance at sea will allow them to monitor for foreign intrusion.

In late 2015, AgustaWestland was selected as the sole proponent of the DND's PHP5.4 billion, (US\$ 11.3 million) anti-submarine warfare helicopter project. The contract is for the delivery of two anti-submarine warfare helicopters. AgustaWestland is now undergoing post-qualification checks, with no exact timeframe for when these will be complete.<sup>14</sup>

On the 2nd February 2016, the DND posted a Supplemental Bid Bulletin (SBB), informing bidders of changes in the bidding documents of the PN's Frigate Acquisition Program. This updated tender, originally issued in 2013, now contains more specific details of the PN needs. The SBB states that the multi-mission frigates should have a length of at least 92 meters long, a displacement of at least 2000 tons and be able to survive at sea state 7. The frigates must be able to accommodate 12-ton helicopter units at flight deck, and have a hangar for a 10-ton helicopter.<sup>13</sup> Bids will be accepted from 3rd March onwards.<sup>15</sup>



Caption: The Republic of Philippines Tatlong Bayany-class corvette BRP Artemio Ricarte (PS-37). Image Credit: CC - Zero

7 <http://www.janes.com/article/55077/philippines-relaunches-corvette-upgrade-project>

8 [http://www.dnd.gov.ph/transparency/procurement/DND\\_BAC/2016/SBB/SBB%20NR%20DND-PN-JCPV-P3-16-003.pdf](http://www.dnd.gov.ph/transparency/procurement/DND_BAC/2016/SBB/SBB%20NR%20DND-PN-JCPV-P3-16-003.pdf)

9 <http://www.janes.com/article/55587/australia-confirms-philippines-acquisition-of-three-ex-ran-landing-craft>

10 <http://www.janes.com/article/53644/pt-pal-outlines-weapons-fit-for-philippine-navy-ssvs>

11 <http://globalnation.inquirer.net/127362/navy-ships-being-built>

12 <http://thedi diplomat.com/2015/08/philippines-push-for-military-modernization-in-new-budget-proposal/>

13 [http://www.dnd.gov.ph/transparency/procurement/DND\\_BAC/2016/SBB/SBB%20NR%20DND-PN-FAP-16-01.pdf](http://www.dnd.gov.ph/transparency/procurement/DND_BAC/2016/SBB/SBB%20NR%20DND-PN-FAP-16-01.pdf)

14 [http://www.dnd.gov.ph/transparency/procurement/DND\\_BAC/2016/SBB/SBB%20NR%20DND-PN-FAP-16-02.pdf](http://www.dnd.gov.ph/transparency/procurement/DND_BAC/2016/SBB/SBB%20NR%20DND-PN-FAP-16-02.pdf)

15 <http://www.update.ph/2016/01/agustawestland-sole-bidder-for-2-navy-anti-submarine-helicopters/1865>

## PHILIPPINE AIR FORCE

The Philippines Air Force (PAF) is procuring a total of 12 FA50 light fighter jets from South Korea. The jets have a top speed of Mach 1.5 and can be equipped with heat-seeking and air-to-air missiles and light automatic cannons. The first two jets were delivered in November 2015 with the remaining to be delivered in 2017.<sup>16</sup>

As of 1st February 2016, the DND has released an invitation to bid for the acquisition of two long range patrol aircraft, including their sensors, with an approved budget of contract of P 5.976 billion, (US\$ 12.5 million). Closing date of this tender is 29th February 2016.<sup>17</sup> According to the PAF Flight Plan 2028, the PAF is planning to acquire a total of four long range patrol aircraft in two batches, targeted to arrive by 2016 and 2020, respectively.<sup>18</sup>

The DND has awarded a contract for three air defence surveillance radar systems to Israel's Elta Systems Ltd for the Elta ELM-2288 AD-STAR system. The systems, worth P2.68 billion (US\$56.4 million) will help monitor territorial airspace in the West Philippine Sea. The three radar units will be delivered 22, 28, and 34 months from January 2016, respectively. The radars will also complement the FA-50 lead-in fighter jets from South Korea.<sup>19</sup>

The PAF is also expected to acquire missile-based air defence systems. Three systems are planned for acquisition by 2016 and another three systems are to be acquired by 2020. Each system will be based on one of the PAF's air bases or air stations will defend PAF facilities and nearby areas from air attacks. Previous press releases by the DND, AFP, and PAF mentioned two possible systems: the SPYDER (Surface-to-Air PYthon & DERby) system from Rafael and IAI of Israel, and the Hawk XXI from US company Raytheon. Other systems have been considered but at time of writing, no decision has yet been made.<sup>20</sup>

16 <http://cnnphilippines.com/news/2015/11/28/philippine-air-force-supersonic-jets-arrive.html>

17 <http://www.philgeps.gov.ph/GEPSNONPILOT/Tender/SplashBidNoticeAbstractUI.spx?menuIndex=3&refID=3663557&DirectFrom=OpenOpp&Type=category&BusCatID=62>

18 <http://maxdefense.blogspot.sg/2015/06/philippine-air-force-flight-plan-2028.html>

19 <http://www.philstar.com/headlines/2016/02/04/1549522/government-signs-p2-b-air-surveillance-radar-deal>

20 <http://maxdefense.blogspot.sg/2015/06/philippine-air-force-flight-plan-2028.html>



## 2016 PROCUREMENT PLANS

The Philippines Armed Forces has informed Defence IQ of their intention to procure a range of other solutions including:

1 A more integrated command and control system to provide a common operating picture.

2 An integrated maritime domain awareness system that can leverage the automatic identification system AIS technology and automatically detect vessel behaviour.

3 UAVs to support an enhanced maritime domain awareness system, as well as UAVs that can be launched from vessels.

With a record breaking new defence budget and growing regional threats, the Philippines Coast Guard and Navy have both informed Defence IQ that they want to meet solution providers, particularly those that have already worked with other countries in Southeast Asia.

**MEET THE PHILIPPINES CHIEF OF NAVY AND THE MOST SENIOR PROCUREMENT DECISION MAKERS AT:**



**9 - 10 June 2016**  
Manila, Philippines

**CLICK HERE  
TO LEARN MORE**

