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Evaluating the Policy and Governance Factors Affecting the Philippines' Self-Reliant Defense Posture: Assessing Whether Republic Act 12024 Provides the Power to Achieve Self-Reliance

June 2026

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Prepared for the Naval Postgraduate School, Monterey, CA 93943.

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ABSTRACT

This study assesses whether Republic Act 12024, the Self-Reliant Defense Posture (SRDP) Revitalization Act, can enable the Philippines to develop a domestic defense industry after five decades of policy initiatives since Presidential Decree 415 (1974). Import dependence persists due to fragmented agencies, weak procurement-industry links, and regulatory delays. RA 12024 establishes a Defense Technology and Industry Development (DTRID) office, mandates offsets and local content, and streamlines acquisition processes to build industrial capacity. Using an integrated framework of grand strategy, policy evaluation, and institutional analysis, the study reviews Philippine laws and compares cases from South Korea, Indonesia, Thailand, and India. Findings highlight RA 12024's strengths in centralization and incentives alongside gaps in enforcement, skills development, and niche prioritization. Recommendations include SRDP-specific procurement rules, DTRID empowerment, and alliance-based technology transfer to translate policy into measurable self-reliance for national security and economic growth.



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LIST OF ACRONYMS AND ABBREVIATIONS

AFP	Armed Forces of the Philippines
BAPPENAS	Indonesian Ministry of National Development Planning
BCDA	Bases Conversion and Development Authority (Philippines)
BOI	Board of Investments (Philippines)
CPBRD	Congressional Policy and Budget Research Department
DAP	Defence Acquisition Procedure (India)
DAPA	Defense Acquisition Program Administration (South Korea)
DBM	Department of Budget and Management
DND	Department of National Defense (DND)
DILG	Department of Interior and Local Government (Philippines)
DOF	Department of Finance (Philippines)
DOLE	Department of Labor and Employment (Philippines)
DOST	Department of Science and Technology (Philippines)
DOTr	Department of Transportation (Philippines)
DTI	Department of Trade and Industry (Philippines)
DTI	Defence Technology Institute (Thailand)
DTRID	Defense Technology Research and Industry Development (Philippines)
FDI	Foreign direct investment
GFI	Government Financial Institutions
GOCCs	Government-Owned and Controlled Corporations
GPPB	Government Procurement Policy Board (Philippines)
ICT	Information and Communication Technology
IPOPHL	Intellectual Property Office of the Philippines
IRR	Implementing Rules and Regulations
KKIP	Komite Kebijakan Industri Pertahanan (Indonesia's Committee of the Defence Industry)
KPK	Komisi Pemberantasan Korupsi (Indonesia's Corruption Eradication Commission)
LGUs	Local Government Units



MRO	Maintenance, Repair, & Overhaul
MSMEs	Micro, Small and Medium Enterprises
NEDA	National Economic and Development Authority (Philippines)
NIASD	National Innovation Agenda and Strategy Document
NIC	National Innovation Council (Philippines)
PD	Presidential Decree
PEZA	Philippine Economic Zone Authority
PhilGEPS	Philippine Government Electronic Procurement System
PPPs	Public-Private Partnerships
RA	Republic Act
R&D	Research and Development
SBMA	Subic Bay Metropolitan Authority (Philippines)
SIPRI	Stockholm International Peace Research Institute
SRDP	Self-Reliant Defense Posture
SUCs	State Universities and Colleges
UAV	Unmanned Aerial Vehicle



EXECUTIVE SUMMARY

The Self-Reliant Defense Posture (SRDP) has been a long-standing goal of the Philippines since the 1970s. The aim is to reduce dependence on foreign suppliers and build the ability to equip, maintain, and upgrade the Armed Forces of the Philippines using a local defense industry. This research examines whether Republic Act (RA) No. 12024, or the SRDP Revitalization Act, provides the policy and governance tools needed to turn that goal into real progress. It also places the Philippine case alongside countries like South Korea, Indonesia, Thailand, and India, and looks at how laws and institutions can support or limit the shift toward a more self-reliant posture.

The study is driven by a key issue. Despite several laws and programs—from Presidential Decree (PD) No. 415 (1974) and RA No. 7898 (1995) to RA No. 10349 (2012)—the Philippines still depends heavily on foreign suppliers for major systems, and local industry remains mostly limited to low-technology work, maintenance, or small-scale production. Global research shows that defense production is concentrated in a few advanced producers, while most countries operate in niche or low-tech areas and only achieve limited self-reliance. Comparative studies of South Korea, Indonesia, and other states show that progress depends less on passing a single law and more on building a connected system that links procurement, research and development, industrial policy, and budgeting, backed by capable institutions and sustained political commitment.

Accordingly, the study addresses one primary and three secondary research questions. The primary question asks how and to what extent the Self-Reliant Defense Posture Revitalization Act of 2024 provides the policy and governance mechanisms needed to make SRDP achievable. The secondary questions ask what key themes and provisions in the laws of countries like South Korea, Thailand, Indonesia, and India support the achievement of defense self-reliance; how do the laws, institutions, and practices of those countries operate in their own settings; why are these features relevant for strengthening the Philippines' pursuit of defense self-reliance; and what policy and legal elements can be adopted or improved to strengthen the SRDP of the Philippines.



Methodologically, the study uses a qualitative, comparative policy approach built on three perspectives. First, a strategic perspective places SRDP within national security goals and treats defense industrial policy as part of broader grand strategy. Second, a governance and public policy perspective examines how laws define problems, goals, tools, and institutional responsibilities. Third, an institutional and organizational perspective analyzes how roles, coordination, and accountability affect implementation. These perspectives are translated into evaluative criteria and used to assess RA 12024 and its interaction with other Philippine laws.

The findings show that RA 12024 is a step forward toward a more integrated SRDP framework. It sets clearer goals, creates new roles such as a dedicated undersecretary for defense technology research and industry development, and pushes for closer links between procurement, local industry, and innovation. It also signals stronger support for local firms, supply chains, and technology transfer. However, long-standing weaknesses are only partially addressed. These include fragmented mandates, weak coordination across agencies, and limited systems for monitoring, evaluation, and learning. Gaps remain in how SRDP is carried out across the procurement cycle, how it fits with existing procurement rules, how innovation and intellectual property are aligned with defense needs, and how financing and risk-sharing for local firms are structured.

The country cases show that stronger local capability comes from consistent and integrated governance. South Korea shows how strong coordination across procurement, research, and industry can drive steady progress. Indonesia shows how laws can support local industry through technology transfer and local content rules, though results vary due to inconsistent implementation. Thailand shows how gradual reforms can build capability over time. In all cases, laws are supported by clear systems, empowered agencies, and feedback mechanisms that connect policy to actual results.

Overall, RA 12024 is an important foundation for a stronger SRDP but, by itself, is not sufficient to achieve meaningful and sustainable defense self-reliance for the Philippines. It clarifies intent and introduces new governance tools, yet gaps persist in strategic focus, institutional authority, operational rules, and implementation capacity. To move forward, the study recommends several key steps. First, clearly define a realistic and



focused SRDP concept and adopt a national SRDP and defense industry roadmap that identifies priority sectors, technologies, and phased capability goals. Second, strengthen institutional integration by giving the Office of the Undersecretary for Defense Technology Research and Industry Development (DTRID) a clear lead role with adequate authority and capacity, establishing structured inter-agency coordination, and issuing SRDP-operational rules on procurement, offsets, and industrial cooperation that align RA 12024 with procurement, innovation, and business laws while preserving transparency and competition. Third, integrate defense and dual-use technologies more deliberately into the national innovation system, supported by professional acquisition and SRDP project teams and by strong monitoring, evaluation, and quality-assurance and certification systems that link policies to actual results. Fourth, focus early implementation on practical, learning-oriented projects in sectors where demand, existing or emerging industrial capacity, and manageable complexity intersect, using these as steppingstones toward a focused long-term industry strategy. Collectively, these steps aim to turn RA 12024 from a strengthened legal commitment into a clear and workable system that can gradually build a more resilient Philippine defense industry.



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DISCLOSURES

AI-based tools such as Perplexity, ChatGPT, and Copilot were used in a limited way to support brainstorming and developing ideas, and refining wording for clarity and coherence. Generative AI was not used to collect or analyze data, conduct the literature review, or generate original empirical findings. Because these tools can introduce inaccuracies, biased language, or unattributed text, all AI-generated output was treated as provisional, any substantive suggestions were verified against primary sources and scholarly work, and language was revised or rewritten as needed; the author retains full responsibility for the accuracy, analysis, and conclusions of this capstone.



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I. INTRODUCTION

“Logistics comprises the means and arrangements which work out the plans of strategy and tactics. Strategy decides where to act; logistics brings the troops to this point; grand tactics decides the manner of execution and the employment of the troops” (Jomini, 1862, p. 69). Building on this classic view, logistics can be understood as the practical backbone of military strategy, translating plans into sustained operations and often determining whether a campaign succeeds or fails. In a broader sense, logistics underpins national defense and security by enabling the continuous protection of people, territory, and sovereignty.

It can be assumed that a nation’s objective is to equip their defense forces with sustainable capabilities to keep pace with the threats within military operating environments. The challenge is how to achieve or maintain a self-reliant defense posture. It is a question to import from foreign sources or advocate for internal defense forces. Domestic defense industry offers potential solutions in producing defense equipment that contributes to improving a country’s defense posture. There are numerous issues with developing domestic defense industry. One of these enablers for a successful defense industry would be the government, which is the infrastructure of how industry activities and guidance the foundation of the defense plan lays down. National security also rests on the shoulders of the governmental sector, which has many policies to create the framework for defense industries. It finds policies that help facilitate successful self-reliant defense posture of several countries with robust domestic defense industry capabilities (Marzah & Setiawan, 2015).

In the context of the Philippines, the pursuit of a self-reliant defense posture has been a long-standing aspiration, formally articulated through the Self-Reliant Defense Posture Program in the 1970s (Republic of the Philippines, Presidential Decree 415, 1974). However, despite multiple modernization efforts and legislative frameworks such as the AFP Modernization Act (Republic of the Philippines, Republic Act No. 7898, 1995) and the Revised AFP Modernization Act (Republic Act No. 10349), steps towards a strong domestic defense industry have had little or no impact. The national defense capabilities



continue to rely heavily on foreign suppliers for major equipment and systems, which limits the country's ability to decide and act on its own and affects operational readiness.

The policy frameworks, institutional mechanisms, and governance challenges to support the development of the Philippine defense industry are the focus of the study. It examines how Self-Reliant Defense Posture (SRDP) Revitalization Act (2024) and the Implementing Rules and Regulations, as a holistic legal and policy landscape, impact defense industrialization and the quest of the country for such a self-reliant defense framework. The research identifies notable policy enablers and institutional best practices that can guide the Philippine approach, as determined by the comparative analysis of certain regional models (South Korea, Indonesia, Thailand, and India). Ultimately, this study aims to assess whether the current legal and governance framework can align national defense objectives with the long-term goal of self-reliance.

A. BACKGROUND

A sustainable domestic defense industry is recognized as a foundation for national security, economic stability, and technological independence. Defense industries globally vary in their capacity for innovation, integration, and independence. Bitzinger's (2015) updated pyramid model remains a central reference for categorizing national defense industries, distinguishing between states with broad, technologically advanced industrial bases (Tier 1a/1b), those with more limited or niche capabilities (Tier 2a/2b/2c), and those mainly supplying basic, low-tech needs (Tier 3). For countries faced with the task of moving from weapons import dependence to self-reliance, this framework remains highly relevant. (Bitzinger, 2015)

Kurc, C., Bitzinger, R. A., & Neuman, S. G. (2021) argue that government policy is a major factor in shaping how a defense industry grows. Even if the process of globalization leads countries to open their defense markets and deal with foreign companies, each state still chooses its own path based on its priorities (Kurc et al., 2021). Some governments promote open competition and foreign investment, while others maintain a strong state involvement to promote long-term and capital-intensive programs (Kurc et al., 2021). Most developing countries also stress over internal issues to prevent



foreign dependent firms from gaining influence and developing national sovereignty and reputation (Kurc et al., 2021). Because these policy choices differ from country to country, defense industries develop differently (Kurc et al., 2021). This variation in development paths highlights that it is government policy, rather than global trends, that shapes the trajectory of how defense industries expand and how they engage with global production networks (Kurc et al., 2021).

In Southeast Asia, particularly Malaysia and the Philippines, have long pursued defense self-reliance, yet there is still a challenge to attaining it. The principle of self-reliance developed in Malaysia in the 1970s is still to be satisfied with the performance level in the development of defense industry (Abdullah & Zahari, 2023). The Philippine Self-Reliant Defense Posture (SRDP) program began in the 1970s to reduce reliance on overseas companies and develop the capability to produce its own equipment and technology and take care of its own facilities. This direction was carried forward through key policies such as PD 415 in 1974 (Presidential Decree No. 415, 1974), AFP Modernization Act in 1995, Revised AFP Modernization Program in 2012, and most recently Self-Reliant Defense Posture Revitalization Act in 2024. These laws demonstrate a shared national commitment to connect industry with procurement, research and budget development. The Self-Reliant Defense Posture Revitalization Act promotes the development of local industrial facilities, innovation advancement, and supply chain consolidation. Further institutional changes to this effect are included, such as the establishment of a new undersecretary, specifically to focus on defense technology and industry, as the Congressional Policy and Budget Research Department (CPBRD) highlights (Bicenio et al., 2025).

However, mere policy declaration is not sufficient. The Philippine experience illustrates that modernization, and procurement programs have been prioritized, but the institutional integration, technology transfer, and genuine industry upgrading have been less achieved (Bicenio et al., 2025). Barriers have persisted for decades. These include fragmented institutional mandates, weak inter-agency coordination, and policy frameworks that do not align procurement, innovation, and domestic industry incentives. This regulatory and bureaucratic fragmentation, documented by the Congressional Policy and



Budget Research Department (Bicenio et al., 2025) has kept the country's defense industrial base from maturing to the desired end state.

Comparative regional experience underscores the centrality of governance, coherence, and policy follow-through. South Korea achieved defense industrial upgrading through the deliberate integration of procurement, R&D, and industrial strategy under the Yulgok Project and the Agency for Defense Development (Moon & Lee, 2008). Indonesia has sought to strengthen its indigenous defense industry and promote technology absorption mainly through the consolidation and rationalization of its state-owned strategic enterprises (Matthews et al., 2025). Thailand's gradual shift from offset requirements toward structured local partnerships and indigenous production is reflected in its "Modernisation Plan: Vision 2026," as well as several defense industry master plans, including the Master Plan for the Defence Industry 2015–2020 and the National Strategic Defence Plan 2017–2036 ("A reckoning," 2020). In these countries, progress came about as a result of sustained government leadership, strong institutions, and policies that provided support while still ensuring clear responsibility.

Within this global and regional context, the critical question for the Philippines is whether Self-Reliant Defense Posture Revitalization Act (2024) can finally address the long-standing governance and implementation problems that have slowed SRDP for decades. Studies from government and academic experts show that earlier reforms did not fail because of lack of effort, but because agencies were not properly aligned, policies did not work together, and there were no steady systems to measure progress or adjust programs as industry needs changed (CPBRD, 2025).

A closer and evidence-based review of Self-Reliant Defense Posture Revitalization Act (2024) is therefore critical, especially how it works with other important laws such as but not limited to Government Procurement Reform Act (2003) on procurement, Philippine Innovation Act (2019) on innovation, and Ease of Doing Business and Efficient Government Service Delivery Act (2018) on the business environment. This kind of analysis is important to see if the Philippines can finally move from policy statements to real and lasting implementation that builds true self-reliance in the defense sector.



B. PROBLEM STATEMENT

Despite more than five decades of government efforts, the Philippines still relies heavily on importing defense equipment and technology. That is despite repeated policy commitments to self-reliance through the Self-Reliant Defense Posture (SRDP) program and major laws such as: Presidential Decree No. 415 (1974), AFP Modernization Act in (1995), Revised AFP Modernization Program (2012), and the recent Self-Reliant Defense Posture Revitalization Act (2024). Although these laws aimed to promote a domestic defense industry, they still do not address enduring challenges like: policy and institutional fragmentation, poor inter-agency coordination, and unclear links (or lack thereof) between procurement, local industry, innovation, and budget development (Bicencio et al., 2025). Bicencio, et. Al. (2025) emphasized in recent studies that the pace of implementation is slow, because of regulatory bottlenecks, ambiguous, unclear roles of various agencies, and incomplete rules that result in the Philippines relying heavily on foreign suppliers at the core military needs.

The new efforts under Self-Reliant Defense Posture Revitalization Act (2024) promise a more cohesive policy and governance framework, with a clear direction and encouragement for the local defense industry. However, there is still little research on the feasibility or efficacy of these new measures, if any, to remove long-standing barriers or deliver significant improvements. Some studies to date (Bicencio et al., 2025) focus on the procurement or more general modernization, and hardly any analysis of the interaction of some of the key laws (Government Procurement Reform Act (2003), Ease of Doing Business and Efficient Government Service Delivery Act (2018), Philippine Innovation Act (2019) and Self-Reliant Defense Posture Revitalization Act (2024)) on the ground making it supportive or inhibiting self-reliance.

This study seeks to fill the gap in systematic assessment and consider whether the current legal and governance parameters—focused on the Self-Reliant Defense Posture Revitalization Act (2024)—effectively transition SRDP objectives into actual advancements toward a comprehensive self-reliant Philippine defense posture.



C. RESEARCH QUESTIONS

In this study, the following questions are addressed:

1. Primary Research Question:

- How and to what extent does Self-Reliant Defense Posture Revitalization Act (2024) provide the policy and governance mechanisms needed to make the Self-Reliant Defense Posture achievable?

2. Secondary Research Questions:

- What key themes and provisions in the laws of successful countries like South Korea, Thailand, Indonesia, and India support the achievement of defense self-reliance?
- How do the laws, institutions, and practices of South Korea, Thailand and India operate in their own settings, and why are these features relevant for strengthening the Philippines' pursuit of defense self-reliance?
- What policy and legal elements can be adopted or improved to strengthen the Self-Reliant Defense Posture of the Philippines?

D. OBJECTIVES

This study explores the relationship between government policies and a successful defense industry to identify which policies can enable a self-reliant defense industry. Specifically, this study aims to:

- Assess whether Self-Reliant Defense Posture Revitalization Act (2024) establishes the governance structures, policy mechanisms, and institutional authorities necessary to address the long-standing barriers that have historically prevented the Philippines from achieving a viable Self-Reliant Defense Posture (SRDP).
- Compare the governance frameworks, legal mechanisms, and implementation systems of countries with successful defense industrial



development such as South Korea, Thailand, Indonesia, and India, and identify policy features that are relevant to strengthening Philippine SRDP.

- Specify the policy, legal, and institutional reforms that should accompany Self-Reliant Defense Posture Revitalization Act (2024) implementation so that it produces a more coordinated, long-term, and workable Self-Reliant Defense Posture in the Philippines.

E. SCOPE AND LIMITATIONS

This study seeks to identify the extent to which the Self-Reliant Defense Posture under the Self-Reliant Defense Posture Revitalization Act (2024) continues the national agenda of building a resilient and self-sufficient defense sector. The study analyzes the compatibility of the Self-Reliant Defense Posture Revitalization Act (2024) with other relevant Philippine legislation. It reviews official, applicable rules, Congressional reports and policy papers that account for the enforcement of these laws. The study also analyzes several country cases (South Korea, Thailand, Indonesia, and India) towards identifying lessons and practices that may be applicable to the Philippines.

The study will not incorporate assessments of equipment projects or technical performance or readiness as it is a policy and governance study. It relies exclusively on evidence and published research and does not include interviews or field data. Since Self-Reliant Defense Posture Revitalization Act (2024) is a new law, the Implementing Rules and Regulations have only recently been distributed by DND Department Circular No. 03 dated 27 February 2025, and comprehensive, empirical data on implementation, early projects, and long-term outcomes are limited. Accordingly, this research is concentrated on documentary study of the Self-Reliant Defense Posture Revitalization Act (2024), the IRR and accompanying laws and official acts rather than on the detailed assessment of program achievements. Comparing with the practices of these other countries relies on official English-language sources, which may not cover every internal practice. Due to these limitations, the research addresses what might be backed up by relevant documents.



F. SIGNIFICANCE OF THE STUDY

The study is timely and relevant for the Philippines' journey towards a self-reliant defense posture. It touches on an issue related to the realization of the Philippine SRDP by introducing the SRDP Law—whether the new Self-Reliant Defense Posture (SRDP) law and its Implementing Rules and Regulations provides the policy instrumentality that needs to be established as well as governance instruments in order to transform the Philippines from a long-standing import dependency to a coherent set of policies in terms of procurement, innovation, budgeting and business environment. It provides a systematic assessment that is not yet present in existing literature, which has presented the laws and programs, to date alone or in the context of procurement and modernization over governance and institutional integration. This study identifies the gap through the analysis of whether the legal and regulatory tools available today can translate decades of policy intent in the direction of self-reliant defense posture into tangible advances in developing a domestic defense industrial capacity.

The study is significant also for the broader policy and institutional improvement, and is helpful because it assesses governance structures, coordination systems and implementation arrangements explicitly, and not limited to the provisions under formal law. Through an analysis of whether the mandates, the authorities, and how processes and activities of SRDP Revitalization Act aligned/failed to align with other important policies (Government Act, Philippine Innovation Act, Ease of Doing Business and Efficient Government Service Delivery Act, and other core ones) in its provisions, it can identify opportunities to identify redundancies, gaps or conflict within, that has not been considered the priority of the SRDP in the past. This type of evidence-based analysis is essential for legislators, defense planners, and implementing agencies who wish to optimize the law, refine the implementation rules and regulations, or develop complementary strategies that can provide a governance system that is more coherent, predictable and able to sustain long-term domestic defense industrial development.

Looking at a strategic level, the study goes beyond the legal and bureaucratic factors as a strong and credible SRDP directly links with national security, economic resilience and technological advancement that can keep pace in a regional security



environment. Global issues on dependency from foreign nations pose a critical vulnerability to all nations' armed forces, specifically the Armed Forces of the Philippines (AFP), in the aspects of disruptions in supply chain, changing geopolitical conditions, and threats to security of defense systems and capabilities in general. While this study directly affects the Philippines' defense forces, it also has a great influence for opportunities of local industry growth thereby increasing employment and eventually boosts the economic condition of the country. The identification of strengths and gaps under SRDP Revitalization Act, this study can provide decision and policy makers information that can strengthen the existing policies or gaps that can trigger for the development of new and complementary policies. In essence, the ultimate objective shall be to enhance the country's ability to equip, maintain, and upgrade its forces under any uncertainty condition or external pressure.

This chapter introduced the research problem and gave a context and purpose, as well as description of objectives, scope and significance of the study. It highlighted on one critical problem in ensuring policy and governance align to achieve a self-reliant defense posture of the Philippines, specifically in relation to the SRDP Revitalization Act. The answers to these research questions are outlined in the following chapters as follows: Chapter II reviews the literature on defense industrialization, self-reliance, and governance, including comparative work on South Korea, Thailand, Indonesia, and India that informs Secondary Research Questions 1 and 2. The methodology, analytical framework, and research design to assess RA 12024 and derive lessons from comparative cases are described in Chapter III; these details will lay down the underlying basis for addressing all research questions. Chapter IV provides within-case analysis of the Philippine legal and governance framework and cross-case insights from selected countries, thus addressing both Primary Research Question 1 and Secondary Research Questions 1 and 2. Chapter V synthesizes these findings to respond to Primary Research Question 1 and Secondary Research Question 3 by providing an overall assessment of RA 12024's contribution to SRDP, a set of policy and legal recommendations with an implementation roadmap, and recommendations for future research.



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II. REVIEW OF RELATED LITERATURE

This chapter reviews a growing field of study on defense industrialization and defense self-reliant and position the Philippine Self-Reliant Defense Posture (SRDP) within that wider global and regional context. The sections clarify how different authors define and measure core concepts such as “defense industrial base,” “defense industrialization,” and “defense self-reliance,” and explains why states invest political, fiscal, and institutional capital in building domestic defense industries despite persistent constraints. They also stress the practical significance of the topic by drawing on international data on the relationship of policy and governance with arms production and transfers, as well as comparative classifications of national defense industries, to show how countries like the Philippines remain positioned closer to the importing, low-technology end of the spectrum.

The discussion proceeds in five interrelated sections that connect the global context to the specific concerns of this study. First, the subsection on global perspectives on defense industrialization reviews about classifications, trends, and discussions on how defense industries are structured and how they interact with global supply chains and self-reliant capability objectives. Second, the motivations for defense industrial development section reviews the reasons why nations pursue defense self-resilience, whether for security, technological advancement, broader economic gains, or global standing, and how these motivations influence how much they are willing to take on for cost and other risks of pursuing self-reliance. Third, the section on governance and institutional factors focuses on how legal frameworks, inter-agency coordination, and government measures link budgeting, innovation, procurement, and industrial policy, referencing studies that connect successful defense industrialization to coherent, integrated governance systems rather than having single laws or programs alone. Fourth, regional and international case studies section reviews the countries that have made deliberate efforts to strengthen their defense industries such as South Korea, Indonesia, Thailand, and India, to identify actionable policy measures, institutional frameworks, and implementation mechanisms that have enabled or constrained progress toward self-reliance. Finally, the section on lessons



relevant to the Philippines integrates these global and regional insights and relates them to how SRDP concept has developed over time and the related laws of the Philippines. By reviewing what is already known and how foreign nation experiences can be translated to the Philippine context, this review provides the theoretical and empirical foundation for evaluating whether the current policy and governance framework under R.A. 12024 is sufficient to shift the Philippines' import-dependent posture to one that builds local capability.

A. GLOBAL PERSPECTIVES ON DEFENSE INDUSTRIALIZATION

Bitzinger (2015) argues that defense industrialization is increasingly understood as happening within a layered global system in which a small number of countries sustain broad, high-end production, while most others rely on less sophisticated technologies and narrower capabilities and occupy constrained, niche positions in specific roles in certain stages of the process such as making components, assembling parts, or providing maintenance support to the dominant defense firms. Bitzinger (2015) further mentioned that countries pursue their own arms production for many reasons, and one of the strongest is the need to stand on their own when it comes to self-reliance in arms acquisition. In an international security system where no actor can fully guarantee protection, each state must secure itself, which requires a self-sufficient national defense capacity. This means a country has a capable military that requires armaments, a requirement for a sustained domestic source of armaments exists. Therefore, building a reliable national defense industries is now a practical necessity for a nation (Bitzinger, 2015).

1. Global Hierarchy and Concentration

One prominent contribution is Bitzinger's pyramid model (Figure 1), which classifies countries based on how much they can produce across different defense sectors and with an assessment of how advanced their technologies are (Bitzinger, 2015).



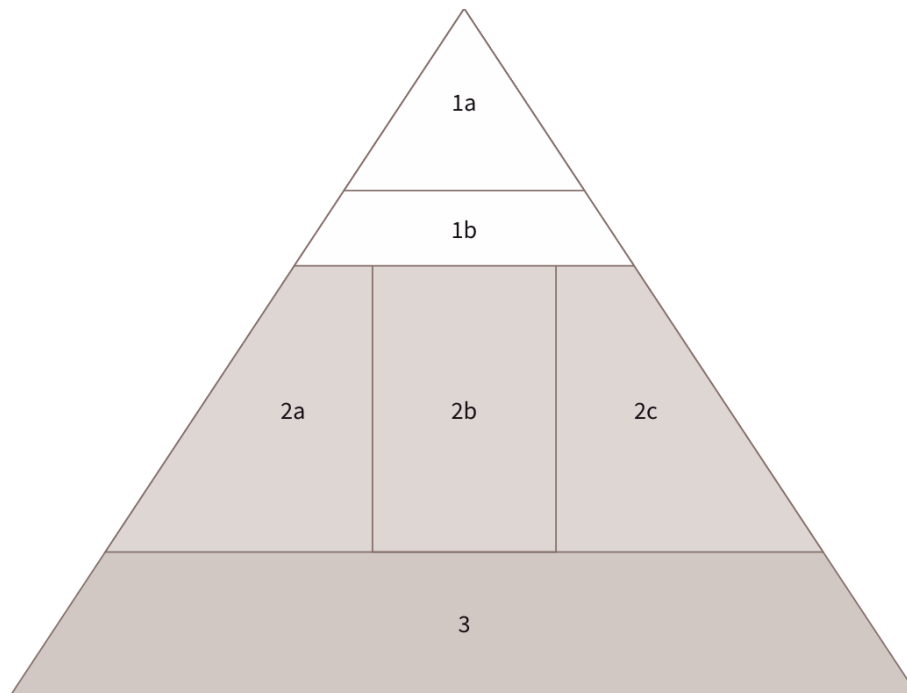


Figure 1. Bitzinger's Pyramid Model. Source: Bitzinger (2015).

At the top of the pyramid are Tier 1 producers like the United States, major European states (Britain, France, Germany, and Italy), and Russia, which have comprehensive and mature capabilities across all major domains. Below them is a diverse Tier 2 classification that includes South Korea, Brazil, India, Israel, Turkey, and Indonesia. They are capable, but their strengths are different across sectors. At the bottom are Tier 3 countries that mostly assemble or license-produce low technology systems (Bitzinger, 2015). In parallel, SIPRI's categorization of "major" arms producers, derived from its TOP 100 arms industry database, maps the countries' standing and how much weight their leading firms hold in the global market (Fleurant & Tian, 2019).

Using SIPRI's (Stockholm International Peace Research Institute) recent estimates, international arms transfers (arms exports and arms imports) remain highly concentrated among a small number of suppliers rather than among a broad range of producers (George et al., 2025). Over the period 2020–2024, the United States accounted for 43 percent of the global major arms exports with France, Russia, China, and Germany together bringing the combined share of the top five exporters to roughly three quarters (72 percent) of all arms

exports (George et al., 2025). In contrast, suppliers such as South Korea, Turkey, Israel, and several European middle powers each held only low shares for global arms exports, and significant uncertainty persists around the true scale of Chinese production and transfers due to limited data transparency (George et al., 2025).

This global perspective successfully describes the hierarchy and concentration of arms production but offers only limited insight into how specific nation can change their position over time or into the political and strategic conditions under which movement between tiers is feasible.

2. Limited Autarky and Niche Strategies

In Bitzinger’s “New ways of thinking about global arms industry: Dealing with “limited autarky,” it is argued that full sufficiency in defense production is neither practical nor efficient except for a small number of large and highly advanced economies (Bitzinger, 2015). Bitzinger (2015) points out that most countries can only reach what he calls limited autarky, meaning they focus on being self-reliant in a few areas that really matter to national security, rather than trying to do everything domestically, which usually brings high costs and technical risks. From this perspective, the smarter approach is to pick specific niches such as certain types of ships, armored vehicles, missiles, or electronics where a country can design and produce systems locally and even compete abroad, while continuing to import capabilities.

SIPRI’s arms-transfer data, which list the main export categories and principal recipients for each supplier, indicate that emerging exporters such as Israel, Turkey, and South Korea concentrate their exports in a few product lines rather than across the full spectrum of major conventional weapons (George et al., 2025). At the same time, developing-country cases like Indonesia illustrate that even where self-reliance is defined ambitiously at the policy level, actual industrial capabilities and export performance are usually concentrated in a few sectors with supportive technological and organizational foundations (Irfan et al., 2023).

While the global literature makes a strong conceptual case for limited autarky and niche strategies, it is less explicit on how nations should identify which niches are realistic,



given their technological base, fiscal constraints, and international environment. There is no widely used, practical way to connect a country's existing resources, capabilities, and limits to a clear set of prioritized defense industrial niches.

3. Evolutionary Pathways in a Global Setting

A further strand of work addresses evolutionary pathways but still from a global or highly general perspective. The “ladder of production” and defense-innovation typologies conceptualize movement from reliance on imports, through assembly and licensed production, to co-production and incremental modifications, and eventually to more ambitious indigenous development in selected sectors (Bitzinger, 2015). In this model, progress depends not only on acquiring production rights, but also on building research and development (R&D) capacity, absorptive capability, and the organizational routines necessary to upgrade from “duplicative imitation,” where firms mainly copy or assemble foreign designs with little modification, to “creative adaptation,” where they begin improving, modifying, and tailoring those systems to local needs, and eventually toward more independent innovation in military technologies (Bitzinger, 2015).

Empirically, global arms-transfer data show that only a small number of countries account for the bulk of major arms exports, while many others remain heavily dependent on imports for their key systems (George et al., 2025). Even among those that host top-100 arms firms, SIPRI notes that dependence on domestic demand and on a limited number of export markets can make industrial advances fragile and vulnerable to budget cycles or policy shifts (Fleurant & Tian, 2019). Recent firm-level research in Indonesia also suggests that movement up the ladder is contingent on dynamic capabilities and innovation within individual companies, not just on formal access to foreign technology (Irfan et al., 2023).

From a global perspective, many countries either make little progress or do not make advancements, yet there is surprisingly little work explaining why this happens. A lack of clear explanations exists for why some defense industries remain stuck at simple assembly or maintenance and repair activities even when they have similar access to licensed production and offset arrangements. As a result, broad global frameworks do a



poor job of explaining outcomes and predicting success or failure for new or aspiring defense producers.

4. Global Constraints and Data Limitations

Finally, global perspectives underscore that defense industrialization is shaped by systemic constraints and measurement problems (Fleurant & Tian, 2019). Concentration of arms production in a few countries and firms, the sensitivity of military industrial data and the privatization and internationalization of defense companies all complicate efforts to accurately assess capabilities (Fleurant & Tian, 2019). For example, SIPRI notes that several large Chinese arms producers almost certainly belong in the top 100 by sales, but data scarcity and lack of transparency currently prevent their inclusion; this implies that global rankings and categorizations may understate the capabilities of some actors and overstate the dominance of others.

Moreover, financial metrics such as arms sales capture only one dimension of industrial strength; they do not directly measure R&D depth, systems-integration competencies, or the capacity to innovate in emerging domains such as cyber, space, or autonomous systems (Fleurant & Tian, 2019; Irfan et al., 2023). Global perspectives thus provide a necessary but incomplete view of defense industrialization, one that needs to be complemented by more granular analyses of capabilities, institutions, and technologies at regional, national, and firm levels.

The reliance on sales-based indicators constrains what global studies can say about underlying technological and organizational capabilities, especially in dual-use and emerging technology sectors. This measurement gap shows the need for research that links broad global trends with close, country specific evidence on how defense industries operate and change over time.

B. MOTIVATIONS FOR DEFENSE INDUSTRIAL DEVELOPMENT

Countries build defense industries for three main reasons: to strengthen national security, to support economic development, and to advance political goals (Bitzinger, 2015; Fleurant & Tian, 2019; Béraud-Sudreau et al., 2022). These motivations are



discussed by authors such as Bitzinger, Fleurant and Tian, and Wezeman and his coauthors. At the same time, these authors caution that governments often set ambitions that go beyond what their budgets, technical capabilities, and industrial foundations can realistically sustain.

1. Security and Autonomy, and Vulnerability Reduction

A core, well-documented motivation is to reduce vulnerability to foreign suppliers and sanctions. Bitzinger (2015) argues that, in an anarchic international system, states fear embargoes, technology denial, and political leverage over spare parts or upgrades, which leads them to seek at least some domestic arms-production capacity, even if full self-sufficiency is unattainable. Empirical illustrations in this literature include cases where major suppliers have suspended deliveries or imposed conditionalities, reinforcing the perception that dependence on external sources for key platforms and munitions can threaten operational autonomy and crisis readiness (Bitzinger, 2015).

In Indonesia, policy documents and analytical studies describe a long-standing focus on building a domestic defense industrial base, especially state-owned strategic industries, to reduce reliance on foreign suppliers for major platforms, maintenance, and upgrades. These studies explain that past embargoes, supply disruptions, and the stalled modernization efforts of the 1990s strengthened Jakarta's resolve to expand licensed local production, maintenance, repair and overhaul capabilities, and domestic content in major defense acquisitions. (RSIS Indonesia Programme, 2013)

2. Technology-driven Nationalism and Economic Development

A secondary and commonly cited reason is the deployment of the defense industry in national technology and in economic development in general. Bitzinger (2015) numerous states encourage industrial and technological capacity development in defense as a means of empowering the whole industry in general or technologies especially in heavy industry, shipbuilding, aerospace, and electronics. In this view, military projects are seen as enablers of technological growth, promoting the development of skills, suppliers, and manufacturing processes that also support other industries. From this perspective, defense manufacturing develops advanced production skills, systems integration



experience, and technologies for deployment throughout its enterprise, including both military and civilian sectors (Bitzinger, 2015).

South Korea is often used as a clear example of how this approach works in practice. Studies of its experience show that defense projects in shipbuilding, armored vehicles, and aerospace were intentionally linked to national economic development plans. These projects helped large domestic companies grow into globally competitive firms and later allowed technologies from the civilian information technology sector to be applied to military systems such as command and control, surveillance, and precision weapons (Moon & Lee, 2008). In Indonesia, Irfan et al. (2023) describe self-reliant defense firms as companies whose success depends on continuously improving their skills, investing in new technologies, and adopting better ways of doing business. They argue that this kind of upgrading can improve military capability while also making domestic industries more competitive in both local and export markets (Irfan et al., 2023).

3. Political, Symbolic, and Domestic Support Building Drivers

Political and symbolic reasons are also important in explaining why countries invest in defense industries. Bitzinger (2015) explains that nations often pursue the local production of high-profile military systems, such as fighter aircraft, submarines, or major warships, because these programs signal national status, technological sophistication, and the image of being a capable middle or great power. These symbolic benefits can be strong enough that nations continue such programs even when they are very costly or offer limited economic returns (Bitzinger, 2015). Studies of Indonesian policy discussions show a similar pattern, where the promotion of “strategic industries” and domestic defense production is used to present Indonesia as modern, technologically capable, and able to make independent security decisions, reinforcing its identity as a confident regional power (RSIS Indonesia Programme, 2013).

Another factor is the creation of domestic political support through jobs and economic benefits. Bitzinger (2015) notes that promises of employment, the spread of factories across regions, and advantages for well-connected firms can build strong political coalitions in favor of local defense production, even when importing equipment would be



cheaper or more effective (Bitzinger, 2015). Research on South Korea likewise shows that programs for artillery, naval vessels, and aircraft have often been defended on political grounds because they support specific industrial regions and large companies that operate in both civilian and defense markets (Moon & Lee, 2008).

4. Overambition, Limited Capacity, and Unclear Results

Comparative studies of newer defense producing countries repeatedly show a gap between what governments say they want to achieve and what their industries can do. Braud-Sudreau et al. (2022) find that, even though Indonesia, Malaysia, and Thailand promote strong self-reliance goals and have formal defense industrial policies, they still import most major military platforms and rely heavily on foreign technology. In practice, domestic activity is mainly limited to maintenance, repair, and overhaul, licensed production, and a small number of locally produced systems (Braud-Sudreau et al., 2022). Irfan et al. (2023) reach a similar conclusion for Indonesia, noting that local firms are strongest in only a few areas, especially shipbuilding, while full industrial independence remains more an aspiration than a reality (Irfan et al., 2023).

These patterns matter for how defense industrial development is understood. Bitzinger (2015) warns that when security concerns, national status, and economic goals reinforce one another, countries may pursue expensive and high visibility projects mainly for prestige. Such projects often carry high technical risks, produce limited benefits for the wider economy, and place heavy strain on public finances, leading to industrial overreach (Bitzinger, 2015). At the same time, the studies discussed here, especially Bitzinger's global typology of defense producers and Irfan et al. (2023) firm level analysis of Indonesia, provide only limited insight into how particular mixes of security, economic, and political drivers lead to specific outcomes, such as narrow specialization, excessive ambition, or the development of sustainable industrial niches. This gap explains the need for more detailed comparative frameworks.

C. GOVERNANCE AND INSTITUTIONAL FACTORS

Defense industrial development depends not only on demand and technology but also on how states organize laws, agencies, and decision-making processes around the



sector. In Indonesia and comparable middle powers, governance arrangements shape which projects advance, how offsets are used, and whether domestic firms can absorb transferred technology.

1. Legal Frameworks and Coordinating Bodies

Indonesia's 2012 Defense Industry Law (Law No. 16/2012) is the central legal framework guiding defense industrial policy. The law defines categories of defense firms, mandates technology transfer and offset requirements, and aims to shift procurement from a foreign-supply pattern toward a higher domestic content over time.

To implement this law, the government created the Committee of the Defence Industry (KKIP, Komite Kebijakan Industri Pertahanan), chaired by the President and bringing together the defense, industry, finance, research, foreign affairs, and state-owned enterprises ministries. The KKIP is intended to coordinate planning, align R&D and industrial policy with defense needs, and ensure that major acquisitions support local industry through local content, countertrade, and offset arrangements rather than stand-alone imports. (RSIS Indonesia Programme, 2013)

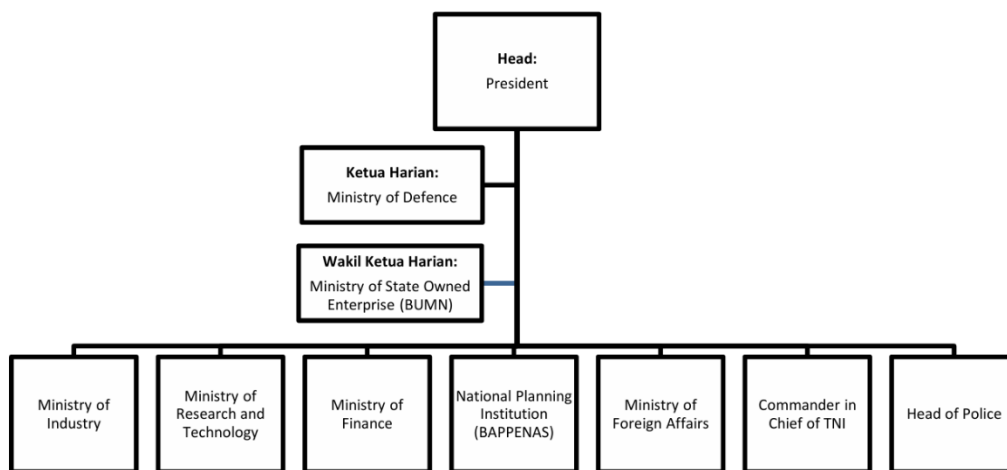


Figure 2. Committee for Defence Industry. Source: RSIS Indonesia Programme (2013).

2. Budgeting, Acquisition Rules, and Decision Makers with Blocking Power

Indonesia's defense acquisition system faces two main constraints: limited defense spending and a budgeting process that is spread across many institutions (Matthews et al., 2025). Studies of how procurement decisions are made show that major investments must be approved by several separate actors, including the Ministry of Defence, the armed forces, the National Planning Institution or the BAPPENAS, the Ministry of Finance, parliament, and the KKIP. Each of these bodies follows its own rules and priorities, which means that any one of them can slow down or block a program. As a result, major procurement efforts have often been delayed, revised multiple times, or cancelled altogether, as seen in long running submarine, surface combatant, and unmanned aerial vehicle programs. (Matthews et al., 2025)

The budgeting and governance constraints also make it difficult to maintain steady funding for research, development, and industrial upgrading. Matthews et al. (2025) explain that while official policy documents emphasize self-reliance and support for local industry, tight budgets, rigid planning rules, and many layers of approval tend to push decision makers toward short term solutions. These include buying second-hand equipment, relying on export credit financing, or using barter arrangements, rather than committing to clear and long-term strategies for building domestic industrial and technological capacity. (Matthews et al., 2025)

3. Industrial Policy Instruments and Implementation Gaps

Law 16/2012 and its related policy plans set out several tools to support Indonesia's domestic defense industry (RSIS Indonesia Programme, 2013). These include requirements for foreign suppliers to provide offsets, targets for using local materials and labor, and rules directing the armed forces to buy from domestic companies whenever this is practical. The law also requires that most large foreign defense purchases include a mix of countertrade, local content, and offsets, with the share devoted to offsets and technology transfer meant to increase over time. Responsibility for overseeing and enforcing these requirements is assigned to the KKIP (RSIS Indonesia Programme, 2013).



Indonesian-focused quantitative research based on survey data from 70 defense industry companies shows that implementation outcomes are uneven (Irfan et al., 2023). Irfan et al. (2023) find that, despite the formal legal framework, the capabilities of these firms are still concentrated in only a few areas, particularly shipbuilding and certain types of ammunition production and maintenance, repair, and overhaul services. Many more complex systems continue to rely heavily on imported designs, components, and technical knowledge, which suggests that legal requirements for offsets and local content are not sufficient on their own without corresponding technical capacity, adequate financing, and careful selection of projects. (Irfan et al., 2023)

4. Corruption, Transparency, and Institutional Integrity

Conducting evaluations of Indonesia's defense governance identified corruption and limited transparency in procurement as significant institutional risks. Matthews et al. (2025) point to recurring issues such as opaque bidding processes, an overuse of brokers or intermediaries, and offset arrangements that can be difficult to scrutinize. Moreover, international defense integrity audits report Indonesia as a high-risk country for defense procurement and it is argued that there are continuing concerns over accountability and oversight (Matthews et al., 2025).

In response, there have been legal and institutional changes that seek to increase oversight of defense spending. Matthews et al. (2025) point out that Indonesia's Corruption Eradication Commission, or KPK, has been formally confirmed as competent to investigate corruption cases involving both civilian officials and military personnel in the defense sector. But real progress relies on how efficiently the KPK collaborates with the armed forces and other law enforcement units to investigate and prosecute the cases (Matthews et al., 2025).

D. REGIONAL AND INTERNATIONAL CASE STUDIES

This subsection examines how other states have tried to move from import dependence toward more self-reliant defense industries, focusing on South Korea and then highlighting broader Indo-Pacific patterns. It uses these cases to illustrate what sustained, state-led defense industrialization can achieve, and where its limits lie.



1. South Korea: Deep but Selective Self-Reliance

South Korea's defense industrial development in response to emerging North Korean threats began during the 1970s (Moon & Lee, 2008). President Park Chung-hee responded by initiating a more extensive heavy and chemical industrialization and promulgated the Special Law on the Promotion of the Defense Industry in 1974 (Chun, 2017). This law granted tax incentives, financing and administrative support to chosen firms and created the Agency for Defense Development to spearhead defense research and development (Moon & Lee, 2008; Chun, 2017). By the mid-1980s, these measures allowed South Korea to meet most basic army needs, including ammunition, small arms, artillery, armored vehicles, and simple naval vessels. Much of this production relied on licensed manufacturing, reverse engineering, and gradually increasing local design capability (Moon & Lee, 2008).

In later decades, defense industrial policy was more clearly tied to military planning and alliance management. Under President Roh Tae-woo, "the August 18 Plan" aimed to strengthen self-reliance while remaining within the U.S.–South Korea alliance (Chun, 2017). Reforms focused on improving joint military command structures, balancing capabilities across the services, and placing greater emphasis on air and naval power (Moon & Lee, 2008; Chun, 2017). This approach was expanded under Presidents Kim Dae-jung and Roh Moo-hyun, culminating in Defense Reform 2020. This plan called for reducing troop numbers from about 650,000 to 500,000 and shifting toward a more technology-intensive force, with major investment in command-and-control systems, surveillance, precision weapons, and network-based operations (Moon & Lee, 2008; Raska, 2016).

Procurement patterns show how South Korea matched industrial ambition to capability over time. During the 1970s and 1980s, domestic production focused on relatively simple weapons and equipment, such as artillery, mortars, small arms, basic communication systems, patrol vessels, and early armored vehicles, often based on U.S. designs and licenses (Moon & Lee, 2008). From the late 1990s onward, the focus shifted toward more advanced systems associated with modern warfare, including command and control networks, tactical communications systems, low-altitude surveillance radars, and some unmanned aerial vehicles, many of which were developed or produced locally



(Braud-Sudreau et al., 2022). At the same time, South Korea continued to import the most complex and expensive systems, such as airborne early warning aircraft, high-altitude UAVs, missile defense systems, and advanced fighter aircraft (Braud-Sudreau et al., 2022). Between 2005 and 2020, Defense Reform 2020 drove large domestic programs, including the K2 main battle tank, K9 self-propelled howitzer, infantry fighting vehicles, advanced destroyers, submarines, training aircraft, light combat aircraft, and precision-guided missiles, alongside foreign purchases of key strategic enablers like satellites, refueling aircraft, and some advanced munitions. Between 2005 and 2020, Defense Reform 2020 drove large domestic programs, including the K2 main battle tank, K9 self-propelled howitzer, infantry fighting vehicles, advanced destroyers, submarines, training aircraft, light combat aircraft, and precision-guided missiles, alongside foreign purchases of key strategic enablers like satellites, refueling aircraft, and some advanced munitions (Braud-Sudreau et al., 2022).

South Korea relied on different acquisition approaches depending on the system. Many systems related to command and control, artillery, armored vehicles, and naval platforms were developed and produced domestically. Others, such as submarines and certain aircraft, used co-production and technology transfer arrangements. Direct imports were reserved for the most advanced technologies and subsystems (Moon & Lee, 2008). The creation of the Defense Acquisition Program Administration in 2006 and later legislation, including a 2021 defense industry promotion law, further strengthened institutional support for domestic suppliers, with a stated goal of spending about 80 percent of procurement funds within the country (Braud-Sudreau et al., 2022).

The defense industrial sector that emerged is concentrated among a small number of large firms but has developed strong technological capabilities. By the mid-2000s, the top ten companies represented more than three quarters of defense contracts, with those specializing in artillery, aerospace, command and control systems, and naval shipbuilding the best positioned to compete as shown in Figure 3 (Moon & Lee, 2008).



Rank	Company	Sales (KW billion)	Ratio(%)
1	Samsung Techwin	631.2	11.9
2	KAI	544.7	10.2
3	Samsung Thales	452.7	8.5
4	Hanwha	433.7	8.2
5	Hyundai Heavy Industries	426.6	8.0
Total(1–5)		2 488.9	46.8
6	LIG NEX 1	417.0	7.8
7	Doosan Infracore	387.0	7.3
8	Poongsan	312.0	5.9
9	Rotem	297.8	5.6
10	STX Engine	193.8	3.6
Total(1–10)		4 096.5	77.1

Figure 3. The Sales and Market Share of Top Ten Defense Contractors (2006). Source: Moon & Lee (2008).

South Korea has since become a major arms exporter, selling aircraft, artillery equipment and naval systems to countries including Indonesia, Turkey, and the United Arab Emirates (Moon & Lee, 2008). This represents a move from trading mere products to selling high-ticket platforms, as shown in Figure 4.

Item	Export Nation	Terms	Amount of Export
<i>KT-1/KO-1(KAI)</i>	Indonesia	2002–2005	60
	Turkey	To be supplied during 2010–2013	500
<i>T-50(KAI)</i>	UAE	Contract scheduled in 2008	2 700
<i>K-9 (Samsung Techwin)</i>	Turkey	2000–2005	300
<i>LST (Hanjin Heavy Industries)</i>	Indonesia	2002	150

Figure 4. South Korea Military Exports by Major Items (US\$ Million). Source: Moon & Lee (2008).

Despite these achievements, important limits remain. There is still reliance on the foreign vendors for critical technologies, such as the warfare components of state-of-the-art warships, aircraft engines and advanced sensors, and there are some strategic systems that are directly imported (Moon & Lee, 2008; Braud-Sudreau et al., 2022). Defense

factories have often operated at relatively low capacity, reflecting fluctuating demand and market saturation, and companies have struggled with profitability (Moon & Lee, 2008). Political tensions related to threat perceptions, alliance policy and budgetary constraints have also caused many major reform plans to undergo gradual redrafting, decelerating or withdrawing at least some procurement programs (Raska, 2016).

South Korea's experience is an illustration that sustained political will, long-term planning, and focus of legal and institutional assistance can create a capable defense industrial base and supply a more powerful military. Simultaneously, it also shows that even a modest degree of success in this self-reliance strategy does not erase the need for dependence on foreign technologies to handle the most intricate systems — budget-industrial balance and alliance relationships continue to be problems.

2. Broader Indo-Pacific Patterns

Comparative studies of defense production in the Indo-Pacific show that only a small number of countries have built strong domestic capabilities across several areas of military equipment. South Korea is usually cited as one of these cases, along with Singapore. These countries share several common features. They maintain strong central control over defense procurement and industrial policy, focus long-term investment on a limited number of priority areas such as armored vehicles, naval platforms, or specific aerospace programs, make extensive use of offset and technology-transfer requirements when buying from abroad, and rely on large state-owned firms to carry out defense production. (Braud-Sudreau et al., 2022)

At the same time, experiences elsewhere in Southeast Asia show how challenging it is to turn official goals of defense self-reliance into lasting industrial capability. Malaysia illustrates how difficult it can be to turn self-reliance ambitions into real capabilities: despite policy efforts to promote a local defense industry in areas such as shipbuilding and land systems, its armed forces still obtained all their major conventional arms through imports in 2016–2020, and its domestic firms remain concentrated in lower-end production and Maintenance, Repair, & Overhaul (MRO). More broadly across the region, most domestic defense firms remain focused on maintenance, repair, and overhaul work or on



relatively simple, low technology production. Highly complex systems such as combat aircraft, air defense systems, and advanced sensors are still mainly purchased from external suppliers, particularly the United States, European countries, Russia, and a small group of more technologically advanced Asian producers such as South Korea and Japan. (Braud-Sudreau et al., 2022)

E. LESSONS RELEVANT TO THE PHILIPPINES

Lessons from Indonesia and South Korea indicate that progress toward a more self-reliant defense posture depends on sustained government commitment to industrial policy, legal frameworks that favor domestic producers, and long-term investment in R&D and firm capabilities, rather than isolated procurement decisions (Irfan et al., 2023; Moon & Lee, 2008).

The literature suggests that self-reliance cannot reasonably mean producing all advanced weapons domestically. Instead, it should mean having enough domestic capability to keep essential military systems working during crises, maintain credible deterrence, and avoid being strategically immobilized by supply disruptions from abroad (Braud-Sudreau et al., 2022). In practical terms, this approach rests on three closely linked pillars. Countries tend to pay less attention to developing a fully autonomous defense industry and instead invest more into creating a small number of domestic industrial and technological niches. It parallels the Indonesian experience which had firms focusing on some capabilities and not general self-sufficiency (Irfan et al., 2023). These niches are generally entwined with strong alliances and partnerships, including co-production in joint projects with the United States, Japan, South Korea and top European suppliers. The experience of South Korea illustrates that domestic capability building is compatible to licensed production and selective foreign acquisition (Moon & Lee, 2008). The literature emphasizes the role of governance, acquisition systems, and human capital in enabling countries to absorb, maintain, upgrade, and gradually localize imported platforms and local production (Braud-Sudreau et al., 2022).

Defining self-reliance in this narrower and more practical way avoids the common mistake of promising full self-sufficiency, something that even wealthier countries such as



Australia and South Korea do not claim to achieve. It also aligns with how self-reliance is measured in comparative studies of arms production in the Indo-Pacific, which focus on resilience and bargaining power rather than complete independence (Braud-Sudreau et al., 2022).

When you take a comparative perspective, it becomes clear that self-reliance is fundamentally a political and institutional challenge rather than a purely technical one. From licensed basic production, into exports of advanced trainers, artillery systems or warships, South Korea's military transition led by strong presidential guidance, maintenance of defense policy through political cycles, and use of the law to create a basis for long-term backing of domestic industry (Moon & Lee, 2008). In 1974, the Special Law on the Promotion of the Defense Industry and later acquisition reform implemented strong preferences towards local suppliers, established specialized entities such as the Defense Acquisition Program Administration, and protected long-term programs from short-term government change (Moon & Lee, 2008). Indonesia's experience also underscores the importance of long-term policy frameworks that span electoral cycles. As its 2012 Defense Industry Law and ensuing plans of development clarify demands for domestic prioritization, transferring domestic technology, and offset use, firm level research indicates the need for continuous commitment of the governments to engage in spending on innovation and long-term upskilling of firms (Irfan et al., 2023).

According to the literature, this enduring self-reliant posture is typically characterized by a collective view among leaders across administrations on the leading external threat, including China's maritime expansion. It is, however, a consensus that is taking shape across strategy and practice, regardless of previous moves among accommodation and resistance (De Castro, 2024). Similar to the legal anchors employed in South Korea and Indonesia (Moon & Lee, 2008), defense industrial goals and SRDP objectives are typically enshrined in the framework legislation and medium to long term policies as a means of ensuring continuity across political transitions. Studies also emphasize on the necessity of substantial support of the president, as inconsistent endorsement by the highest officials translates into budget priorities and bureaucratic



encouragements favoring short-term internal security concerns over more long-term capabilities (De Castro, 2024).

South Korea and Indonesia also demonstrate that governance design are key actors in whether self-reliance ventures prevail. The establishment of a targeted acquisition agency in South Korea helped with fragmentation reduction, life-cycle planning and clear controls on localization and transfer of technology. Intentionally, the government tilted toward domestic suppliers in shipbuilding, command and control systems, precision weapons, etc., but imports or co-produces the most complex systems on demand without falling into misguided attempts of full indigenization. Investments in defense research and development, emphasizing long-term innovation instead of short-term production, allowed the emergence of competitive firms in advanced technology areas (Moon & Lee, 2008).

Indonesia's experiences provide cautionary insights that hold relevance for the Philippines. There can be poor performance due to heavy reliance on state-owned enterprises if political interference, weak corporate governance and protection from competition are neglected. Firm-level evidence shows that inefficient state ownership structures, corruption risks, and soft budget constraints reduce innovation and industrial performance. Performance-based reforms that emphasize innovation, skills development, and new business models are necessary to translate legal support into real capability. Government ownership alone does not guarantee self-reliance. (Irfan et al., 2023)

These lessons highlight the importance of having a strong and technically capable acquisition and armaments management institution that can oversee offsets, co-production, and long-term industrial partnerships, rather than dispersing these responsibilities across multiple agencies (Irfan et al., 2023). If government-owned or controlled firms are used, their mandates and incentives need to be carefully designed to avoid inefficiency and politicization. Studies highlight that procurement systems that support domestic content and technology transfer while retaining flexibility to buy from abroad when local options are not viable, following South Korea's selective approach to foreign procurement (Moon & Lee, 2008).



The Indonesian evidence also highlights that self-reliance depends heavily on organizational and human capabilities, not just factories or ownership structures. Instead of focusing only on infrastructure, Irfan et al. (2023) point out that firm performance depends on how managers build and update skills, organize work, and make innovation part of everyday routines. Practices such as selective recruitment, continuous training, empowered teams, and flexible work arrangements support innovation and competitiveness, while technological advances drive improvements in business models and performance. (Irfan et al., 2023)

The literature frames self-reliance as a human capital and institutional development effort as much as an industrial or procurement policy. Building skilled engineers, systems integrators, logisticians, and acquisition professionals is essential for managing technology transfer and sustaining complex systems, especially in a region where most countries still import advanced platforms but seek to expand domestic maintenance and subsystem work. The literature indicates that incentives in defense firms that reward innovation, quality, and reliability rather than simple contract acquisition, tend to support stronger industrial performance. Partnerships with universities and technical institutes are often linked to defense-relevant research and development, as occurred in South Korea's integration of civilian technology strengths into defense production. (Braud-Sudreau et al., 2022)

Comparative data across the Indo-Pacific show that even capable middle powers focus on selected niches rather than comprehensive self-reliance. South Korea concentrated on shipbuilding, artillery, and specific aerospace and command systems while continuing to import key technologies. Taiwan emphasized missiles and surveillance systems, and Indonesia focused on shipbuilding, small arms, and maintenance. Comparative evidence shows that countries tend to prioritize areas where they have realistic potential, such as patrol and auxiliary shipbuilding, coastal surveillance, selected munitions, and maintenance of imported platforms, rather than attempting to produce advanced aircraft or submarines in the near term. (Braud-Sudreau et al., 2022)

The literature shows that large procurement programs are often used to secure technology transfer, local participation, and long-term maintenance arrangements, while avoiding unrealistic expectations of full technology sharing (Braud-Sudreau et al., 2022).



These industrial choices are often aligned with broader strategic priorities, including maritime security, deterrence, and resilient command and control systems (De Castro, 2024).

Overall, the literature suggests that self-reliant defense postures tend to be more effective when they are focused, politically sustained, and supported by strong governance and partnerships, rather than framed as attempts to achieve full industrial independence (Braud-Sudreau et al., 2022).

F. SYNTHESIS OF LITERATURE AND IDENTIFIED GAPS

The current literature has a good understanding of defense industrialization. It demonstrated the importance for long term state commitment, inter-institutional coordination, and the capacity to embrace and implement foreign technologies to develop a defense industrial base. This also shows that self-reliance does not equate to independence but enables the construction of chosen internal capabilities and ties with global supply chains. Comparative examples like those of South Korea and Indonesia indicate that outcomes are determined not just by policy motives but also by governance, implementation, and congruence with defense needs.

At the same time, the literature has clear limits. It explains broad patterns of success and failure but does not fully show how countries translate laws and policies into actual capability. There is also limited analysis of how procurement, industrial policy, budgeting, and institutions work together in practice. Most studies focus on outcomes, rather than whether a country's overall framework is coherent and workable.

These gaps matter in the Philippine context. While existing studies discuss self-reliance and the challenges of developing defense industries, there is limited analysis of how the Philippine legal and institutional framework supports or constrains these goals. Recent reforms such as SRDP Revitalization Act show stronger policy intent, but it is still unclear how these reforms interact with existing systems and whether they form a coherent and workable foundation for capability development.



With this, there is a need to examine the Philippine defense industrial and acquisition framework as a whole. This includes assessing how laws, policies, and institutions align, how they interact in practice, and where gaps in coordination, implementation, or capacity may affect outcomes.

This study addresses these issues by examining whether the current policy and governance structure provides a realistic and implementable foundation for Self-Reliant Defense Posture, and how alignment, interaction, and effectiveness across key elements shape outcomes in the Philippine system.



III. THEORETICAL FRAMEWORK AND RESEARCH METHODOLOGY

This chapter presents the theoretical foundations for evaluating the Philippine Self-Reliant Defense Posture (SRDP) law and related defense policies. The framework is designed to: (1) assess whether these policies are strategically coherent given the country's security environment; (2) evaluate the extent to which existing legal and institutional arrangements enable or hinder the achievement of SRDP objectives; and (3) clarify what a realistic SRDP should entail for the Philippines by drawing on comparative experience from states with more developed defense industries. The analysis integrates three complementary strands of theory: grand strategy, policy analysis and evaluation, and comparative institutional and organizational theory, and then explains how this framework informs the study's research design and methods.

A. THEORETICAL FRAMEWORK

To address the aims of this chapter, the study uses a layered framework that connects the strategic, policy, and institutional sides of SRDP. At the highest level, grand strategy is used to check if SRDP aligns with Philippine national security goals and limits. Policy analysis and evaluation then help assess how SRDP related laws and measures are designed and carried out. At the same time, comparative institutional and organizational perspectives help explain when and how self-reliant defense policies lead to real capability. Overall, these elements form the analytical framework developed later in this chapter and used in the analysis.

1. Grand Strategy as a Strategic Assessment Lens

The study uses grand strategy as a yardstick for the evaluation of whether Philippine defense laws, particularly the SRDP statute, are effectively and in a sustainable and proportionate manner consistent with the pursuit of national means and ends at the strategic level. This is generally used to describe how political, economic, military, and technological inputs are connected to long-term security goals (Brands, 2014).



According to Silove (2018), grand strategy includes three related dimensions: plan, principle, and pattern. These are useful for assessing SRDP. Official documents reflect the plan, including the National Security Policy, National Defense Strategy, AFP National Military Strategy, and the SRDP law. The principle involves whether domestic defense production can be directly associated with deterrence, resilience, and less reliance on foreign suppliers. The pattern is reflected in actual behavior: from making decisions about procurement, alliances, and industrial policy. It's used to examine if SRDP and its accompanying policies form consistent responses to external challenges, especially China's maritime expansion, with limited resources and existing relationships.

Grand strategy scholarship also advocates for the fact that state capacity is essential for turning plans into capabilities. Taliaferro (2006) defines state capacity as the capacity for the extraction and mobilization of resources, based in the long run on long-term security ambitions. Simply possessing the resources of a nation is not sufficient; the mechanisms, institutions, and leadership must be managed to build real capability. This view helps to orientate the SRDP by examining whether the Philippines will mobilize the fiscal, bureaucratic, and industrial capability to practically put into practice self-reliant defense policies.

2. Policy Analysis and Evaluation Framework

Grand strategy clarifies the goals of national defense by explaining the goals of the Self-Reliant Defense Posture and providing a rationale for the development. It specifies overall direction but does not explain how specific laws or policies can be analyzed. Policy analysis and evaluation theory have closed this gap, by supplying practical and systematic methods to analyze government policies, grasp the ways that government policies are put into practice, and to assess the effectiveness of the outcomes. In this study, well established policy analysis frameworks developed by Dunn (2018) and Bardach (2012) are used to help identify policy problems, arrange evidence, and assess the strengths and weaknesses of existing laws and policies in relation to SRDP. Frameworks like those of Dunn (2018) and Bardach (2012) serve as analytical tools for evaluation and understanding and are not meant as guidelines or instructions to create new policy.



a. Dunn's Integrated Policy Analysis and Evaluation

According to Dunn (2018), policy analysis involves generating and reshaping five kinds of knowledge that matter for public decisions: how problems are defined, what results are anticipated, which options are favored, what happens in practice, and how policies perform overall. For an evaluative study such as this, three elements are especially important.

First is how the policy problem is defined. Dunn (2018) cautions that although governments can solve problems effectively, they may be dealing with problems in the wrong way and be solved efficiently they still would fail. To that end, this research seeks to answer the question of whether laws regarding SRDP accurately recognize the underlying difficulties. These laws allow thinking about limitations in industrial capacity, the existence of reliance on foreign producers, funding constraints, weak institutional coordination, or the convergence of all of these and other issues. Even well-designed policies may not increase self-reliance when the problem is poorly or partially defined (Dunn, 2018).

Second, Dunn's monitoring and evaluation framework offers a means of looking at how policies are performing. He divides inputs, activities, outputs, outcomes and impacts, connecting them in a clear causal chain (Dunn, 2018). This study uses this structure to test whether SRDP policies specify clearly inputs (funding, institutions, R&D, local procurement, etc.) and outputs (domestic capability that can enable the government to become internally self-sufficient). Additionally, it makes use of benchmark standards such as effectiveness, efficiency, adequacy, and responsiveness to gauge when measures are effective in reducing the problem.

Third, Dunn (2018) promotes an integrated analysis. He maintains that complex policy problems require the integration of economic, political, organizational, and technical perspectives. SRDP covers defense strategy, industrial policy, public finance, and bureaucratic processes, indicating that they cannot be analyzed from a single angle. Taking this approach, this study combines various perspectives into one evaluative framework.



b. Bardach's Eightfold Path as a Structuring Heuristic

Bardach (2012) describes policy analysis process as iterative and has eight stages, identifying the problem, seeking evidence, formulating options, selecting criteria, forecasting outcomes, weighing trade-offs, choosing, making decisions and finally presenting analysis. The approach is a guideline to approach the analysis of current SRDP policy, rather than to develop new policy.

Two considerations have particular importance. First, Bardach (2012) emphasizes the need for explicit definitions of the problems, typically represented as either deficits or excesses that policy can remedy. For SRDP this may include too much reliance on external systems or too little home-grown capacity to maintain and upgrade those systems, which can have very different priorities and assessment metrics. Second, his concentration on criteria such as effectiveness, efficiency, equity, and political feasibility as well as the explicit trade-offs, offer a valid approach for the evaluation of the fit between SRDP policies and the problem they intend to solve (Bardach, 2012).

Bardach (2012) also introduces the “twenty-dollar bill test,” asking why an apparently beneficial policy has not already been implemented. Applied to SRDP it allows consideration of political push back, bureaucratic pressures, fiscal constraints and decision biases which might have limited previous initiatives. This method lends evidence in service of the argument by outlining barriers and enablers as opposed to just analyzing existing policy.

3. Comparative Institutional and Organizational Theory

The third pillar of the framework takes inspiration from comparative institutional and organizational theory, examining the conditions under which self-reliant defense policies succeed or fail. To avoid treating SRDP as merely an abstract term, the study relies on findings from countries with more developed defense industries, particularly South Korea and Indonesia, to reveal and pinpoint critical institutional and organizational characteristics that enable or constrain development. These features then serve as the yardstick for assessing the Philippine legal and institutional context.



a. Institutions, Governance, and Defense-Industrial Outcomes

Comparative research shows that proclaiming goals of self-reliance or industrialization is not sufficient. The results are contingent on the design and quality of institutions for acquisition, industrial policy, and civil-military relations (Bitzinger, 2015). Professional agencies of acquisition, legal systems which accommodate local industry and technology transfer, robust oversight of defense companies, and a consistent approach to policy across political cycles have important importance (Bitzinger, 2009, 2015).

South Korea shows us how institutional design can facilitate development. Similarly, Moon and Lee (2008) demonstrate that the development of a specific acquisition agency, the Defense Acquisition Program Administration, and accompanying legislation facilitated the professionalization of procurement, fragmentation reduction, and a more robust handling of offsets and co-production. These reforms were instrumental in the phase out of licensed production and the internal development and export of systems like the K9 howitzer, KT1 trainer aircraft, and naval platforms (Moon & Lee, 2008).

Indonesia illustrates the potential and challenges of reform. Although its 2012 Defense Industry Law and 2020 to 2024 development plan intended to support domestic industry, mandate technology transfer, and regulate offsets, implementation has been uneven (Irfan et al., 2023). Poor corporate governance, soft budget constraints, and political meddling in state-owned firms have held back performance and innovation. These cases tell us that institutional design is the key to whether self-reliance policies become real capability.

b. Organizational Capabilities, Human Capital, and Innovation

In organizational theory, dynamic capabilities, or a firm's ability to build and adjust its resources as conditions change, are seen as key drivers of performance and competitive advantage (Dynamic capabilities, 2024). When applied to Indonesia, Irfan et al. (2023) provide evidence that performance improves through practices such as selective hiring, continuous training, and empowered teams, as well as technological innovation. In contrast, dynamic capabilities can only make a modest change when they are not accompanied by supportive organizational reforms.



c. Path Dependence and Policy Feedback

In the case of the Philippines, SRDP cannot be evaluated by laws and institutions alone. And this needs to reflect on whether defense firms, whether public or private, have the capacity to absorb technology, manage complex programs, and sustain improvement. Studies conducted on comparative data from the Indo-Pacific illustrate that, in many countries where advanced systems can be assembled or serviced locally, reliance on foreign suppliers persists due to inadequate deeper design, systems integration, and R&D capacity (Braud-Sudreau et al., 2022).

4. Analytical Framework for Evaluating the Philippine SRDP Law and Related Policies

Building on these theoretical foundations, this study develops an analytical framework for evaluating the Philippine SRDP and related laws. The framework shown in *Figure 3* draws from these theories but is used as a separate tool for analysis. It combines grand strategy, policy analysis and evaluation, and comparative institutional and organizational perspectives into a clear set of questions and criteria that guide how evidence is collected, organized, and interpreted in the analysis chapter.

By combining grand strategy, policy analysis and evaluation, and comparative institutional and organizational theory, the study generates a comprehensive framework to evaluate the Philippine SRDP and associated laws. Grand strategy is a framework that provides measures for assessing whether self-reliance is defined in a way that matches national goals and resource limits (Brands, 2014; Silove, 2018). Policy analysis models contribute to framing the problem, determining criteria like effectiveness and adequacy, and understanding how policy inputs and activities produce outcomes (Dunn, 2018; Bardach, 2012). In terms of comparative institutional and organizational theory, the governance structures, firm capabilities, path-dependent constraints which determine results are identified (Bitzinger, 2015; Irfan et al., 2023; Moon & Lee, 2008; Braud-Sudreau et al., 2022).

From an implementation perspective, this framework enables three primary work purposes. First, strategy's consistency is evaluated by considering the convergence of the



SRDP policies with national goals and resource provision. Secondly, it analyzes institutional and organizational enablers and hindrances through its comparative analysis of Philippine arrangements with more advanced defense industries. Third, this assists in defining a pragmatic concept of SRDP: one that not only has elements of self-sufficiency but also is a self-dependent condition determined by identified capabilities as aligned to national strategy and sustained by extant or potential institutions and firms.

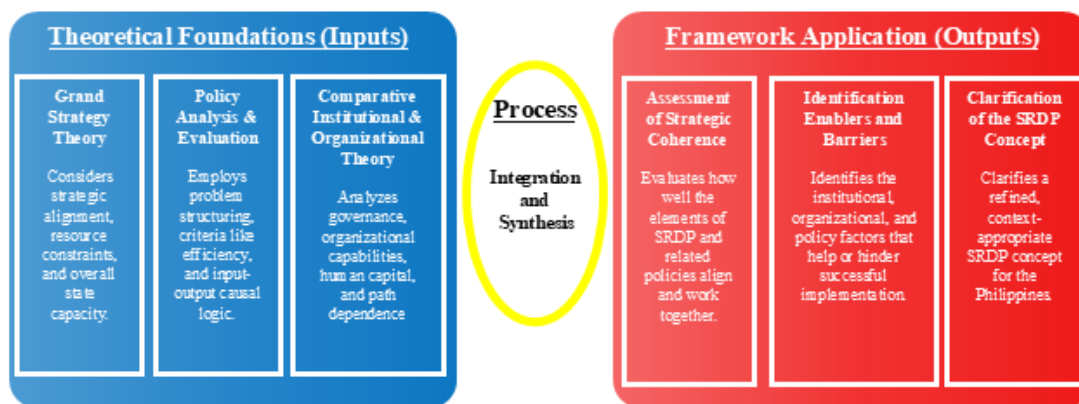


Figure 5. Integrated Evaluative Framework for the Philippine Self-Reliant Defense Posture (SRDP) Law and Related Defense Policies

In this study, the analytical framework is used to assess the strategic coherence of SRDP by examining its plans, underlying logic, patterns in practice, and the country's capacity to implement plan. It is also used to identify institutional and organizational enablers and barriers using policy analysis tools and comparative criteria. Finally, it guides how the findings in the analysis chapter are interpreted to clarify what a realistic and focused SRDP can mean to the Philippines.

As a whole, this research design gives a clear way to analyze the Philippine SSRDP and related laws in terms of strategy, policy design and governance. The next section describes the qualitative approach, how cases and documents are chosen, how data is gathered, and how the policy frameworks are analyzed.

B. RESEARCH METHODOLOGY

After laying out the theoretical framework, this section explains how the study applies it in practice. It covers the overall research design, how cases and documents are selected, how the framework is used in the analysis, and the steps for data collection and checking validity and reliability.

1. Research design and approach

This study uses a qualitative, document-based research design that combines policy analysis with comparative institutional assessment. The approach is both evaluative and explanatory. It examines how far the current Philippine legal and governance framework, centered on the SRDP Revitalization Act, can support a realistic and sustainable form of defense self-reliance. The study follows a theory-guided approach based on the integrated framework developed earlier. Grand strategy is used to assess whether SRDP is aligned with the Philippines' security environment and resource limits. Policy analysis helps examine how SRDP Revitalization Act and related laws define problems, assign responsibilities, and link procurement, innovation, and industrial development. Comparative institutional and organizational theory is used to analyze governance arrangements in the Philippines and selected foreign cases.

The design is non-experimental and does not use surveys, interviews, or fieldwork. Instead, it relies on systematic analysis of legal texts, official documents, and scholarly studies to assess institutional design, policy coherence, and likely implementation challenges. This approach fits the study's focus on laws, governance structures, and formal policy tools, as well as the recent enactment of SRDP Revitalization Act, which limits the availability of long-term outcome data.

2. Case and document selection

The analysis focuses on the Philippine legal and policy framework regarding SRDP. SRDP Revitalization Act is viewed as a primary reference, and this is together with previous law related to defense industrialization, procurement, innovation, and business environment. Presidential Decree No. 415, AFP Modernization Act and the Revised AFP



Modernization Act, Government Procurement Act, Philippine Innovation Act and Ease of Doing Business and Efficient Government Service Delivery Act and other laws like that are considered.

For comparison, the study considers four Indo-Pacific cases: South Korea, Indonesia, Thailand, and India. These were chosen based on the level of government-led efforts made toward domestic defense and reliance reduction as well as the formulation of an established legal and policy system for domestic defense as well.

The analysis focuses on significant laws, strategic documents and policy instruments that define industrial priorities, develop institutions for industries, and link state-industry and military relationships, which are based on policy reports, academic studies, and news articles which explore implementation, issues and outcomes.

3. Analytical framework operationalization

This integrated framework is translated into analytical dimensions and indicators that make up how documents are read and viewed. This is organized into three main areas.

First, the grand strategy perspective is used to assess strategic coherence. This includes how self-reliance is defined in relation to the external security environment, whether SRDP reflects a realistic and focused approach or broader ambitions, how clearly industrial goals are linked to threats and missions, and whether policies remain consistent over time.

Second, policy analysis concepts are used to examine SRDP Revitalization Act and related laws in terms of problem definition, inputs, activities, outputs, and intended outcomes. The study asks what problems are identified, what institutions and resources are assigned, what policy tools are used such as procurement preferences, local content, offsets, or innovation support, and what capabilities are expected. These are then assessed using criteria such as effectiveness, adequacy, consistency with other laws, and responsiveness to known constraints.

Third, comparative institutional and organizational theory is explored through a set of governance dimensions that characterize decision making with the presence of other



agencies, centralization with respect to government, relations with industry, offset and technology transfer systems, financing system, and the mechanisms through which decisions are given. The Philippines and selected countries are examined in this context so that patterns of institutional differences and the possible lessons can be drawn from it.

The dimensions are grouped into a common template for all cases. The same set of categories and questions is applied consistently to ensure comparability.

4. Data collection procedures

For the Philippine case, laws, presidential decrees, and executive or departmental issuances were collected from official sources (such as the Official Gazette, the Senate and House of Representatives websites, and the relevant agency portals).

For foreign cases, main legal and policy documents were gathered from official government and defense ministry websites. Where full texts are not available, authoritative English language summaries and policy documents are used, supported by secondary sources that explain their content and implementation.

Other secondary sources such as academic articles, books, policy reports and research papers are found through keyword searches on academic databases and institutional libraries. Search terms include “defense industrial base” and “defense industrialization,” “self-reliant defense posture,” “defense industry law” and “offset policy,” and country-specific topics in the area of defense production.

All materials were organized using the same reference system. On the analysis, the relevant sections were divided under the analytical categories of strategic coherence, policy design and evaluation and governance elements. That way, various sources could be compared or compared and reviewed in order.

5. Limitations, validity, and reliability

This study has some limitations that should be noted. The study is based only on documentary sources, and it does not consider interview, surveys or observation. Consequently, an examination of implementation and informal practices is based on



previously published reports or studies and they can be not always sufficient and may not fully capture operational realities in a region with constrained or sensitive information.

One limitation is that SRDP Revitalization Act is a recent law and implementation processes and a set of guidance and long-term performance data have not been implemented. The study is therefore about establishing how the law was set up in an initial institutional context, especially dealing with what is often identified as fragmentation, poor coordination, or gaps between procurement, innovation and industrial policy.

Second, the comparative analysis predominantly uses English language sources of foreign cases. As a result, some information may be limited because the policies themselves often vary but these variables include the local conversations, administrative practices, and informal processes that are not always captured or translated in available sources.

To address these limitations, the study uses triangulation by comparing findings across official documents, policy reports, and academic studies. It also applies a consistent analytical framework across all cases to ensure systematic comparison. Reliability is supported by using the same coding template for all materials, covering strategic coherence, policy design, and governance features. While some interpretation is unavoidable, these steps are intended to make the analysis clear, consistent, and transparent.



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IV. DATA ANALYSIS AND FINDINGS

This chapter addresses Primary Research Question 1 and contributes to answering Secondary Research Questions 1 and 2 by analyzing how the Philippine SRDP-related legal and governance framework, centered on the Self-Reliant Defense Posture Revitalization Act (2024), is designed, how it interacts with other laws, and how it compares with regional experience. It applies the theoretical and analytical framework developed in the previous chapter to assess the main enablers and constraints that emerge from RA 12024 and related laws

The chapter is organized into three parts. The first describes the main data sources, focusing on the Philippine legal and policy frameworks, the selected foreign cases, and the secondary analytical literature. The second presents the within-case analysis of RA 12024 and related Philippine laws. The third provides a cross-case analysis of regional models and a synthesis assessing the adequacy of RA 12024 for a realistic and sustainable SRDP.

A. DATA AND SOURCES

This study relies exclusively on documentary evidence. The data set consists of three main components: (a) the Philippine legal and policy frameworks related to the Self-Reliant Defense Posture and defense industrialization; (b) primary laws and policy documents from selected foreign cases (South Korea, Indonesia, Thailand, and India); and (c) secondary analytical literature that interprets and evaluates these frameworks. Organizing the data in this way allows the study to systematically connect the design of RA 12024 and related measures with both domestic experience and regional practice.

1. Philippine legal and policy framework

This study considers the core data of Philippine legislation, decrees, and policy documents of the SRDP and the defense industrial policy of the country. The focal point is RA 12024, Self Reliant Defense Posture Revitalization Act (SRDP), and its 2025 Implementing Rules and Regulations, promulgated under Department of National Defense (DND) Department Circular No. 03, establishing new governance arrangements regarding



defense technology, industry development, inter agency coordination, and specific procedures and instruments in the context of the SRDP Program. This legislation is compared with previous and related acts defining the institutional, procurement, innovation and business environment under which SRDP functions.

The SRDP-related frameworks include the following main groups:

- The basic SRDP and modernization pieces which are Presidential Decree No. 415, AFP Modernization Act (1995) (Republic Act [RA] 7898, 1995) and Republic Act No. 10349 (Revised AFP Modernization Act), codifying long-standing objectives to develop domestic defense as well as to financially fund major acquisitions, are also articulated.
- Procurement and public financial management rules, especially the Government Procurement Act (2003) (Republic Act [RA] 9184, 2003), as amended by New Government Procurement Act (2024) (Republic Act [RA] 12009, 2024) with its implementing rules and regulations, about government procurement in goods and services and the use of local preference clauses, offsets and long-term government–industry partnerships for the procurement of goods and services in the defense sector and other associated rules that regulate government spending.
- Innovation and industrial-policy measures: such as Philippine Innovation Act (2019) (Republic Act [RA] 11293, 2019) provides a country-wide legal framework that guides research, development and innovation support along with other legislation or executive orders that set forth technology-development programs based on dual-use and defense-related operations.
- Business environment and regulatory-process laws, notably Ease of Doing Business and Efficient Government Service Delivery Act (2018) (Republic Act [RA] 11032, 2018), which governs the regulatory and administrative environment for prospective defense vendors and investors, including mandates to streamline processes and cut red tape.



All these sources are taken as a starting topic. The study analyzes their definitions of self-reliance and domestic capability and the roles and responsibilities they assign, their impact on procurement, technology transfer, and innovation methods, and their setting coordination and oversight. The systematic review and coding of these elements serves to reveal how the existing structure can help or hinder the creation of a coherent and realistic SRDP.

2. Foreign case (South Korea, Indonesia, Thailand, India)

The study also draws on laws, policy documents, and official plans from four countries (South Korea, Indonesia, Thailand, and India) that have pursued defense industrial development and some level of self-reliance. These cases were selected because they combine clear policy intent with established legal and institutional frameworks, and are often cited as reference points for countries seeking to strengthen domestic defense production.

For each case, the analysis focuses on key documents that define roles, responsibilities, and policy tools. In South Korea, this includes measures that established specialized acquisition and development agencies and linked defense programs to broader industrial strategy. In Indonesia, it covers the defense industry law and related regulations on local content, offsets, technology transfer, and coordination. In Thailand, it includes defense industry master plans and modernization strategies that promote local partnerships and industrial support mechanisms. For India, the focus is on procurement and production policies that expand indigenous content and encourage both state-owned and private sector participation.

Where available, official English-language documents are used. When these are not accessible, the study relies on detailed summaries and policy analyses from credible sources. These materials are used to compare how different countries structure their defense industrial frameworks and to identify features that may be relevant to the Philippine context.



3. Secondary analytical literature

The study also uses secondary literature to interpret Philippine and foreign legal and policy contexts. They give key insights into defense industrialization and self-reliance and empirical analyses of how particular legislation, institutions and policies work in practice (i.e., the impact of particular legislation, institutions and policies). These range from academic journal articles, books, along with policy reports and research papers of academic establishments, think tanks and government research agencies.

Global and comparative studies help place SRDP within a broader context, addressing issues such as the hierarchy of defense producers, limited autarky, niche strategies, and common constraints faced by emerging producers. Regional and country-specific works on South Korea, Indonesia, Thailand, and India explain how these countries designed policies, built institutions, and addressed implementation challenges. Philippine-focused studies, including congressional reports and academic analyses, provide independent assessments of issues such as fragmentation, weak coordination, and gaps between policy intent and implementation.

There are two primary reasons to use these sources. First, they present the frameworks and frameworks that underline the analysis based on the RA 12024 and the related laws, notably in relation to strategic coherence, policy making, and governance. Second, they provide evidence that allows to evaluate whether the Philippine model follows trajectories of successful or restricted defense industrial development of other countries.

B. DATA ANALYSIS

This section applies the framework from Chapter III to the laws and documents identified earlier. It first looks at the Philippine SRDP legal and governance framework, then reviews selected regional models, and finally brings these together to assess if RA 12024 provides a realistic basis for SRDP.



1. Within-case analysis: Philippines (RA 12024 and related laws)

This subsection addresses Primary Research Question 1 and Secondary Question 3 by examining if the Philippine legal and governance framework, centered on RA 12024 and related laws, provides a clear and workable basis for a realistic SRDP. It applies the framework's strategy, policy design, and governance dimensions to relevant laws and institutions.

a. Republic Act No. 12024: Self-Reliant Defense Posture Revitalization Act

RA 12024 is now the main legal basis for SRDP, but it builds on earlier laws that first introduced self-reliance efforts and mechanisms. This section starts with a quick look at those earlier laws before going into the specific provisions of RA 12024.

(1) Background laws:

- Presidential Decree No. 415 (Self-Reliant Defense Program, 1974)

Presidential Decree No. 415, issued in 1974, was the first law to create a Self-Reliant Defense Program. It granted the Secretary of National Defense the power to contract for and negotiate defense projects, particularly related to SRDP-approved supplies, equipment, components, and facilities. It permitted both foreign and local contractors to receive national security-based incentives under the Investment Incentives Act by special procedure. (Presidential Decree No. 415, 1974)

The decree also granted the President the right to secure up to USD 300 million in foreign financing for SRDP projects, subject to approved plans and budget certification, and exceptions from traditional public bidding principles were permitted where appropriate. Other provisions included allowing for relending through the Development Bank of the Philippines, granting tax exemptions for some activities of the SRDP, and dedicating at least PHP 100 million per annum to the AFP's SRDP budget. (Presidential Decree No. 415, 1974)

In this study, P.D. 415 is treated as one of the earliest legal bases for SRDP, for negotiating contracting, foreign-financed projects and incentives, the latter aspects which later reappear in RA 7898, RA 10349 as well as RA 12024.



- Republic Act No. 1884 (Government Arsenal Act [RA 1884], 1957)

Republic Act No. 1884 created the Government Arsenal and established a goal of national self-sufficiency in the manufacture of small arms, mortars, and ammunition within a reasonable time. It placed the Arsenal under the Secretary of National Defense and authorized the design, research and development, production, and repair of weapons and munitions (RA 1884, 1957).

The law established an Office of the Undersecretary of Defense for Munitions to provide management for military production planning, stockpiling, and coordination with civilian industry in the event of an emergency. It enabled early investment in infrastructure, operations, and a minimal overhead (RA 1884, 1957).

In this view, RA 1884 is regarded as the institutional beginning of the Government Arsenal and as an early instance of self-sufficiency in munitions which is outlined in Table 3. These concepts were later expanded by RA 7898, RA 10349, and RA 12024 which broaden it toward a defense industrial base.

The principal aspects of PD 415 and RA 1884 as early legal bases of SRDP are shown in Table 1.



Table 1. Early Legal Foundations of the Self-Reliant Defense Posture.

Law	Year	Core Purpose	Key mechanisms	Relevance to SRDP
Republic of the Philippines, Presidential Decree No. 415 (1974)	1974	Create an official framework of the Self Reliant Defense Program with formal financing	Authorizes negotiated defense contracts for SRDP projects; grants both foreign and local contractors access to investment incentives; allows foreign borrowing up to USD 300 million; exempts foreign contractors from standard public bidding; allocates a minimum PHP 100 million per year to SRDP.	The Act introduces negotiated contracting, foreign funded SRDP projects, and the incentive mechanisms later echoed in RA 7898, RA 10349, and RA 12024.
Republic of the Philippines, Republic Act No. 1884 (1957)	1957	Establish the Government Arsenal and ensure munitions self-sufficiency	Defines the Government Arsenal under DND; mandates design, R&D, production, and repair of weapons and ammunition; establishes Office of the Undersecretary of Defense for Munitions; provides initial funds to establish facilities and operations.	The Government Arsenal had its institutional origins, and early self-reliance centered on munitions, but this was moved toward a more expansive defense industrial base in later legislation.

(2) Overview of main provisions

Republic Act No. 12024, the Self-Reliant Defense Posture Revitalization Act, was signed on 8 October 2024 to revive the SRDP program and promote a national defense industry and is now operationalized through the DND's 2025 Implementing Rules and Regulations issued as Department Circular No. 03. It establishes a policy to foster local capacity for the production of advanced weapons and equipment through technology transfer, partnerships, and private sector incentives.

The law has five key components. The first is the establishment of an Office of the Undersecretary for Defense Technology Research and Industry Development within the DND which combines and strengthens existing roles giving responsibilities related to data management, research and development, technology transfer, industrial promotion, partnerships and policy support (RA 12024, 2024).

Second, it lays out direction in the development of the defense industry and the SRDP Program. These include favoring domestically oriented private companies, local resources and human energies, robust resource chains, increased support of research, innovation and alignment of the system with national plans like the Philippine Development Plan, National Security Policy, and the AFP Modernization Program (RA 12024, 2024).

Third, it outlines procedures for the operation of SRDP projects, establishes roles of government / private sector, specifies the need for Presidential approval and requires coordination of all relevant authorities such as that of DOST, DTI, NEDA, DBM, DOF, BOI and the GPPB (RA 12024, 2024).

Fourth, it is changing acquisition mechanisms to be more flexible. This consists in letting negotiated contracts be negotiated contracts, preference of in-country enterprises set, minimum local content included, countertrade with offsets and permitting multi-year contracts and borrowing for SRDP projects (RA 12024, 2024).

Finally, it gives incentives and supporting measures. These are access to investment incentives and tax exemptions, extension into other uniformed services, efficient permitting of facilities and reporting, supervision, testing and funding (RA 12024, 2024).

The main components of RA 12024 and its effects on SRDP governance and industrial development are described in Table 2.



Table 2. Main Elements of RA 12024 and Their Implications for SRDP

Element	Description in RA 12024	Governance/ Industrial Implications
New Undersecretary Office	Establishes the office of the Undersecretary for Defense Technology Research and Industry Development under the DND, consolidating various previous SRDP-related functions.	Integrates the SRDP policy support, data management, research and development, technology transfer and industry development functions..
Guiding principles and alignment	Sets principles prioritizing in-country enterprises, local resources and labor, resilient supply chains, and stronger support for research and innovation, aligned with the Philippine Development Plan, National Security Policy, and AFP Modernization Program.	Frames SRDP as part of a broader national development and security strategy and anchors decisions in existing planning frameworks.
SRDP project procedures and roles	Defines procedures for SRDP projects, clarifies roles of government and private actors, requires Presidential approval, and mandates coordination among agencies such as DOST, DTI, NEDA, DBM, DOF, BOI, and GPPB, with more detailed processes articulated in the 2025 IRR.	Seeks to reduce policy and institutional fragmentation by clarifying responsibilities and formalizing inter-agency coordination. The IRR specifies application, evaluation, and coordination workflows, which will determine whether these formal roles translate into predictable implementation.
Flexible acquisition mechanisms	Allows negotiated contracts, sets preferences for in-country enterprises, requires minimum local content, integrates countertrade and offsets, and permits multi-year contracts and borrowing for SRDP projects.	Expands procurement tools to support domestic industry and long-term programs while remaining within public finance rules.
Incentives and supporting measures	Provides access to investment incentives and tax exemptions, extends coverage to other uniformed services, streamlines permitting for facilities, and includes provisions on reporting, oversight, evaluation, and funding.	Creates a more attractive environment for local firms and institutionalizes monitoring, accountability, and resource support for SRDP implementation.

(3) Provisions most relevant to SRDP and defense industrial development

Several provisions of RA 12024 are particularly pertinent for SRDP and defense industrial development, given its importance for the strategic alignment, institutional coherence and the industrial impact of the study.

To begin, the policy, principles of industry, and provisions in the SRDP Program of RA 12024 set the principle, and the general thrust of the law. Section 2 pledges the State to reinvigorate SRDP to build and develop a defense industry to produce sophisticated

materiel through technology transfer, cooperation and incentives. Section 6 further reinforces this idea by placing high value on in-country enterprises, investment in R&D and use of local resources and labor and limiting foreign procurement in cases where local manufacturing is not practicable and can be obtained with technology. Section 7 turns these principles into practice by leading the DTRID to define an SRDP Program based on national priority-building such as the development of local firms, employment in the state, resilient supply chains and academic cooperation with and through MSMEs. These are the guidelines which lay down the desired strategic outcomes of SRDP and are essential to evaluate policy consistency and effectiveness. These strategic principles in the IRR inform the SRDP Program in more detail, including that it lists its covered materiel, specify what should be produced by government, co-developed or outsourced to private industry, and align with the Philippine Development Plan, National Security Policy, RA 10349 and RA 11293.

Second, the institutional leadership and coordination provisions of RA 12024 govern the implementation of SRDP across government. Sections 4 and 5 designate the DTRID as the lead office for defense technology, research and development, and industrial development, along with implementing the SRDP. Under Section 12 coordination must be exercised between the relevant agencies e.g. DOST, DTI, DOTr, NEDA, DILG, DBM, DOF, BOI and GPPB, and DBM and GPPB are to enhance acquisition systems and processes. Such provisions are fundamental to resolve entrenched fractures separating defense planning, procurement and industrial policy, and accordingly are critical to the assessment of institutional coherence and implementation potential. The IRR further embeds this institutional architecture by devolving the responsibility for design of SRDP Program to the Office of the Undersecretary for DTRID, which oversees and monitors all SRDP projects, directly requiring coordination with DBM, NEDA, BOI, DOST, DTI, DOTr, DILG, DOF, GPPB and other agencies with respect to the implementation of RA 12024.

Thirdly the procurement/industrial policies of RA 12024 are the main means through which acquisition is connected with industrialization as a mechanism. Section 15 also provides wider scope for more flexible contracts, emphasizes in-country enterprises



when it is appropriate to produce locally, including local manufacturers when possible, and mandates that, where the company uses foreign suppliers, there be local content, technology transfer and understudy programs. Provision in Section 16 for multi-year procurement agreements also opens doors to longer-term planning and investment stability by the provision of multi-year procurement contracts at Section 16. Section 20 includes countertrade and offsets for employment in procurement to minimize foreign exchange exposures, employ workers and facilitate technology sharing.

RA 12024 requires the use of defense industrial participation, including offsets and local content requirements, in eligible acquisition programs. This allows the government to turn import driven procurement into opportunities for technology transfer, supplier development, and learning by local firms, which are important for building a more self-reliant defense industrial base. However, this alone is not enough to achieve long term self-reliance because the success of offsets still depends on clear implementing rules, capable negotiation teams, and the ability of local firms to absorb and improve transferred technologies within existing Philippine capacity and governance limits.

These are central to determining if procurement policy can effectively promote industrial capability development versus acquisition only. The IRR defines how these instruments will be implemented, including the processes for accessing materiel from private companies, quality management standards (such as ISO 9001 and sector-specific certification), how projects are to be delivered by the government only, in partnership with private entities or by private providers, and the use of technology transfer and understudy programs if foreign suppliers are used.

Fourth, the commercial-incentives and business-environment provisions of RA 12024 seek to enhance the participation of a local number of firms in the defense industry. Section 13 provides investment incentives, government financing support, tax and duty exemptions for necessary imports. Section 14 makes a simplification on the permitting process of RA 11032; on the protection of compliant facilities from an arbitrary application of the law, it prevents delays and uncertainty. These provisions are vital to check if the wider business environment supports the domestic defense industry's growth and sustainability. The IRR operationalizes these incentives and directs BOI and other



Investment Promotion Agencies to register in-country enterprises performing any SRDP related activities, it guarantees inclusion of defense related activities in the Strategic Investment Priority Plan as well as exempting registered in-country enterprises from relevant national taxes and customs duties on certain inputs and capital equipment not locally available, it aligns permit and license processing with RA 11032 deadlines.

Lastly, the monitoring and evaluation provisions of RA 12024 provide for mechanisms for monitoring implementation and results. Section 22 mandates annual reporting on acquisitions, delays, bottlenecks and cost problems, audit by the Commission on Audit and Congressional oversight, respectively. Under Section 23, it becomes a requirement to assess impact periodically based on the indicators, including employment, investment, sourcing or technology, including the potential for technology in local areas. Such provisions set the foundations on which we can measure the efficiency of policies given the time frame and whether SRDP is reaching the specific industrial and economic results that it was contracted to generate.

- (4) How these provisions are meant to advance SRDP. RA 12024 advances SRDP through three main mechanisms.

First, it centralizes leadership and strengthens coordination. The creation of the DTRID, together with mandated support from key agencies and improvements in acquisition systems, is intended to reduce fragmentation and weak inter-agency alignment. By placing program development, industry promotion, and technology functions under one office, the law links procurement, innovation, and industrial policy into a more unified approach. This centralization is necessary to address the long standing disconnect between defense planning, procurement, and industrial policy, and to turn SRDP from a political slogan into a managed set of programs. However, it is not enough to achieve self-reliance because DTRID's actual authority over budgets, project selection, and interagency decisions still depends on future executive orders, detailed implementing guidelines, and the gradual development of organizational capacity.

Second, it builds a protected and incentivized domestic market tied to technology transfer. Preferences for in-country enterprises, relaxed eligibility requirements, minimum



local content rules, and expanded coverage to other uniformed agencies are designed to create stable demand for local firms. At the same time, imports are structured to support capability development through technology transfer, understudy programs, and offsets. Multi-year contracts and borrowing authority are intended to support longer-term industrial investment rather than one-time procurement. These arrangements are necessary to create predictable demand and structured opportunities for technology transfer and learning by local firms, which are important for building a more self-reliant defense industrial base. However, they are not enough on their own because the success of local preferences, local content, and offsets still depends on clear implementing rules, capable negotiation teams, and the ability of domestic firms to absorb and improve transferred technologies despite existing capacity limits.

Third, it reduces cost and regulatory barriers to encourage private sector participation. Incentives such as tax benefits, access to investment programs, financial support, and streamlined permitting under RA 11032 lower entry barriers for domestic firms. Oversight and evaluation provisions are included to monitor results and allow adjustments if expected outcomes, such as increased local production and investment, are not achieved. The IRR is central to these mechanisms because it spells out the operational details of SRDP project formulation, approval, implementation, and monitoring, and defines how coordination, preferences for in-country enterprises, incentives, and procurement flexibilities are to be applied in practice. Such measures are necessary to reduce entry barriers for private firms and encourage their participation in SRDP projects. However, they are not enough to achieve self-reliance because challenges in skills development, R&D, testing and certification systems, and professional acquisition staffing still remain. These incentives must also work within broader procurement and business-related rules that can limit flexibility if not properly aligned.

Overall, these provisions are designed to align institutions, market incentives, and policy tools to support a more coordinated and sustainable approach to defense self-reliance.



(5) Limitations for SRDP and defense industry

First, although RA 12024 and its IRR now specify several key mechanisms, such as minimum local content, basic rules on technology transfer and offsets, and procedures for SRDP projects, many critical details remain to be developed at the level of implementing guidelines and agency-specific regulations, and enforcement arrangements are still evolving. This creates residual uncertainty and may lead to uneven or weak application of SRDP preferences and obligations across projects. In other words, while RA 12024 allows the use of tools such as local content, technology transfer, and offsets, the lack of detailed SRDP specific procurement and life cycle management guidance may lead to these measures being underused or applied inconsistently, which can limit their contribution to self-reliance.

Second, the framework allows SRDP projects to be used as opportunities to strengthen domestic capabilities, which is necessary for moving toward self-reliant production. However, it is not enough on its own because major gaps in skills, R&D capacity, and systems integration capabilities still limit local firms' ability to fully benefit from these opportunities.

While the IRR's requirement for ISO 9001 and sector-specific certifications signals the importance of quality management, the broader domestic ecosystem for defense-specific testing, standards, and certification remains underdeveloped, limiting the credibility and interoperability of potential SRDP outputs.

Third, although the law and the IRR mandate the inter-agency coordination and the centralization of DTRID, they do not contain effective sanctions and corrective mechanisms in case of agencies not sharing, synchronizing with budgets, procurement and innovation initiatives and existing fragmentation does so in practice. As a result, RA 12024 creates formal coordination structures that are necessary to align defense, economic, and innovation policies. However, without effective enforcement and corrective mechanisms, these structures may remain procedural rather than transformative and may still fail to address long standing fragmentation in practice.



Preferences and exemptions for in-country enterprises allow procurement to be used more directly as an industrial policy tool, which is important for developing local capacity. However, they are not enough on their own because they still need to align with value for money and competition principles under RA 12009, which can lead to legal challenges or risk averse implementation that weakens their intended effect.

The main SRDP related laws discussed in this subsection and their implications for defense industrial development are shown in Table 3.

Table 3. Summary of SRDP-Related Laws (RA 1884, PD 415, and RA 12024) Discussed in B.1.a.

Law/Issuance	Year	Primary SRDP objective	Key mechanisms	Institutional focus	Implications / limitations for SRDP
Republic Act No. 1884 (Government Arsenal Act)	1957	Establish the Government Arsenal and seek self-sufficiency in small arms, mortars, and ammunition.	Establishes Government Arsenal under DND; authorizes the design, R&D, production, and repair of weapons and munitions; sets up Office of the Undersecretary of Defense for Munitions; provides preliminary funding of facilities and operations.	Government Arsenal and munitions production.	Illustrates a very small, limited version of self-reliance with a narrow, early-to-late munitions-led emphasis rather than building a broad and diverse system for industrial self-sustainment; does not yet provide a comprehensive framework for a broader defense industrial base.

Presidential Decree No. 415 (Self-Reliant Defense Program)	1974	Established the Self-Reliant Defense Program as a formal program and allowing financing and contracting for SRDP projects	Established negotiated contracts for SRDP-approved projects; enables foreign and local contractors to access investment incentives; grants foreign borrowings of up to USD 300 million; exemption from normal bidding rules; allocated at least PHP 100 million per annum for SRDP.	SRDP project DND/AFP program management and financing.	Develops core mechanisms and tools such as negotiated contracting, incentives and foreign-funded projects, but does not provide a cohesive industrial, innovation and governance framework.
Republic Act No. 12024 (Self-Reliant Defense Posture Revitalization Act)	2024	Revitalize and institutionalize SRDP into a national program to develop the domestic defense industry and diminish reliance on foreign suppliers.	Creates the Office of the Undersecretary for Defense Technology Research and Industry Development; sets guiding principles aligned with national plans; defines SRDP project procedures and inter-agency roles; allows flexible acquisition mechanisms (negotiated contracts, local content, offsets, multi-year contracts, borrowing); provides incentives, streamlined permitting, and provisions on reporting, oversight, evaluation, and funding.	Defense technology and industry development under DND, in coordination with DOST, DTI, NEDA, DBM, DOF, BOI, GPPB, and other agencies.	Most explicit attempt so far to integrate industrial policy, procurement, and governance for SRDP; effectiveness depends on implementation and alignment with cross-cutting laws such as RA 9184, RA 11293, and RA 11032.



b. Republic Act No. 12009: New Government Procurement Act

(1) Background:

RA 12009 revises and replaces RA 9184, the 2003 Government Procurement Reform Act, which first standardized and regulated public procurement based on transparency, competitiveness, and competitive bidding as the default method. The analysis in this subsection focuses on RA 12009 as the current framework, with RA 9184 treated as its historical baseline.

(2) Overview of main provisions

Republic Act No. 12009 or New Government Procurement Act, enacted on 20 July 2024, is intended to replace RA 9184 and modernize the Government Procurement system. It is applicable to the acquisition of goods, infrastructure, and consulting services in all government entities, whether SUCs, GOCCs, GFIs, and LGUs, regardless of funding source, subject to international agreements.

It sets forth general provisions, among these a policy of transparency, competition, efficiency, accountability, sustainability, professionalism, and value for money. It defines terms including approved budget for the contract, goods, infrastructure projects, consulting services, and the Head of the Procuring Entity.

The law offers a standardized procurement approach; identifies connections between planning and budgeting and life cycle costing; and mandates electronic systems like PhilGEPS for publication or transactions. It institutionalizes the Bids and Awards Committee system and establishes rules for procurement practices, such as competitive bidding, alternative modalities, and framework agreements. It also establishes processes for eligibility, evaluation of bids, and award of a contract.

Subsequent provisions focus on contract implementation (performance security, contract variations, dispute resolution, and termination) or rules on administrative, civil, and criminal liability, suspension, liquidated damages, and blacklisting.



RA 12009 establishes a comprehensive and unified, and principle-based, model of how public institutions, including defense and law enforcement agencies, prepare, conduct, and manage procurement.

(3) Provisions most relevant to SRDP and defense industrial development

Some features of RA 12009 are most relevant to the development of SRDP and defense sector development.

First, the declaration of policy and governing principles under RA 12009 obligates the State to ensure transparency, competition, efficiency, accountability, and value for money. These principles form the baseline approach for the design and justification of defense and SRDP procurement, which are included in RA 12024.

Second, the scope of application of RA 12009 includes all government units. This implies that procurement by DND, AFP, and other uniformed services is also subject to RA 12009 unless a specific law such as RA 12024 makes an exception.

Third, the following key definitions are found under RA 12009 in support of SRDP goals. The law defines “Philippine products and services” based on local content to be determined by DTI and adds life cycle cost into the calculation as the total cost of ownership. This allows for the consideration of local content and the consideration of domestic products over and above upfront cost.

Fourth, the strategic procurement planning requirements based on RA 12009 require that procurement relate to the relevant areas of budgeting, market analysis, risk management, and life cycle assessment. Second-hand or refurbished military equipment is also available for purchase when useful according to criteria such as durability, remaining life, and maintenance cost. It influences SRDP’s approach to balancing local production, upgrades, and external sourcing.

Fifth, uniformity and the position of GPPB provided by RA 12009 guarantees a uniform procedure across government is established. The GPPB creates manuals and bidding documents, and linking it with the DND serves as a conduit for the procurement of defense items to adopt more general rules.



Lastly, standards for procurement methods, requirements, eligibility, and sanctions establish the limits of flexibility. Conditions are made for other means of procuring goods and/or services, legal, technical and financial requirements as well as guidelines for the penalties for noncompliance are set forth by the law. These regulations influence how far agencies are able to leverage the flexibilities in RA 12024 with respect to procurement procedures.

(4) How these provisions interact with SRDP objectives

RA 12009 does not directly target SRDP but shapes the environment in which RA 12024 operates. Its influence can be seen in three main areas.

First, it sets the baseline rules for all SRDP-related procurement. Principles such as transparency, competitiveness, value for money, and sustainability are meant to prevent inefficiency and abuse, but they can also limit how strongly the government can favor local firms or negotiate tailored technology transfer arrangements unless these are clearly supported by law, as RA 12024 attempts to do. Agencies must therefore align SRDP measures with these principles or rely on explicit provisions in RA 12024.

Second, it provides tools that can support SRDP. Concepts such as Philippine products and services and life cycle costing allow procurement decisions to consider local content, long-term support, and resilience, not just lowest cost. Strategic procurement planning and market analysis can also help identify realistic domestic capabilities, manage supply risks, and support more coordinated, medium-term acquisition strategies.

Third, its rules on procurement methods, sanctions, and professional standards affect implementation. Strong controls and penalties can reduce misuse of procurement processes, but they may also lead to cautious decision-making that limits the use of flexible mechanisms allowed under RA 12024, such as negotiated arrangements or long-term partnerships. The overall effect on SRDP will depend on how implementing rules and guidelines balance flexibility with safeguards.



(5) Limitations for SRDP and defense industry

The emphasis on competitiveness and equal treatment can prove hard to reconcile with the case for strong domestic preference or strategic selection of local partners that is not expressly underpinned through legislation such as RA 12024 and specific implementing rules.

The legislation is largely neutral with respect to technology and industrial policy. It does not take a stand on local content, industry development, or technology transfer—these are needed to come from other laws as well and must be built-in in procurement practice.

The imposition of tight eligibility requirements, documentation requirements and penalties can also encourage risk-averse behavior and limit the use of flexible procurement methods and long-term arrangements for defense industrial projects.

Finally, while life cycle costing and Philippine products and services may support SRDP in certain ways, their influence will be determined by the framing of these terms in the implementing rules, rendering their effect on domestic capability development uncertain. RA 12009 is, from the perspective of this investigation, a clear concept and basis of procurement based on principles but is virtually neutral on defense industry and may either support or limit SRDP, according to its compatibility with RA 12024 in its application.

The key features of RA 12009 and their implications for SRDP and defense industrial development are summarized in Table 4.



Table 4. Summary of RA 12009 (New Government Procurement Act) in Relation to SRDP

Dimension	Main provisions of RA 12009	Implications for SRDP / defense industry	Limitations from an SRDP perspective
Scope and governing principles	applicable to the procurement of goods, infrastructure, and consulting services for public entities; states principles of transparency, competition, efficiency, accountability, sustainability, professionalism, and value for money. The 2025 IRR of RA 12009 is developed to make the principles more specific, with specific rules regarding disclosure of information and use of electronic procurement and proportionality in the requirements.	Establishes the general criteria that must be followed for all SRDP, AFP and other related procurement of the various departments of the armed services unless exceptions as required by laws, for example, RA 12024.	There could be a considerable reliance on competition and equality, and hence a strong emphasis on competition and treatment will restrict the scope of explicit, domestic preferences or strategic preference towards local firms unless permitted under legislation specific to SRDP and guidelines. How such provisions impact SRDP will vary depending on how the defense specific standards are articulated in the IRR and how they are applied by the GPPB, and by GPPB's procurement entities.
Key definitions and strategic procurement planning	Defines "Philippine Products and Services" as local content to be determined by DTI; introduces life cycle cost as total cost of ownership; strategic procurement planning integrated with budgeting, market analysis, risk management and life cycle; allows for the acquisition of used or refurbished defense equipment once advantageous.	Gives conceptual tools (local content, life cycle costing, risk-based planning) providing SRDP mechanisms to assess, or support SRDP by paying attention to domestic capability, long-term support and resilient supply chains by valuing it, and not only least upfront outlay.	Effect on domestic capability will ultimately depend on how rules of local content thresholds, life cycle costing and planning requirements are operationalized and translated into applying laws and practices.

Standardization and institutional arrangements	Standardizes processes across government; institutionalizes PhilGEPS and electronic systems; sustains the structure of the Bids and Awards Committee; provides for GPPB to issue manuals, standard bids and bidding documents, and related policy guidance.	Establishes uniform procurement environment, within which DND and SRDP would need to work, and creates channels (e.g., GPPB–DND linkages) to harmonize defense procurement rules with national standards.	Standardization further makes it difficult to customize procedures to the various requirements for defense industrial projects unless standards that are more defense-specific or exculpatory are implemented in coordination with the GPPB.
Procurement methods, flexibility, and enforcement	Establishes competitive bidding as the general rule; outlines requirements for alternative methods; outlines eligibility requirements; regulates bid evaluation and award of contract; sets out rules on contract implementation, performance security, variations and dispute resolution and termination; sets forth administrative, civil, and criminal liabilities (suspension and blacklisting).	Offers legal limitations to define the scope and extent to which defense agencies are free to make use of flexible arrangements, in both maintaining integrity and keeping discipline through the procurement of SRDP-related business, and in resisting or discouraging abusive practices that can occur from negotiated or special arrangements.	Rigorous rules, paperwork, and sanctions could promote risk-averse behavior and may discourage officials from choosing flexible options that are meaningful to long-term defense industrial partnerships and technology-heavy projects.
Overall orientation toward SRDP	Modernizing and harmonizing the government procurement system, but absence of distinct industrial and technology policy objectives for the defense sector.	Provides a clear, principled baseline on which RA 12024 and other relevant SRDP measures must be developed, interpreted, and implemented.	Mostly neutral on defense industry and self-reliance, providing support for or limiting SRDP based on interaction with RA 12024, sectoral guidance, and the ability of institutions to use available flexibilities strategically.

c. Republic Act No. 11293: Philippine Innovation Act

(1) Overview of main provisions

Republic Act No. 11293, the Philippine Innovation Act, was written to put innovation at the heart of national development, create an innovative mindset for the country, and, above all, build local businesses, especially for micro, small, and medium



scale enterprises in the country. It states that the State shall promote innovation as a driver of sustainable growth via a “whole-of-government” approach covering science, technology, education, trade and investment.

The law defines a broad range of innovation concepts, including inclusive innovation, different types of innovation, innovation networks and centers, technology programs, and pre-commercial procurement. It establishes the National Innovation Council, chaired by the President and vice chaired by the NEDA Director General, with the Secretary of National Defense as a member, and supported by a Secretariat within NEDA (RA 11293).

The Council is tasked to develop the National Innovation Agenda and Strategy Document, set long-term priorities, coordinate agencies, manage an Innovation Fund, and monitor programs (RA 11293). The law also assigns key agencies, including DND, DOST, DTI, DBM, DILG, CHED, DOLE, and IPOPHL, to implement innovation strategies under a coordinated system (RA 11293).

(2) Provisions most relevant to SRDP and defense industrial development

While it relates to SRDP and defense industrial development, some aspects of RA 11293 are particularly relevant (the role of innovation policy alignment, institutional collaboration, and industry development).

To begin with, under RA 11293, the articulation of policy and objectives puts innovation at the heart of national development. The Act encourages cross-sector coordination, seeks to lower governance fragmentation, and emphasizes greater alignment among public, private, and academic sectors. It also emphasizes the need to overcome regulatory hurdles and enhance the role of MSMEs. These are relevant to SRDP, because they provide a positive policy environment for integrated defense industrial development into the broader national innovation agenda.

Secondly, the wide scope of innovation set forth in Section 5 encompasses more activities under the national innovation system. RA 11293 consists of the areas of product, process, organizational, social, marketing, academic, and policy innovation as well as the



deployment of global knowledge and technology. This broad definition makes the fields of defense technology, processes, and systems a central part of the national innovation framework and includes such “dual-use” applications as are feasible for both civilian and military purposes.

Third, the institutional instruments in Sections 6–9, like the National Innovation Council and National Innovation Agenda and Strategy Document (NIASD), create a framework to prioritize and integrate resources. The Council’s inclusion of the Secretary of National Defense forms a formal bridge between national defense priorities and national innovation policy. Furthermore, all government agencies would need to align their own programs with the NIASD to give a more coordinated and strategic response to capability building.

Fourth, the innovation instruments and whole-of-government approach under RA 11293 refer to crucial tools including technology programs, innovation centers, networks, platforms, cluster development, and capacity building initiatives. The legislation clearly contains the DND within the agencies for the collaboration with industry, MSMEs, academia, and research institutions. They are necessary to promote cooperation and to develop the ecosystem of defense innovation and industry development.

Finally, the emphasis on regulatory obstacles and MSMEs under RA 11293 mitigates structural limitations that frequently stifle innovation. The Act focuses on speeding up the process, lowering the bureaucratic barriers, and creating a better business environment overall. This focus on MSMEs is especially pertinent to the domain of SRDP, since many defense-related and dual-use companies belong to this category and need help to be able to scale up, to adapt to new technologies, and to engage in supply chains.

(3) How these provisions are meant to support SRDP objectives

RA 11293 supports SRDP indirectly by providing an innovation governance framework that the defense sector can use.

First, by putting innovation at the center of development policy and requiring a long-term National Innovation Agenda and Strategy Document, which can direct



investment and financing toward defense-relevant technologies such as advanced manufacturing, ICT, cyber, materials, and other dual-use systems. If defense priorities are included, the DND and local firms can access innovation programs and funding under this framework.

Second, the National Innovation Council and the whole-of-government approach create a platform where the Secretary of National Defense can help shape national innovation priorities. This enables defense concerns such as R&D capacity, dual-use technologies, and human capital to be intertwined with broad science, industry, and education policies, helping to reduce fragmentation.

Third, elimination of regulatory obstacles and support for MSMEs can help smaller defense companies as well as dual-use firms. It can improve access to grants, innovation centers, cluster programs, and skills development initiatives. This complements RA 12024 by linking local defense firms to broader innovation tools that are not defense-specific but still relevant.

(4) Limitations for SRDP and defense industry

It is sector-neutral and does not prioritize defense or SRDP. Any benefit to the defense industry depends on whether the DND can position defense-related priorities within the NIASD and NIC processes.

The law also emphasizes MSMEs and inclusive innovation, which may not align with the capital-intensive and high-technology requirements of many defense projects. In the absence of a clear prioritization by these sectors, defense needs may be subordinated to other sectors.

RA 11293 also lacks appropriate funding or specific defense or dual-use R&D instruments. It creates general structures and devolves implementation and resource allocation to NIC and relevant agencies.

Lastly, although it encourages reducing regulatory barriers, it does not substitute for sector-level regulations including those governing procurement, export controls, or security. Consequently, RA 12024, RA 12009, and its implementing rules and other related



laws still impose many practical constraints on defense innovation. RA 11293 improves the broader innovation and coordination environment for SRDP, but it does not ensure that defense priorities will be determined, funded, or protected.

Table 5 summarizes key features of RA 11293 and implications on SRDP and defense industrial development.

Table 5. Summary of RA 11293 (Philippine Innovation Act) in Relation to SRDP

Dimension	Main provisions of RA 11293	Potential support for SRDP / defense industry	Limitations from an SRDP perspective
Policy orientation and objectives	Positions innovation at the core of national development and supports a whole-of-government approach that integrates science, technology, education, trade, and investment; advocates inclusive and sustainable innovation, with specific focus on MSMEs.	Enables a supportive national policy environment where defense industrial development and dual-use technologies could be reframed as innovation-driven and capability-building opportunities.	Sector-neutral orientation means no defense (or SRDP) priority protection; benefits for defense will depend on whether the DND succeeds in positioning needs of defense in the broader innovation context.
Scope and definition of innovation	Provides for a wide spectrum of innovation types including product, process, organizational, social, marketing, academic, and policy innovation; promotes the integration of international knowledge and technology.	Enables defense and dual-use technologies, processes, and systems to be considered as part of the national innovation system and applications can be provided for both civilian and military needs.	Limited attention to strategic or sensitive technologies; defense-related innovation is likely to be vying for attention and resources with other sectors unless it is explicitly prioritized.
Institutions and governance mechanisms	Formulates the National Innovation Council (NIC), convened by the President and vice-chaired by the NEDA Director General, with the Secretary of National Defense as its member; requires the preparation of a National Innovation Agenda and Strategy Document (NIASD) and the aligned agency programs.	Creates a formal forum for DND to frame the national innovation agenda; align defense-related priorities with NIASD; and link defense concerns on one hand to more general science, industry, and education policies.	Does not assure that defense priorities will be selected or funded; their effectiveness depends on DND's ability to partake in NIC processes and the political prioritization of such interests.

Innovation instruments and ecosystem support	Identifies innovation instruments like technology programs, innovation centers/networks, cluster development, capacity building initiatives, and an Innovation Fund to be implemented by agencies (DND, DOST, DTI, DBM, DILG, CHED, DOLE, and IPOPHL).	Offers potential support for defense-related and dual-use firms (especially MSMEs) through access to clusters, technology programs, and human capital development aligned with SRDP objectives.	Funding and instruments are not earmarked for defense; access by defense firms and programs will depend on how selection criteria and implementation guidelines are designed and applied.
Regulatory and structural effects	Seeks to reduce regulatory barriers, streamline processes, and improve the business environment, with a focus on MSMEs and inclusive innovation; encourages coordination among public, private, and academic actors.	Can help lower some structural obstacles faced by smaller defense and dual-use firms, supporting their participation in supply chains and access to innovation support mechanisms that complement RA 12024.	Does not override sector-specific regimes such as procurement, export controls, and security regulations; many practical constraints on defense innovation must still be addressed through RA 12024, RA 12009, and related measures. Alignment with SRDP ultimately depends on how DND uses the National Innovation Council and NIASD processes in conjunction with the specific powers and instruments provided under RA 12024 and its IRR.

d. Republic Act No. 11032: Ease of Doing Business and Efficient Government Service Delivery Act

(1) Overview of main provisions

Republic Act No. 11032, the Ease of Doing Business and Efficient Government Service Delivery Act of 2018, amends the Anti-Red Tape Act of 2007 to reduce bureaucratic delays and improve the efficiency and integrity of government services. The Act is applicable to all entities engaged in administration and to the whole range of government institutions; LGUs, GOCCs, and other service-providers in the public space with respect to both business and non-business transactions.



The law includes features like integrity, accountability, and facilitating quicker service delivery through streamlined processes. It sets the main terms of business transactions, processing times, and red tape and stipulates routine review and improving the processes of agencies to minimize delays (RA 11032).

RA 11032 prescribes a Citizen's Charter to define requirements, procedures, responsible officials, processing times, fees, and complaint mechanisms. It also establishes a zero-contact policy to minimize opportunities for corruption (RA 11032).

RA 11032 specifies time limits for government action: up to three working days for simple requests, seven days for more complex transactions, and a maximum of twenty days for highly technical applications, with only limited room for extension. It further provides that, under certain conditions, permits and licenses may be deemed approved or extended if agencies do not decide within these periods, and it obliges offices to simplify and automate their procedures for issuing business permits.

Accountability measures place responsibility on agency heads, require public assistance desks, and provide sanctions for non-compliance, supported by oversight from the Anti-Red Tape Authority.

(2) Provisions most relevant to SRDP and defense industrial development

RA 11032 includes certain provisions that are especially relevant for development of SRDP and industrial development of defense including the regulation, administrative reform, and the business environment of defense-related activities.

First, coverage of policy and declaration of policy under RA 11032 form a framework establishing the law's wide application through all government agencies and local government units. RA 11032 aims for the effective and open provision of service and alleviates the burden of lengthy waiting time in the process of granting permission and authorization for licenses and clearances. Thus, SRDP has relevance to these provisions because, for defense-related companies and facilities, timely approvals on operations, construction and compliance are vital.



Second, reengineering systems and procedures under Section 5 mandates agencies to study and optimize their process through cost and time analysis and reformulation of the system. This supports the efforts to simplify regulations that impact in-country enterprises and is also congruent with the aim of RA 12024 on making local industry participation feasible. It also helps mitigate delays which can deter investment in defense-related production and infrastructure.

Third, the Citizen's Charter, limiting processing time and automatic approval mechanisms in RA 11032 require that agencies publish reasonable procedures and take action within prescribed processing timeframes. Applications in case of delay are assessed as either approved, or extended, subject to exceptions for safety and security. Provision for this area is desirable, especially for defense permits, such as those issued for manufacturing facilities and sensitive installations where predictability and timeliness of approval is key.

Fourth, "local business licensing" streamlining under section 11 will need local government agencies to standardize application forms and set up one-stop shops, and to automate licensing systems and to coordinate related clearances. This frees up the administrative headache for companies that enter or expand in the defense industry and allows for the growth of local industrial involvement.

The zero contact policy and accountability provisions of RA 11032 ultimately aim to prevent any direct contact between the applicants and government personnel and assign responsibility to heads of government agencies and penalties for non-compliance. These measures also help reduce corruption risks and make processes more transparent, which is especially important in defense-related activities where credibility and public trust matter a lot.

(3) How these provisions are meant to support SRDP objectives

RA 11032 contributes to SRDP primarily through an enhancement of the business and regulatory framework for local business entities and related activities of SRDP.

Firstly, that will lead to process reengineering, Citizen's Charters and strict timelines by reducing delay and uncertainty in obtaining the licenses and approvals for



defense-related activities. This reinforces the objective of RA 12024 in enabling firms to form an undertaking and grow their businesses without considerable bureaucratic obstacles, especially for capital-intensive projects.

Second, simple and automatic local permitting through one-stop shops & unified forms reduces transaction costs for firms establishing the presence at multiple LGUs. More predictable permitting also serves to attract private investment and facilitate the involvement of smaller firms and MSMEs within defense supply chains.

Third, through the necessity of regulatory impact assessment and the regulatory role of the Anti-Red Tape Authority, one is capable of examining and reforming regulations that burden strategic sectors. In addition to RA 11293, this can help overcome old or overlapping rules that constrain defense-related firms.

(4) Limitations for SRDP and defense industry

The law is broad and sector neutral. It is not tailored for sensitive industries and thus some requirements (e.g., tight timelines; automatic approval) may be hard to apply when those requirements are specific to defense-related activity needing extensive vetting and coordination. A significant portion of transactions might align with “highly technical” or safety-related items, leading to longer processing times or exemptions, thus limiting the practical value of the law on SRDP.

It also emphasizes process improvement which is not substantive modifications to fundamental rules. Consequently, without regulation on sectoral level, fragmented mandates, overlapping requirements and overlapping needs across agencies may persist (RA 12024).

Finally, implementation relies on the ability of agencies and LGUs to implement reforms and automation. Even if the law were intended to be proactive, uneven compliance could mean that red tape in certain areas is continuing. RA 11032 significantly enhances the regulatory and administrative environment, while allowing processes for defense-related firms to get easier; it misses the issues with coordination and overlapping that have plagued SRDP for a long time.



Table 6 summarizes the important characteristics of RA 11032 and their impact on SRDP and defense industrial development.

Table 6. Summary of RA 11032 (Ease of Doing Business Act) in Relation to SRDP

Dimension	Main provisions of RA 11032	Potential support for SRDP / defense industry	Limitations from an SRDP perspective
Scope and policy orientation	Applies to all government entities, including LGUs, GOCCs, and other public organizations with business and non-business transactions; amends the Anti-Red Tape Act to decrease bureaucratic delays and increase efficiency, integrity, and accountability in the delivery of government services.	Enhances the overall regulatory landscape among agencies who are regulating the activities of defense-related companies—firms that must deal with agencies for permits and clearances.	Sector-neutral focus is no exception; protection of security-sensitive industry is not immune from favoritism, with wide range of defense transactions being defined to be highly technical or safety-related, which may limit the effect of general time-bound rules.
Reengineering of systems and procedures	Mandates agencies to reengineer their processes and process flow, perform cost and time-cost estimates and rework systems to alleviate red tape and delays.	Caters to RA 12024's aim to make participation more feasible for enterprises abroad by ensuring that the costs for administration reduction and the approval process for defense and other projects or works are shorter.	Focuses on procedure, not basis for mandates; there is potential to have overlapping regulations, and for fragmented responsibilities, to continue to function if there isn't specific sector reforms.
Citizen's Charter, processing time limits, and automatic approval	Requires Citizen Charters indicating requirements, steps, responsible officials, fees and processing time for transactions; applies maximum processing times for three days for basic transactions, seven for complex and twenty for highly technical matters; allows deemed approval or extension if agencies do not act in stipulated periods, subject to exceptions.	Enhances predictability and transparency for permits and licenses that defense-related businesses and installations require, which is helpful in lowering uncertainty and transaction costs	Automatic approval processes might be harder to apply in sensitive defense environments that can be marked as highly technical or outside the realms of acceptable and safe practices, weakening the practical impact on SRDP-related approvals.

Local business licensing and automation	Requires LGUs to standardize application forms, establish one-stop shops, automate licensing systems, and integrate related clearances for business permits.	Enables the establishment and growth of defense-related businesses to spread across LGUs by streamlining local permit issuance, lowering administrative burdens for supply-chain firms and MSMEs.	Effectiveness is contingent on LGU capacity and regulatory compliance; uneven application may result in considerably unequal ease of doing business for defense firms within areas of jurisdiction.
Zero contact policy and accountability mechanisms	A zero-contact policy has been introduced to reduce face-to-face contact between applicants and employees; public assistance desks are mandated; heads of agencies are responsible and sanctions are imposed for non-compliance, supervised by the Anti-Red Tape Authority.	Promotes corruption and favoritism prevention in regulatory processes in defense related permits and licenses to strengthen institutional trust and integrity.	Does not directly tackle issues of higher-level coordination among service agencies participating in SRDP; enhancements of frontline service quality alone do not address structural fragmentation in defense-related regulation.

e. Republic Act No. 10349: Revised AFP Modernization Program

(1) Background Law:

- Republic Act No. 7898 (AFP Modernization Act of 1995)

Republic Act No. 7898 established the original 15-year AFP Modernization Program and laid out its core components and funding structure. These included force restructuring, capability and materiel development, bases and support systems, human resource development, and doctrine development (RA 7898). It also created the AFP Modernization Trust Fund, sourced from appropriations, proceeds from military land disposition, Government Arsenal activities, surplus funds, and interest income (RA 7898).

A key feature is Section 10, which introduces an explicit Self-Reliant Defense Posture provision. It directs preference for Filipino contractors or foreign suppliers willing to establish local production, promotes countertrade and in-country manufacturing to reduce foreign exchange outflows, and requires technology transfer and training in contracts. RA 10349 builds on this structure, so the detailed analysis focuses on the latter as the current modernization law.



(2) Overview of main provisions

Republic Act No. 10349, enacted in 2012, amends RA 7898 and establishes the Revised AFP Modernization Program with a 15-year implementation period. It updates modernization components, particularly capability and materiel development, human resource development, and doctrine development (RA 10349).

The law requires the President to submit a detailed modernization program to Congress, outlining force structure, major projects, priorities, timelines, and costs, and supports a gradual shift toward external defense capabilities (RA 10349). It also sets funding rules, requiring separate annual appropriations for modernization and allocating at least PHP 75 billion for the first five years (RA 10349).

RA 10349 allows multi-year contracts subject to DBM approval and reporting, and establishes a dedicated trust fund sourced from appropriations, asset sales or leases, PPPs, Government Arsenal outputs, disposal of excess equipment, donations, and interest income. It also provides oversight through a Congressional Oversight Committee and mandates periodic review of the program (RA 10349).

(3) Provisions most relevant to SRDP and defense industrial development

The AFP modernization law contains several provisions that are particularly relevant for SRDP and defense industrial development, particularly on the issues of capability planning, resource alignment and long-term support for industrial development.

First off, Section 4(b) of this Act sets out the framework for specification of modernization priorities in terms of capability, materiel, and technology development. In that context, the law stipulates modernization should be based on appraised threats and oriented to capability development objectives. It also connects acquisition to the obsolescence of equipment and includes conditions, such as buying from original manufacturers, proven use by the country of origin or other States, and the provision of after service support and spare components. Such provisions determine the nature of systems which will be acquired and whether there will be opportunities for locally produced products, co-development or technology transfer under SRDP.



Second, the provisions for human resource and doctrine development in RA 10349 concern to remake as a multi-mission force the AFP and to assure the “continuous development of a doctrine of AFP.” For SRDP, this is critically important as industrial development needs to be closely aligned with the operational intent of the force, especially during periods when external defense capabilities need to grow, necessitating more advanced systems and sustained support.

Third, the program submission and alignment under Section 7 mandates that the modernization effort must describe projects, acquisitions, infrastructure, and their relationship to strategic outcomes. It provides a planning model for determining which capabilities can be adapted and utilized locally for production or co-development, and which industrial investments can be favored to provide long-term support.

Fourth, RA 10349’s provisions on funding and trust fund provisions create specialized financing mechanisms for modernization through a trust fund set up for modernization based on different revenues of Government Arsenal outputs and partnerships. SRDP must make use of such provisions as they create a more stable medium to long-term funding for domestic production and industry that is essential for keeping up the production and industrial development initiatives at home.

Last, it does facilitate the construction of long-term projects with multi-year contracts and reporting under Section 9 (subject to approval and oversight, if necessary for multi-year deals) and approval for long-term projects. This is particularly relevant for complex programs such as shipbuilding, system integration and infrastructure development, where continuity of funding and contracting is vital to the establishment and maintenance of industrial capacity at the local level.

(4) How these provisions are meant to support SRDP objectives

RA 10349 supports SRDP mainly by shaping modernization priorities and the funding and contracting environment in which SRDP operates.

First, the capability, materiel, and technology development component defines the demand for systems based on assessed threats and modernization goals, while phasing out



obsolete equipment. It lays the foundation for identifying priority fields for SRDP to concentrate on local production, co-development, or upgrades in accordance with genuine capability needs.

Second, the legislation's acquisition conditions, like requiring equipment to be in service in other countries, sourcing from manufacturers, and ensuring after-sales support, seek to improve reliability and sustainment. Such options could support SRDP by preferentially selecting systems that are easier to maintain and improve locally, thus reinforcing the domestic capability for maintenance and upgrades.

Third, dedicated funding, the trust fund, and multi-year contracting authority provide the financial and contractual tools for sustained investment. When combined with RA 12024, these can support long-term industrial partnerships and co-production, rather than short-term procurement that does not contribute to defense industrial development.

(5) Limitations for SRDP and defense industry

For large equipment, use should be by the manufacturer's country of origin or by at least two other armed forces and only manufacturers can bid according to the requirement, which tends to favor established foreign suppliers and large platforms. This can create limiting opportunities for local emerging players or joint ventures not yet up to that level of use.

The law itself does not explicitly promote local content, technology transfer, or the formation of any domestic industry. It prioritizes reliability, standardization, and after-sales support; this may continue the practice of relying on off-the-shelf imports without explicit inclusion of the targets of SRDP as mandated in RA 12024 and its implementing provisions.

RA 10349 gives budget items and multi-year contracting support but does not address more broad systemic problems like governance fragmentation, industrial policy ineffectiveness, and R&D capacity limitations. Its contribution to SRDP therefore depends on how effectively it is aligned with RA 12024, RA 12009, and related measures in practice. From this study's criteria, RA 10349 provides a strong demand and funding base



for SRDP, but it is mostly neutral on defense industry and does not provide the governance and policy tools needed for a realistic SRDP.

The previous subsections focused on laws that directly structure capability planning, procurement, innovation, and the regulatory environment. A complete picture of the SRDP policy environment in this domain can be found, but it also needs knowledge on how financing mechanisms and industrial sites are structured by bases-conversion and economic-zone policies: these are fundamentally linked components of the SRDP policy environment, and the link between base conversion revenues, AFP modernization, and potential sites for defense-industrialization for decades. This is the subject of the next discussion on RA 9400.

The key features of RA 10349 and their implications for SRDP and defense industrial development are summarized in Table 7.

Table 7. Summary of RA 10349 (Revised AFP Modernization Act) in Relation to SRDP

Dimension	Main provisions of RA 10349	Potential support for SRDP / defense industry	Limitations from an SRDP perspective
Modernization scope and components	Revises and extends the AFP Modernization Program for 15 years; updates components such as capability and materiel development, bases and support systems, human resource development, and doctrine development.	Defines the broad demand environment within which SRDP can decide where local production, co-development or upgrading should be prioritized as capabilities, platforms and supporting systems.	Focus is on force modernization and not the defense-industrial development itself, and opportunities for SRDP need to be created directly by these components as opposed to being built into the law.

Capability, materiel, and technology development	Modernization priorities need to be set in support of evaluated threats and capabilities; links acquisition with phase-out of outdated systems; creates obligations (e.g., sourcing from manufacturers; proven use from the country of origin or other states; provision of after-sales maintenance support/ spare parts).	Supports SRDP by orienting acquisitions upstream to systems that will be maintainable and upgradeable which include local MRO, upgrades and possibly co-production when tied to SRDP strategies.	Conditions regarding previous use and manufacturer status typically favor established foreign suppliers and larger platforms, leaving less room for new local actors and a few new joint ventures without widespread deployment.
Planning and program submission	The President is required to submit a comprehensive modernization program to Congress, which includes force structure, big projects, priorities, timelines, cost and underpins an incremental shift to an external defense approach.	Gives a very structured planning structure to help connect SRDP activity to defined capability needs and long-term force-development goals.	This is not an automatic adjustment of industrial-policy to its planning, and without the explicit integration of SRDP modernization planning programs will largely have to rely on off-the-shelf imports.
Funding and trust fund mechanisms	Provides for periodic separate annual spending; injects at least PHP 75 billion annually for the first 5 years and sets up modernization trust fund for modernization relying on appropriations, asset selloffs or lease, PPPs, Government Arsenal outputs, surplus equipment disposal, donations and interest income.	Builds a more stable intermediate– to long-term finance foundation necessary to support domestic production, industrial collaborations, and infrastructure investments tied to SRDP.	Funding sources are not relevant to domestic content or technology-transfer prerequisites; resources may be dedicated entirely to imports unless SRDP objectives are enforced by law through RA 12024 and the related policies.
Contracting tools and oversight	Authorizes multi-year contracting, subject to DBM approval and reporting; establishes a Congressional oversight committee; requires periodic modernization program review.	Multi-year contracting authority provides long-term projects (including shipbuilding, system integration and complex infrastructure) that are required to build and sustain domestic industrial capabilities.	Rules on oversight and contracting do not, by themselves, deal with fragmented governance, poor industrial strategy and capacity for R&D; SRDP contribution depends on alignment with RA 12024, RA 12009 and other industry-related mechanisms.



f. Republic Act No. 9400: Amendments to the Bases Conversion and Development Act and the economic-zone context for SRDP

Within the analytical framework, RA 9400 is treated as part of the policy environment that conditions SRDP implementation, particularly in relation to industrial location, incentives, and potential cluster development, and thus forms one element in assessing whether the overall framework provides a realistic basis for a more self-reliant defense posture.

(1) Background Laws:

- Republic Act No. 7917 (Amending BCDA, 1995)

Republic Act No. 7917 amends Section 8 of RA 7227 to specify how proceeds from the sale of portions of Metro Manila military camps are allocated. It assigns 35 percent of net proceeds to AFP self-reliance and modernization, camp transfer and construction, upgrades to AFP medical facilities, and modernization of the Government Arsenal. The remaining shares are allocated to infrastructure for former bases such as Subic and Clark, housing, health insurance, broader security sector modernization (including the NBI and PNP), education and science and technology programs, judicial reform, and other social initiatives (RA 7917, 1995). The law also authorizes the President to dispose of additional military lands in Metro Manila, Clark, and Subic, subject to congressional approval of development plans (RA 7917, 1995).

In this study, RA 7917 is treated as part of the fiscal and institutional background that links base conversion revenues to AFP modernization and related efforts, rather than as a primary SRDP law.

- Republic Act No. 7227 (Bases Conversion and Development Act of 1992)

Republic Act No. 7227 established the Bases Conversion and Development Authority (BCDA) to convert former U.S. military bases and selected Philippine military reservations into productive civilian uses. The law seeks to foster economic development and resource mobilization for various national initiatives, such as defense modernization. It empowers BCDA to manage and dispose of designated properties, organize and



implement conversion plans, and promote private sector participation in development projects (RA 7227, 1992).

RA 7227 also established the Subic Special Economic Zone and created incentives with reference to the tax and duty free importation, including capital equipment and raw materials and a simplified tax regime based on gross income. Subsequent amendments such as RA 7917 and RA 9400 further fine-tuned and expanded on these provisions.

In the case of this study, RA 7227 is regarded as a landmark legislation binding the land asset conversion, economic zone development, and revenue generation components into the larger financing landscape for AFP modernization, and by extension, SRDP.

(2) Overview of main provisions

Republic Act No. 9400, enacted in 2007, amends RA 7227 to refine the legal and fiscal regimes governing former U.S. military bases that have been converted into special economic zones and freeports. It primarily covers the Subic and Clark zones, while also establishing or clarifying frameworks for Poro Point, Morong, and John Hay.

The law standardizes key features across these zones. It confirms their status as separate customs territories or freeports, allowing the free flow of goods and capital equipment. It permits the tax and duty-free importation of raw materials and equipment used in the zones and replaces most national and local taxes with a 5 percent tax on gross income, shared between the national government and the responsible authority of the zone or local government.

RA 9400 also defines institutional responsibilities by designating the power of issuing incentives and regulating enterprises with the help of specific authorities, such as SBMA, Clark Development Corporation, and PEZA, while maintaining national oversight for utilities through the Energy Regulatory Commission and National Telecommunications Commission. It also allows the creation of additional economic zones in parts of Bataan and Zambales, subject to local government concurrence and PEZA recommendation, as well as transitional mechanisms for existing locators, and includes severe penalties on enterprises which could prove permanent disqualifiers in terms of smuggling.



(3) Provisions most relevant to SRDP and defense industrial development

RA 9400 does not specifically discuss SRDP or development of defense industry, however, a number of its provisions intersect with activities that could underpin defense- and dual-use industry, particularly as it concerns investment incentives, industrial location and regulatory control.

First, the freeport-level and special economic zone regime provisions of RA 9400 recognize Subic, Clark, Poro Point, Morong and John Hay as special economic zones or freeports with distinct treatment and customs territory. These areas come with tax and duty-free imports of raw materials and capital equipment among others. Although not defense-specific, these locations could support logistics hubs, light manufacturing, maintenance and repair facilities, and technology parks that may have relevance to defense and dual-use industrial activities.

In the case of SRDP, this can save costs for both defense and dual use activities and can be used to help clusters such as shipbuilding, MRO and electronics. They have limitations, however, as they do not explicitly prioritize defense projects, and their results are subject to the decisions of defense agencies and area managers to implement them for SRDP.

Second, the gross income tax and revenue sharing mechanism enshrined in RA 9400 sets a 5 percent tax on gross income to replace most national and local taxes, with revenues shared between the national and local governments. A predictable and simplified fiscal regime can help attract capital-oriented sectors such as investment in defense-related production or services over the long run.

As for the SRDP, the gross income tax at 5 percent and revenue-sharing formula shall support the attraction of capital-intensive joint ventures and foreign partners, especially export-oriented fields such as defense and dual-use production. Yet its sufficiency is limited, as it does not designate benefits for defense modernization or SRDP and does not differentiate strategic industries from exclusively commercial ones.

Third, the powers to establish other economic zones under Section 2 enable the enlargement of special economic zones in Bataan or Zambales if local government agrees



with it, and subject to recommendations from PEZA. For many such areas historical military and infrastructure connections may provide an impetus to the creation of defense industrial clusters if this is consistent with national policies.

These expansion powers can underpin SRDP, so long as new zones are developed proximate to military facilities and designed to support defense-sensitive operations such as naval vessels, support services or logistics. Actually, their success will be contingent on the cooperation of BCDA, PEZA, LGUs and the defense sector to reconcile these zones with SRDP priorities as compared to commercial purposes.

Fourth, the Section 8 incentives administration and monitoring provisions, assign responsibility for incentives administration and monitoring on the part of zone authorities when it comes to the reporting of expenditures on incentives to the Department of Finance. The existence of a centralized database provides a mechanism to monitor the fiscal impact of enterprises operating in these zones, including those engaged in defense-related or dual-use activities.

For SRDP, these monitoring provisions can help track the cost of hosting defense-related firms in economic zones and check if incentives lead to real capability gains. But they are limited since they do not measure strategic results like technology transfer or local content unless defense agencies include these in how the data is used.

Finally, Section 9 on smuggling prohibits enterprises guilty of smuggling from operating in any freeport or special economic zone. Since products and technologies concerning defense are sensitive in nature, this measure bolsters supply-chain security and compliance in industries which could be the site of defense-related manufacturing or logistics.

Such anti-smuggling measures are appropriate enough and should be in high demand for SRDP as they protect their supply chains and sensitive supplies in their market facilities and economic zones. But their effectiveness hinges on how effectively they are enforced and if any agencies coordinate with defense and security groups on high-risk items.



(4) How these provisions can support SRDP objectives

RA 9400 can support SRDP indirectly by shaping the spatial and fiscal environment where defense related and dual use industries may locate.

First, the freeport and special economic zone regimes have logistical and fiscal benefits such as separate customs territory treatment, efficient movement of goods, and tax- and duty-free importation of raw materials and capital equipment. Such features can lower expenses for companies engaged in areas like shipbuilding, aerospace maintenance, and electronics. If the proposed RA 12024 and AFP modernization plan identify viable niches to be addressed in Subic, Clark, or other similar zones, these regimes can work towards attracting investment and increasing competitiveness. In terms of outputs, this means more investment and firms in repair yards, component manufacturing, and logistics facilities in these zones, along with more local MRO and support work. As outcomes, this can increase domestic work for AFP modernization, especially for naval support vessels and electronics, if the chosen niches match capability priorities.

Second, the 5 percent gross income tax in lieu of most national and local taxes creates a predictable and investor friendly environment. This can be attractive for joint ventures and foreign partners involved in SRDP related projects. When combined with incentives under RA 12024 and innovation support under RA 11293, it can contribute to a more integrated package for developing defense related industrial clusters. If aimed at sectors like shipbuilding, coastal surveillance, or selected munitions, this can lead to more joint ventures and foreign-backed plants producing components or support equipment locally, and higher local content in AFP systems. But there is no clear sign these incentives are aligned with AFP modernization priorities, so their contribution to SRDP is still mostly incidental.

Third, the power to set up more economic zones in Bataan and Zambales gives companies discretion to set up additional industrial areas. This makes possible the co-location with civilian manufacturing and logistics of defense related activities supporting the development of a wider industrial base as opposed to a siloed military installations system. If it is in line with regional defense priorities, this can produce new production



sites and infrastructure close to the bases for local assembly, integration and support, as well as shorter supply chains and more readiness for the maritime and air domains. The problem, however, is that in practice, zone expansion is primarily motivated by commercial and local development objectives rather than explicit defense and SRDP agendas.

(5) Limitations for SRDP and defense industry

The law is primarily a bases conversion and regional development measure, not a defense industrial policy. It does not define or prioritize defense related activities, capabilities, or technology areas. Its incentives are sector neutral and available to all industries, so any benefit to SRDP depends on whether agencies such as DND, BCDA, PEZA, and LGUs deliberately align zone development with defense priorities identified under RA 12024 and AFP modernization plans.

RA 9400 also does not address national security controls, export restrictions, or safeguards for sensitive technologies. These issues are left to other laws and regulations, which can complicate efforts to host higher end defense production or R&D in zones designed for openness and trade facilitation.

While the fiscal incentives reduce costs for firms, they also represent forgone government revenue, and the law does not earmark any portion of these gains for modernization or SRDP related investments, unlike the funding mechanisms under RA 10349.

For RA 9400 to better support SRDP, stronger coordination is needed between defense planning, bases conversion authorities, PEZA, and LGUs. Zone development, infrastructure investments, and incentives would need to be aligned with priority defense industrial niches, rather than driven solely by commercial considerations. According to the framework, RA 9400 is made with the objective to make the place and fiscal framework easier for SRDP but is rather a generalized development tool and not a specific goal for defense self-reliance without clear alignment and coherence.

Table 8 provides an overview of RA 9400 as it pertains to SRDP and defense industrial development.



Table 8. Summary of RA 9400 (Bases Conversion Amendments) in Relation to SRDP

Dimension	Main provisions of RA 9400	Potential support for SRDP / defense industry	Limitations from an SRDP perspective
Freeport and special economic-zone regimes	Confirms areas like Subic, Clark, Poro Point, Morong, and John Hay as special economic zones or freeports for separate customs-territory treatment, permitting free flow of goods and capital equipment and allowing in return for tax- and duty-free importation for registered enterprises.	Supplies logistical and fiscal benefits for logistics hubs, light manufacturing, MRO facilities, and technology parks that can support defense-relevant and dual-use activities.	Zones are not ‘war zone’ exclusive: its use for SRDP is determined by how strategically defense agencies and zone managers reserve or develop space for defense-oriented tasks rather than simply commercial projects.
Fiscal regime and revenue sharing	Imposes a 5% tax on gross income in lieu of most national and local taxes on registered entities with the national government and zone authorities / LGUs receiving a share of the revenue.	Establishes a predictable, investment-friendly tax environment that can attract capital-intensive joint ventures and overseas partners in areas of interest for defense and dual-use production.	Fiscal incentives are sector-neutral and do not allocate them directly to defense modernization or SRDP; without such targeted objectives, benefits could be concentrated among non-strategic industries.
Authority to expand economic zones	Enables creation or expansion of additional economic zones in parts of Bataan and Zambales subject to agreement of the local government and recommendation of the Investment Promotion Agency.	Flexible to establish new factories closer to where military lines are in place with likely use for shipbuilding, naval logistics, etc.	Expanding in practice tends to come from commercial and local priorities instead of defense ones, which means how you contribute to SRDP is contingent on your active cooperation with defense planners.
Incentives administration and monitoring	Assigns zone authorities to administer incentives and to deliver tax expenditures and enterprise performance reports to national agencies; implements mechanisms for monitoring the fiscal effects of incentives.	Provides a template for monitoring the costs associated with hosting defense-related or dual-use firms in zones, and whether such incentives can contribute to capability development and industrial clustering.	The monitoring concerns itself with fiscal criteria and does not by itself evaluate strategic results such as technology transfer, local content or defense readiness.

Penal provisions and security implications	Severe penalties including permanent disqualification are imposed on enterprises found guilty of smuggling or the like, within freeports and economic zones.	Facilitate the integrity of supply-chains and compliance in zones where sensitive defense-related production, logistics or technology tasks may be carried out.	Ignores larger national-security controls or export-control regimes; more sector-based rules are required to address higher-end defense production and R&D in open trade-oriented zones.
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Overall, RA 10349's emphasis on naval and air capabilities with RA 9400's support for maritime and logistics-oriented zones such as Subic and Clark, as well as comparative work in South Korea and Thailand, argue that the most plausible starting points for SRDP are sectors such as small naval vessels and support vessels, ship repair and MRO, basic ground mobility, and selected C4ISR systems. These areas contain clear operational demand, manageable technical complexity, and existing or emerging industrial bases suitable to support early projects of SRDP where learning and incremental capability growth can be achieved.

2. Cross-case analysis: regional models of defense industrialization

This subsection answers to Secondary Research Questions 1 and 2 through the analysis of regional patterns of defense industrialization and the policy and institutional characteristics that are critical to the Philippine SRDP. Based on the framework presented in Chapter III, it applies to Indonesia, South Korea, India, and Thailand, focusing on how their laws, acquisition systems, and industrial policies connect procurement, technology development, and local industry. For the purposes of this study, "success" means progress toward self-reliance in selected niche sectors and capabilities rather than complete independence across all major systems, consistent with the idea of "limited autarky" in defense industrial development. The findings from these cases inform the assessment of the Philippine framework and RA 12024 in the subsequent subsection.

a. Indonesia

Indonesia's defense industrialization is grounded in Law No. 16 of 2012 on the Defense Industry. The law treats the defense industry as a strategic sector and lays out the



roles of both state owned and private firms in providing equipment and services. It also requires local content, offsets, and technology transfer for foreign procurement, and introduces the idea of “lead integrator” companies that handle system integration from start to finish (Herawati et al., 2025; Praditya et al., 2023). That said, the law does not work on its own. It sits within a wider set of rules and coordinating bodies that help turn these goals into actual industrial results. These provisions increased the use of technology transfer and local content requirements in defense contracts and expanded the role of domestic firms and state-owned enterprises. However, industrial upgrading has remained uneven because results still depend on negotiating capacity, firms’ ability to absorb technology, and the effectiveness of KKIP’s coordination and oversight.

A key piece of the system is the Komite Kebijakan Industri Pertahanan or KKIP, the Defence Industry Policy Committee. It was created under Law 16 of 2012 and later formalized through Presidential Regulation No. 59 of 2013. In simple terms, KKIP acts as the body that brings different ministries and agencies together to manage defense industry policy. Its role covers planning, policy making, implementation, control, coordination, and evaluation of defense industry development (Wahyudi et al., 2023).

Haripin (2016) points out that KKIP reflects Indonesia’s current approach to hitting two main goals. First is strengthening military capability through local production, joint production, and imports. Second is rebuilding and supporting the domestic strategic industry, with the Defence Minister playing a central role (Haripin, 2016). In short, KKIP is the mechanism that links the goals of Law 16 of 2012 to actual planning, budgeting, and oversight of defense industry projects.

Implementation is backed up by detailed regulations and other related laws. Government Regulation No. 141 of 2015 on Defence Industry Management, along with similar rules, spells out how Law 16 of 2012 is carried out. It sets the criteria for assigning state owned companies like PT Pindad, PT PAL, and PT Dirgantara Indonesia as lead integrators, and lays out the specific requirements for local content and offset obligations (Herawati et al., 2025). Studies also point to the role of the Ministry of Defence under Indonesia’s export and import control system. The Ministry has the authority to issue



licenses for the export and import of weapons and dual use items, working together with other relevant agencies (Sidik, 2021).

In sum, Law 16 of 2012, its implementing rules, KKIP, and the export control framework form a connected policy package. This setup helps guide procurement, shape industrial policy, and keep coordination across agencies aligned in support of defense industrial development.

For this study, Indonesia's model shows key gaps in the Philippine SRDP setup. Law 16 of 2012 and KKIP provide a clear, high-level body that links defense industry policy with procurement, budgeting, and trade, while the Philippine system is more fragmented across DND, DTI, NEDA, BCDA, and others, with no similar coordinating body. Indonesia also uses lead state-owned firms with clear rules on local content and offsets, while the Philippine framework under RA 12024 and its IRR sets similar goals but still relies on emerging mechanisms and inter-agency coordination that are not yet as mature or as tightly enforced. This suggests the need for more detailed SRDP implementing rules under RA 12024 that specify domestic-content requirements and technology-transfer expectations, and for closer coordination with innovation and business-environment laws such as RA 11293 and RA 11032 to ensure that SRDP obligations are realistic and supportive for local firms.

b. South Korea

South Korea's defense industrialization is built on a strong legal and institutional setup, with the Defense Acquisition Program Act at the center. This law created the Defense Acquisition Program Administration or DAPA as a single body that handles both defense procurement and industry development (Defense Acquisition Program Act, 2006, Art. 5–6). It also makes it clear that defense acquisition is not just about building military capability, but also about improving industrial competitiveness and supporting a self-reliant defense posture (Defense Acquisition Program Act, 2006).

This main law is backed up by other policies that focus on growing the defense industry. For example, the Defense Industry Development and Support Act aims to strengthen a self-reliant defense industry while also boosting its role in the national



economy (Defense Industry Development and Support Act, 2020). There are also laws that promote technology development, especially cooperation between civilian and military sectors and the transfer of technology (Promotion of Technology Projects for Joint Civilian and Military Use Act, 2013).

All of these are supported by implementing rules and long-term defense planning systems led by DAPA, which help turn these policies into actual programs and results (Enforcement Decree of the Defense Industry Development and Support Act, 2021).

This framework supports South Korea's self-reliant defense posture in a few clear ways. First, putting both acquisition and industrial policy under DAPA helps align everything. Since DAPA manages the force improvement budget and mid-term defense planning, procurement decisions are directly tied to industrial and technology goals (The National Institute for Defense Studies, 2014). This means major programs are not just about buying capability, but also about building local design and production capacity.

Second, procurement policy puts strong emphasis on domestic production and technological independence. Industry reports note that South Korea is steadily shifting toward systems that are developed and produced locally to reduce reliance on foreign suppliers (International Trade Administration, 2023). Third, the legal framework clearly includes offsets and industrial cooperation. The Defense Acquisition Program Act defines these as arrangements tied to foreign purchases, such as technology transfer, co production, and export support (Defense Acquisition Program Act, 2006). Over time, these approaches have helped South Korea move from licensed production to its own design capabilities.

Fourth, you can see the results in actual industry performance. Data show that South Korea has become one of the more self-reliant producers in the region, with a higher share of domestic production in its procurement and a growing export presence (Béraud-Sudreau et al., 2022). Other industry data also show that the country is now among the leading defense exporters worldwide and has expanded its position in the global market (International Trade Administration, 2023). In sum, these trends show that South Korea's legal and policy setup has been effective in turning acquisition policy into real industrial capacity and exportable defense products.



By contrast, in the Philippines, planning and procurement are led by the DND and AFP, while defense-industrial promotion is concentrated in the new Office of the Undersecretary for Defense Technology Research and Industry Development (DTRID) under RA 12024, and related functions are spread across agencies such as DTI/BOI and BCDA. Although DTRID is located within the DND, there is still no DAPA-equivalent body that simultaneously controls the force-improvement budget and the main defense-industrial policy tools. As a result, SRDP objectives depend on coordination between multiple entities rather than on a single integrated acquisition-and-industry mechanism, making coherence between procurement and industrial development harder to achieve in practice.

In practice, the creation of DAPA and its supporting legal framework reduced fragmentation and professionalized defense acquisition, helping South Korea steadily develop indigenous platforms such as the K2 tank, K9 howitzer, and major naval vessels, while still relying on foreign suppliers for some high-end systems.

For the Philippines, the South Korean experience illustrates the importance of a robust and specialized acquisition body like DAPA that combines procurement planning, industrial policy and life-cycle management. This suggests the need to give DTRID power under RA 12024 to become a more central coordinating institution, including in long-term planning and life-cycle oversight, and to align SRDP-specific procurement rules under RA 12009 with industrial development goals in a way that still respects transparency and competition.

c. India

India's current push for defense industrialization is mainly driven by the Defence Acquisition Procedure 2020 or DAP 2020. This policy builds the "Make in India" agenda straight into procurement rules and puts self-reliance and indigenization at the center of defense acquisition (Defence Acquisition Procedure, 2020). The DAP also lays out clear categories for different types of acquisitions, each with its own required level of local or indigenous content, organized through formal acquisition classifications and planning frameworks (Defence Acquisition Procedure, 2020). It is issued and regularly updated by



the Ministry of Defence and serves as the main policy guiding capital procurement. The Defence Acquisition Procedure's "Make in India" categories, indigenization lists, and strategic partnership models helped increase domestic participation and local content in selected platforms and subsystems. However, India still depends on foreign designs and technologies for many complex systems, so progress remains uneven and limited to certain sectors.

India's defense industrial structure still depends heavily on large state-owned enterprises and defense public sector undertakings, which dominate complex platforms such as warships, aircraft, and armored vehicles, while private firms increasingly participate in subsystems and components under the "Make in India" and strategic partnership arrangements. Such institutional arrangements establish a mixed ecology where state-owned enterprises provide a base for long-term programs, while private firms and foreign partners bring technology and capital, but they also generate coordination and efficiency challenges that limit the pace of indigenization.

DAP 2020 and related policies set up several conditions that support greater self-reliance. First, the DAP introduces procurement categories that are clearly meant to push indigenous content, such as "Buy (Indian IDDM)," "Buy (Indian)," and "Buy and Make (Indian)." These categories are part of a structured system for capital acquisition that gives priority to domestic industry participation (Cowshish, 2020). Each one comes with minimum local content requirements and preference rules that favor local production.

Second, India has opened up foreign direct investment in defense. It now allows up to 74 percent foreign ownership under the automatic route, with the goal of attracting foreign firms to invest in local manufacturing and bring in technology (Defence Acquisition Procedure, 2020). Third, India continues to use offsets as a key tool. Its offset policy links foreign procurement to domestic capability building through co-production, technology transfer, and investment in local industry, which has long been part of its defense industrial approach (Behera, 2015).

Fourth, you can see the effects of these policies in actual production and export numbers. India's defense production reached about Rs. 1.27 lakh crore in FY 2023 to 2024,



while exports went over Rs. 21,000 crore, with products reaching more countries (Bordloi, 2025). These gains are tied to broader reforms under the Make in India initiative that aim to strengthen local manufacturing and reduce dependence on imports. Indigenous systems, supported by state owned firms and a growing private sector, are becoming more central to India's defense industry, which used to rely heavily on imports but is now moving toward stronger domestic capability (Sharma, n.d.).

Overall, these trends show that India's policy setup, built around structured procurement categories, offsets, and more open foreign direct investment (FDI) rules, is starting to lead to higher levels of local production and exports, even if full technological self-reliance is still a long-term goal.

For this study, a key feature of India's approach is that local production is enforced through procurement categories and clear local content rules in DAP 2020 and related policies. Top categories like Buy Indian IDDM and Buy Indian allow only Indian vendors with at least 50 percent local content, while others also require minimum local content with checks and penalties. For the Philippines, India's DAP 2020 and "Make in India" categories represent how procurement rules can be structured to mandate increasing levels of domestic content and to differentiate between categories of projects, while still using foreign partners and technology where necessary. This points to an opportunity to develop SRDP-specific procurement classifications and domestic-content thresholds under RA 12009's IRR, guided by RA 12024 and coordinated by DTRID, so that certain categories of projects are explicitly designed as learning platforms for local firms rather than treated as purely off-the-shelf acquisitions.

d. Thailand

Thailand's defense industrial policy has increasingly centered on the Defence Technology Institute or DTI and the laws that support it, especially the Defence Technology Act B.E. 2562 of 2019 and related regulations that expand its role and give it more flexibility in how it operates commercially (Defence Technology Act, 2019). Compared to India or South Korea, there are fewer detailed English translations of these laws. Still, available studies and official materials explain the key setup, particularly DTI's



role as the main body for defense research, development, and industry coordination under the Ministry of Defence (Drwiega, 2022). The establishment of DTI and successive defense industry master plans helped Thailand expand local production, assembly, and MRO activities, especially in land systems and aerospace support. However, major combat systems and advanced technologies are still largely imported or acquired through joint projects.

Thailand's framework supports defense industrialization in a few clear ways. First, the Defence Technology Act and related rules give DTI real authority as a state defense technology agency. It can take part in industrial and commercial activities, including setting up joint ventures and entering into investment deals with both local and foreign partners (Defence Technology Act, 2019). In practice, DTI leadership has confirmed that the institute can run defense related business, invest in joint ventures, and produce and sell equipment that comes out of its own research programs (Drwiega, 2022).

Second, DTI has used this authority to support a range of local development and co production projects. These include armored vehicles, unmanned aerial vehicles, and small arms, often done with foreign partners and local companies. For example, joint production efforts like the locally assembled infantry combat vehicle show how policy support has turned into real outputs (Valpolini, 2022). Other cases show DTI linked ventures producing equipment such as 4×4 armored vehicles, UAVs, and rifles, pointing to growing local capability (Drwiega, 2022).

Third, Thai policy has started to focus more on reducing dependence on imports and building up local research and innovation. New defense research structures and coordination efforts are aimed at cutting reliance on foreign technology and strengthening domestic capability (The Nation Thailand, 2025,). Broader assessments also note that since 2019, Thailand has been shifting toward developing its own capabilities instead of relying mainly on imports (Drwiega, 2022). While Thailand's defense production base is still smaller compared to countries like South Korea or India, this setup built around DTI's expanded role, joint venture mechanisms, and focus on technology transfer gives it a clear and legally supported path to grow local design, development, and co production over time.



If applied to the Philippines, Thailand’s experience with DTI and successive defense industry master plans suggests the need for a dedicated defense technology and industry body with a long-term, sector-specific perspective. The establishment of DTRID under RA 12024, together with its mandate to develop an SRDP Program, could play a similar role if combined with a national SRDP/defense industry roadmap that links to broader innovation and industrial strategies under RA 11293, while ensuring that procurement flexibilities under RA 12009 are used to support gradual capability building in selected niches.

In this study, “success” means making real progress toward self-reliance in selected sectors and capabilities, not trying to be fully independent across all major systems. This follows the idea of “limited autarky,” where countries focus on a few priority areas instead of aiming for complete self-sufficiency. Table 9 summarizes the main legal instruments and provisions in the selected cases that support this form of selective self-reliance.



Table 9. Key Legal Instruments and Provisions Supporting Selective Self-Reliance

Country	Key legal / policy instruments	Provisions supporting self-reliance	Observed effects
South Korea	Defence Industry Promotion Act; Defence Acquisition Program Act; creation of DAPA and ADD	Establishes DAPA as a centralized defense acquisition agency; provides incentives and financing for designated defense firms; includes domestic-content and localization preferences in certain categories.	Reduced fragmentation and professionalized acquisition, which facilitated major indigenous programs such as the K2 tank, K9 howitzer, and naval shipbuilding, while still relying on foreign suppliers for some high-end systems.
Indonesia	Law 16/2012 on the Defence Industry; presidential decrees creating KKIP	Requires technology transfer and local-content obligations in defense procurement; mandates use of domestic industry where feasible; establishes KKIP as a coordinating and approval body.	Increased formal use of technology-transfer clauses and domestic participation in procurement, though outcomes have been uneven due to capacity constraints and complex approval processes.
Thailand	Defence Technology Act; Defence Technology Institute (DTI); defence industry master plans	Creates DTI as a dedicated defense technology and industry agency; outlines long-term master plans and offset frameworks; promotes joint ventures and local assembly.	Enabled gradual development of local production and MRO capabilities, especially in land systems and some aerospace, while high-end systems remain imported or co-produced.
India	Defence Acquisition Procedure (DAP); “Make in India” framework; strategic partnership and indigenization policies	Introduces phased “Make” categories with increasing indigenous content; sets indigenization lists and domestic-content thresholds; uses strategic partnership models to link foreign OEMs with Indian firms.	Expanded domestic participation in selected platforms and subsystems and increased indigenous content in some categories, though dependence on foreign technology persists in complex systems and implementation quality varies.

Taken together, these legal and policy provisions shape how acquisition and industry linkages are structured in each country. Overall, the cases of Indonesia, South Korea, India, and Thailand highlight several common features of effective acquisition and industry linkages, which are compared more directly with the Philippine system in Table 10.

Table 10. Key Features of Acquisition–Industry Linkages in South Korea, India, Thailand, and the Philippines

Country	Main acquisition / industry laws and plans	Specialized acquisition–industry body	How procurement supports local industry	Local content / “buy local” rules	Offsets / industrial cooperation	Main gap relative to the Philippines
South Korea	Defense Acquisition Program Act; Defence Industry Development and Support Act; related implementing decrees and mid-term defense plans	Defense Acquisition Program Administration (DAPA) as a single body responsible for defense procurement and industry development	DAPA links force improvement planning and the acquisition budget to industrial and technology objectives, so major programs are designed to build local design and production capacity	Strong preference for domestically developed and produced systems; steady shift from licensed production to indigenous platforms	Offsets and industrial cooperation (technology transfer, co-production, export support) are explicitly defined in the Defense Acquisition Program Act and used as routine instruments	The Philippines does not have a DAPA-style agency that combines control of the force improvement budget with defense-industrial policy; functions remain split across DND/AFP, DTRID, and civilian economic agencies.
India	Defence Acquisition Procedure 2020, issued and updated by the Ministry of Defence (MoD, 2020); broader “Make in India” reforms	MoD-led acquisition system (no separate DAPA-type agency, but DAP 2020 is the central rulebook for capital procurement)	Structured procurement categories such as “Buy (Indian IDDM),” “Buy (Indian),” and “Buy and Make (Indian)” are designed to prioritize domestic industry participation in capital acquisition	Each category carries minimum indigenous content requirements and preference rules that favor local production, embedding self-reliance and indigenization into procurement practice	Long-standing offset policy links foreign procurement to co-production, technology transfer, and investment in local industry as part of India’s defense industrial strategy	Philippine rules do not yet contain similarly detailed acquisition categories and binding indigenous-content thresholds; SRDP goals under RA 12024 are not as tightly built into the DAS and related regulations.
Thailand	Defence Industry Act and related policies promoting local defense industry and cooperation; long-term plans for selected capabilities	Defence Technology Institute (DTI) and associated bodies that support R&D, testing, and industry development	Procurement is used to support specific local capabilities and joint ventures, especially in areas where Thailand seeks to build comparative strengths	Use of domestic-preference and support measures in certain segments (e.g., maintenance, some production), although with more limited and selective scope than in South Korea or India	Emphasis on co-production, joint development, and participation in regional and bilateral industrial cooperation arrangements	The Philippines is only beginning to develop similar promotion and cooperation mechanisms; its legal and institutional tools are newer and less embedded than Thailand’s dedicated defense industry legislation and institutes.

Philippines	AFP Modernization Act; Republic Act No. 12024	No unified acquisition–industry agency; DND/AFP lead planning and procurement, while the Office of the Undersecretary for Defense Technology Research and Industry Development (DTRID) and civilian agencies such as DTI/BOI handle industry promotion	RA 12024 expresses the intent to link procurement with local production, technology development, and industry support, but implementation mechanisms are still emerging and dispersed across several bodies	Existing rules under RA 12024 and its IRR establish preference for in-country enterprises and envisage SRDP incentives and minimum local content, but detailed, enforceable local-content percentages are still being specified at the program and implementing-guideline level rather than fully embedded across all standard acquisition procedures.	Offset and industrial-cooperation provisions are being developed under RA 12024 but are not yet as institutionalized or routinely used as in South Korea and India	Compared to the other cases, the Philippines shows weaker institutionalization of the procurement–industry link: responsibilities remain fragmented across multiple agencies, SRDP-specific local-content rules and acquisition categories are still being defined, and offsets/industrial cooperation, though now mandated under RA 12024 and its IRR, are only beginning to be operationalized.
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3. Synthesis of Chapter IV findings

Overall, the analysis in this chapter shows that RA 12024 markedly improves the formal basis for a Self-Reliant Defense Posture but still falls short of providing a fully realistic and workable foundation for defense self-reliance. It strengthens strategic intent and institutional design around SRDP yet leaves unresolved the deeper problems of integration with procurement rules, coordination across agencies, and weak implementation capacity.

On the positive side, RA 12024 clearly re-elevates SRDP as a national objective and treats the development of a domestic defense industry as a strategic goal rather than a by-product of equipment acquisition. It specifies industrial and technological aims, links SRDP to national development and security plans, and upgrades the role of state industrial assets such as the Government Arsenal and naval shipyards. It also introduces new governance arrangements, including a dedicated undersecretary for defense technology, research, and industry development; combined, these provide a more coherent institutional framework than earlier modernization and SRDP-related legislations.

One can see, however, from the chapter's findings that this improved regime is only loosely compatible with the existing regimes for procurement, innovation, and the business environment. RA 12024 embraces these larger laws and plans on the principles and objectives level, but it doesn't significantly change the competitive bidding rules, risk-averse procedures and administrative requirements that have led to slow, fragmented and often piecemeal defense procurement. In practice, long schedules, multiple signoffs, repeated fails at bidding, and budgetary restrictions continue to skew outcomes toward off-the-shelf purchases rather than the more complicated, technology-heavy projects that SRDP mandates.

The chapter expands on the fact that while RA 12024 resolves some of these long-standing governance gaps (including the absence of a focal authority with a long-term industrial vision), it does so within an administrative infrastructure that has historically failed to coordinate, allocate resources and sustain policy objectives. The new positions and planning instruments formed under the law will function in the same multi-agency environment which has enabled multi-agency mandates to overlap, priorities to shift and the implementation delays in AFP modernization to happen that they are. Since RA 12024 and its implementing rules are new, there is substantial uncertainty as to whether the new arrangements will be sufficiently widely applied in all departments to change entrenched practices.

This mixed picture is underlined by comparison with the regional experiences. So, to be fair, countries like South Korea, Indonesia, India and Thailand built a more integrated acquisition-industry system in which procurement, industrial policy and technology strategies are linked and driven by powerful central institutions with clear tooling such as offsets, local content rules and industrial participation requirements. RA 12024 brings the Philippines a little closer to this model in that it sets out objectives and develops new institutions, yet falls short of creating a single, strong integrator on acquisitions and industrial development and reshaping procurement and innovation regimes in pursuit of defense-industrial priorities.

In sum, the chapter concludes that RA 12024 should be regarded as a necessary but insufficient condition for an achievable SRDP. It is a stride forward in strategic direction



and in the formal institutions that provide policy-makers new instruments and mechanisms that did not previously form part of previous laws. But without additional change that would connect procurement and innovation systems to SRDP goals, ensure co-ordination and administrative ability, and enable a central actor to lead implementation, the distance between ambitious policy objectives and real defense-industrial success is bound to continue. RA 12024 thus builds on an upgraded system, whereas the success of SRDP ultimately relies on the extent to which the Philippine state is inclined and capable to extend it in the subsequent period of reform.

4. Evaluative summary of RA 12024

Drawing on the evaluative dimensions of Dunn and Bardach, this study assesses RA 12024 and its interaction with related laws such as RA 12009, RA 11293, and RA 11032 in terms of effectiveness, adequacy, and coherence. The ratings below summarize the findings from the analysis of the Philippine framework and the comparison with regional defense industrialization models.

Table 11. Assessment of RA 12024's effectiveness, adequacy, and coherence for SRDP

Criterion	Assessment for RA 12024	Justification
Effectiveness	Medium	RA 12024 introduces concrete mechanisms—such as the creation of DTRID, use of offsets and local-content requirements, SRDP-linked procurement flexibilities, incentives for in-country enterprises, and streamlined procedures—that can improve the alignment between procurement and domestic industry and begin to operationalize SRDP as a managed program rather than a slogan. However, these tools are new, implementation is at an early stage, and they remain constrained by existing procurement rules, capacity limitations, and the absence of fully developed implementing guidelines.
Adequacy	Low to medium	The law significantly strengthens the policy and governance foundation for SRDP compared with earlier measures by clarifying leadership roles, expanding procurement instruments, and providing incentives and monitoring provisions, but it does not fully address critical gaps in enforcement authority, detailed SRDP-specific procurement and life-cycle management guidance, professional acquisition and SRDP project capacity, or sustained financing and risk-sharing mechanisms for local firms. As a result, RA 12024 alone is not sufficient to establish a comprehensive SRDP system across the entire capability life cycle.

Coherence	Mixed	RA 12024 largely embodies the focus of RA 11293 and RA 11032 in terms of innovation, investment promotion, and improved business processes; it additionally aims to harmonize with the national plans such as the Philippine Development Plan, National Security Policy, and AFP Modernization Program. In parallel, major tensions persist in its engagement with the new procurement framework of RA 12009, particularly in the areas of competition and transparency, and the SRDP specific preferences and flexibilities still lack fully articulated rules and clear prioritization within overlapping mandates, leading to partial and evolving coherence.
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These ratings point to a clear takeaway: RA 12024 strengthens the effectiveness and coherence of the SRDP governance framework compared to earlier laws, but on its own it is only moderately sufficient to achieve defense self-reliance. In the end, its real impact will depend on how well it is carried through and aligned with procurement, innovation, and the broader business environment in practice.



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V. SUMMARY

This chapter summarizes the findings from Chapter IV to answer the primary and secondary research questions, present the main conclusions of the study, and identify areas for future research. It also discusses the broader strategic importance of the Self-Reliant Defense Posture considering recent developments in the Philippines' defense cooperation and regional security environment.

A. SUMMARY OF ANSWERS TO THE RESEARCH QUESTIONS

This section synthesizes the findings of the previous chapters by directly answering the primary and secondary research questions. It first examines how and to what extent RA 12024 strengthens the policy and governance foundations of a SRDP, then identifies the key themes and provisions from selected foreign cases that support selective, niche-based self-reliance and finally discusses the policy and legal measures that can further strengthen the Philippines' SRDP framework.

a. *Primary Research Question*

How and to what extent does RA 12024 provide the policy and governance mechanisms needed to make the Self-Reliant Defense Posture (SRDP) achievable?

This thesis finds that the Self-Reliant Defense Posture Revitalization Act (2024) provides a much stronger, though still incomplete, policy and governance foundation for achieving a viable SRDP. The law is a major step forward because it centralizes responsibility for defense technology and industry under the new DTRID structure, introduces tools such as offsets, local content requirements, and SRDP linked procurement flexibilities, and better connects procurement, innovation, and industrial policy. However, its impact is still limited by gaps in enforcement authority, the lack of detailed SRDP specific procurement rules and life cycle management guidance aligned with RA 12009, weak integration with broader innovation and business-related laws, and the absence of a focused national SRDP or defense industry roadmap that identifies realistic priorities and niches. Overall, RA 12024 can support meaningful progress toward selective, niche-based



self-reliance if backed by targeted legal, institutional, and implementation reforms, but by itself it is not enough to achieve a fully coherent and sustainable Self Reliant Defense Posture for the Philippines.

The analysis shows how RA 12024 strengthens the SRDP governance framework through the creation of DTRID and the introduction of mechanisms such as local preference provisions, negotiated procurement for specific SRDP projects, offsets and industrial cooperation, technology transfer requirements, capacity building and training measures, multi-year contracts, and incentives for Filipino owned defense firms. Together, these mechanisms create opportunities for technology transfer, supplier development, and learning by local firms, which are necessary for building a more self-reliant defense industrial base.

These provisions directly address long standing weaknesses in earlier SRDP efforts, which mostly relied on broad policy statements with limited institutional support and weak connections between modernization, procurement, and industry. By requiring coordination with agencies such as DTI, DOST, NEDA, DBM, DOF, BOI, and innovation related bodies, and by including reporting, monitoring, and audit requirements, RA 12024 seeks to turn SRDP from a policy goal into a system of programs and rules with clearer responsibilities and accountability.

However, the findings also show that RA 12024 alone is not enough to ensure an effective SRDP. Although the law creates and empowers DTRID, its actual influence over AFP capability planning, project selection, and procurement will depend on how the DND organizes responsibilities, how well DTRID is staffed, and how consistently agencies coordinate in practice. The law must also align with the general procurement framework under RA 12009 and its implementing rules so SRDP specific measures, such as local preference and negotiated procurement tied to technology transfer, can be applied without weakening transparency, competition, and value for money. Without clear SRDP specific procurement and life cycle management guidance, these tools may remain underused or inconsistently applied. In addition, the law assumes a level of domestic industrial and absorptive capacity that remains unevenly developed across defense related sectors. Without parallel investments in industry capability, human capital, and technology



infrastructure, the law's mechanisms may not achieve their intended results. Finally, monitoring, evaluation, and feedback systems for SRDP projects are still developing, which limits the government's ability to adjust policies and programs based on implementation experience.

Overall, RA 12024 provides a much stronger and more coherent legal and governance foundation than earlier SRDP measures and can support meaningful progress toward selective, niche-based self-reliance. Still, its impact remains conditional. The law must be backed by detailed procurement rules, realistic industrial priorities, a national SRDP or defense industry roadmap, fully supported institutions such as DND through its DTRID office, and sustained political commitment for SRDP to become meaningfully achievable and sustainable over the long term.

b. Secondary Research Question 1

What key themes and provisions in the laws of successful countries like South Korea, Thailand, Indonesia, and India support the achievement of defense self-reliance?

The comparative review of South Korea, Indonesia, Thailand, and India identifies several commonalities in the legal and policy frameworks of countries that have made significant progress in defense industrialization.

First, these countries tend to develop specialized institutions that integrate or closely coordinate acquisition, defense industrial policy, and, in some cases, export promotion. South Korea's Defense Acquisition Program Administration (DAPA), Indonesia's Komite Kebijakan Industri Pertahanan (KKIP), and Thailand's Defence Technology Institute (DTI) exemplify this structural approach. Their enabling laws do not merely express general objectives but establish agencies with specific mandates, decision rights, and mechanisms to align procurement programs with industrial-development objectives.

Second, their frameworks define clear procurement categories with domestic-preference rules. For example, India's Defence Acquisition Procedure (DAP) uses acquisition categories such as "Buy Indian (IDDM)" and sets minimum indigenous content



thresholds, effectively embedding domestic industry participation into acquisition planning. South Korea's legal and policy regime, while not always framed in the same categorical language, has an embedded expectation that major platforms will favor domestic design and production where feasible, with foreign sourcing focusing on niche or high-end subsystems that cannot yet be produced locally.

Third, these frameworks institutionalize offsets, local-content requirements, and technology-transfer obligations in a more detailed way. Rather than handling industrial cooperation on a purely case-by-case, negotiated basis, they rely on formal offset policies that specify when offsets are required, how they are valued, what forms of cooperation are acceptable, and how commitments will be monitored.

Fourth, these laws are embedded within broader, long-term strategies. Defense industrial development is linked to multi-year force-modernization plans and economic or industrial strategies. This continuity allows domestic firms to plan investments and build capabilities around predictable demand and technology trajectories.

These themes collectively show that successful defense-industrial legal frameworks are characterized by: (1) empowered, specialized institutions; (2) binding domestic-preference and local-content requirements that require a portion of defense procurement to be sourced locally; (3) codified offset and technology-transfer mechanisms; and (4) strong integration with long-term national plans. These features provide a benchmark against which RA 12024 can be assessed.

In line with the idea of "limited autarky," this study treats South Korea, Indonesia, Thailand, and India as examples of selective, niche based self-reliance. While they have strengthened domestic capabilities in certain sectors, they still rely on imports for high end systems and face continuing implementation challenges.

c. Secondary Research Question 2

How do the laws, institutions, and practices of South Korea, Thailand, Indonesia, and India operate in their own settings, and why are these features relevant for strengthening the Philippines' pursuit of defense self-reliance?



The country cases demonstrate not only what is written in law but also how institutions operate over time. South Korea's experience shows how a state can move from import dependence and licensed production to focused self-reliance in selected defense sectors. Legal and policy measures in the 1970s and 1980s created a highly supportive environment for defense industrial growth, emphasizing heavy and chemical industries, shipbuilding, and aerospace. The creation of DAPA later unified acquisition and industrial functions, while the Agency for Defense Development (ADD) managed long-term, state-sponsored defense research and development (R&D). Over time, this institutional configuration allowed Korea to develop indigenous platforms in ground systems, naval vessels, and artillery, while still importing or partnering for advanced subsystems and technologies. Importantly, these institutions retained sufficient authority and professional capacity to guide projects, coordinate with major industrial groups, and adapt priorities as technology and strategy evolved.

Indonesia's Law No. 16/2012 seeks to promote domestic content, technology transfer, and the use of offset arrangements, with KKIP serving as the central coordinating body for defense-industry policy. However, implementation has been uneven. The literature suggests that bureaucratic complexity, procurement uncertainty, limited industrial capability, and inconsistent policy execution have constrained progress, indicating that legal mandates for self-reliance must be matched by realistic project selection and effective administrative capacity.

Thailand's gradual approach combines targeted domestic-preference rules with efforts to build up specific niches, often via joint ventures and licensed production. Its defense industry laws and master plans stress industrial participation but remain constrained by resource limitations and the relatively small size of the domestic market. India, by contrast, pairs a long-standing offset policy with increasingly stringent localization categories in the DAP, but still struggles with implementation delays and mixed industrial outcomes.

For the Philippines, these cases highlight several relevant lessons. First, institutions that are empowered, professional, and insulated from excessive short-term political interference matter as much as the content of the law itself. Second, narrowly defined



niches, carefully chosen to match domestic capabilities and long-term strategic needs, provide better results than generalized calls for self-reliance. Third, without clear procurement rules that operationalize domestic-preference and offset provisions, self-reliance clauses risk remaining symbolic. Finally, these experiences caution against overambitious projects that outstrip the country's fiscal and technological capacity, reinforcing the need for careful sequencing and realistic expectations.

d. Secondary Research Question 3

What policy and legal elements can be adopted or improved to strengthen the Self-Reliant Defense Posture of the Philippines?

The analysis identifies several policy and legal elements that the Philippines can adopt or refine to make SRDP more effective under RA 12024. First, DTRID's role should be strengthened to resemble, as far as feasible, an integrated acquisition–industry coordinator. This does not necessarily require duplicating foreign models exactly, but it does require giving DTRID real influence in capability planning, project prioritization, and decisions involving technology transfer and industrial cooperation. Clear internal rules, staffing with technical and acquisition expertise, and stable inter-agency mechanisms are essential.

Second, the procurement system needs SRDP-specific operational rules. Under the new government procurement law and its regulations, SRDP policy objectives must be translated into explicit conditions and procedures: for example, when and how local content can be required; when negotiated procurement, limited source bidding, or government-to-government arrangements are permitted; and what documentation and evaluation criteria must be satisfied. Doing so would anchor SRDP within the broader principles of transparency and competition while recognizing legitimate strategic exceptions.

Third, a national SRDP niche strategy is needed. Drawing on the concept of “limited autarky” and on comparative experience, the Philippines should define a small number of priority sectors (such as munitions, small arms, specific naval craft, selected land systems, C4ISR, or certain unmanned systems) where the combination of strategic need, industrial potential, and realistic technology transfer opportunities is strongest. In



these niches, the legal tools under RA 12024 such as local preference, offsets, technology transfer requirements, and incentives should be applied most intensively.

Fourth, offset and industrial-cooperation regulations should be formalized, specifying minimum acceptable commitments, priority technologies and capabilities, methods for valuing offset contributions, and monitoring arrangements. This would enable the Philippines to use future major acquisitions, including those linked to alliances and strategic partners, as vehicles for building domestic capacity, rather than treating technology transfer as a peripheral or negotiable extra.

Finally, stronger alignment with the national innovation framework and related laws is necessary. Defense and dual-use technologies could be explicitly recognized as priority areas in innovation planning, allowing SRDP projects to access innovation funds, public-private partnerships, and collaborative research instruments. This would integrate defense industrialization into the broader national science, technology, and innovation ecosystem, rather than leaving it as an isolated sectoral concern.

B. CONCLUSIONS

a. On the adequacy of RA 12024 and the realistic meaning of SRDP

Based on the analysis, RA 12024 marks a significant advance in Philippine attempts to pursue a Self-Reliant Defense Posture. It embeds SRDP in statute, aligns it with broader economic and innovation objectives, and provides a more detailed set of tools than any previous framework. It reflects an implicit shift from a notion of complete self-sufficiency to a more realistic understanding of self-reliance as focused capability in select niches, supported by resilient supply chains and strategic partnerships.

Yet RA 12024 cannot, by itself, ensure that SRDP will be realized. The Philippine experience of over five decades of modernization and repeated SRDP statements shows that legal frameworks do not automatically transform institutional behavior, industrial structure, or technological capacity. The key determinants will be: how DTRID is empowered and staffed; how acquisition rules are written and applied; how projects are selected, sequenced, and funded; and whether the state consistently uses its bargaining



power with foreign partners to secure meaningful technology transfer and local-industry participation.

In this sense, RA 12024 should be seen as a necessary foundation for SRDP rather than as a guarantee. It provides the enabling environment within which strategic choices and institutional reforms can succeed, but it does not substitute for those choices or reforms.

b. The “So What”: Strategic Relevance in the Current Context

The “so what” of this study becomes clearer when viewed against the backdrop of current regional dynamics and the Philippines’ expanding defense cooperation with other countries. The convergence of several developments such as heightened tensions in the West Philippine Sea, the adoption of more outward-looking defense concepts, and an active agenda of defense engagement with allies and partners has created both an opportunity and a risk for SRDP.

Recent developments underscore this point. The Japan–Philippines Reciprocal Access Agreement, signed in 2024 and entering into force in September 2025, together with the 2026 Acquisition and Cross-Servicing Agreement and Official Security Assistance pact with Japan, provides a legal framework for more frequent and logistically supported joint operations and training (Embassy of Japan in the Philippines, 2025). The Status of Visiting Forces Agreement with France, signed in April 2026, similarly enables regular exercises and deployments with a European naval and aerospace power (Indo-Pacific Defense Forum, 2026). Under the Enhanced Defense Cooperation Agreement, the expansion to nine U.S. “Agreed Locations” and the conduct of large-scale exercises such as Balikatan 2025 and Cope Thunder 2025 have deepened operational integration with the United States and partners, alongside a multi-billion-dollar U.S. arms package that will shape the AFP’s air and maritime capabilities for decades (Walia, 2025). In 2025, the Philippines signed a Status of Visiting Forces Agreement with New Zealand in April, while Canada and the Philippines concluded negotiations for a similar agreement in March 2025 and signed it later in the year, creating legal frameworks for joint defense activities and interoperability with both partners (Indo-Pacific Defense Forum, 2025; Ottawa & Ontario,



2025). Each of these arrangements can either entrench dependence on foreign systems or, if negotiated and implemented in line with RA 12024, become structured channels for technology transfer, local maintenance and production capacity, and the development of domestic industrial niches that support a realistic SRDP.

Within this environment, RA 12024 gives the Philippines a clearer legal and policy basis to align external defense cooperation with domestic self-reliance goals. It enables the government to frame large acquisitions and new agreements not simply as purchases or access arrangements, but as opportunities for structured technology transfer, industrial collaboration, and the development of domestic maintenance and production capabilities. If used effectively, SRDP can turn alliance-based and partner-assisted modernization into a pathway for building enduring domestic capabilities, rather than a modernization track that bypasses local industry.

From a broader strategic perspective, this matters because the sustainability of the Armed Forces of the Philippines' capabilities under conditions of crisis or protracted conflict will depend on the country's ability to maintain and adapt key systems even if access to foreign supply chains is disrupted. SRDP, understood as focused resilience rather than full independence, becomes an essential complement to alliance-based deterrence and to the defense of the national territory and maritime zones.

c. Implications for Governance and State Capacity

The comparative cases and the Philippine experience underline a deeper conclusion: SRDP is fundamentally a test of governance and state capacity. Where institutions are capable, coordinated, and supported by stable political commitment, self-reliance policies can steer industrialization toward realistic goals and deliver sustained capability growth. Where institutions are fragmented, under-resourced, or subject to frequent policy shifts, self-reliance tends to remain aspirational and project-level gains do not translate into lasting capability.

In the Philippine context, RA 12024's true significance may lie in whether it drives institutional strengthening inside the DND, the AFP, and partner economic and innovation agencies. If it leads to professionalized acquisition and SRDP project teams, effective inter-



agency bodies, and routine integration of industrial considerations into capability planning, it can mark the beginning of a more strategic, learning-oriented defense establishment. If it is treated mainly as a legal requirement to be complied with minimally, the country risks repeating earlier cycles of ambitious plans and limited results.

C. RECOMMENDATIONS

This section answers Secondary Research Question 3 by suggesting policy and legal measures to enhance the Philippines' Self-Reliant Defense Posture and by suggesting priorities for future research. The policy and legal recommendations are structured into three key areas — strategic focus and road-mapping, governance and institutional authority, and operational rules for procurement, innovation, and industry support — and are followed by an implementation plan that lays out the steps needed over the near, medium, and longer term. This section concludes with suggestions for future studies to refine and assess RA 12024 and to enrich the understanding of SRDP's strategic, industrial, and organizational aspects.

1. Policy and legal recommendations

This subsection translates the study's findings into specific policy and legal measures for implementing RA 12024 and advancing a realistic, selective SRDP. It elaborates the recommendations introduced above and then outlines an implementation roadmap that sequences these measures over the near, medium, and longer term.

a. Strategic focus and road-mapping

(1) Formally define a realistic SRDP concept.

National defense documents (e.g., defense white papers, updated AFP modernization roadmaps) should articulate SRDP in terms of prioritized capability areas and resilience outcomes rather than generalized self-sufficiency. This definition should specify which sectors are candidates for focused domestic development and how SRDP supports new operational concepts and alliance commitments. This definition can be issued



through a high-level policy document or defense planning directive anchored in RA 12024, so it is primarily a policy and administrative step rather than a new law.

(2) Adopt a national SRDP and defense industry roadmap.

Building on RA 12024, DTRID, in coordination with DTI, NEDA, DOST, and the AFP, should formulate a medium- to long-term roadmap that identifies priority sectors, technologies, and capability milestones, aligned with the modernization program and broader economic plans. The roadmap should include phased targets for local content, technology depth, and export potential where feasible. The roadmap can initially be adopted through an executive-level policy (such as an EO or inter-agency memorandum led by DND/DTRID) grounded in RA 12024, with the option of later formalizing key elements through amendments if implementation experience shows this is necessary.

(3) Integrate SRDP in all major defense cooperation and G2G arrangements.

Future agreements and major procurement arrangements with partners should incorporate explicit SRDP clauses: joint R&D, local production or assembly, domestic MRO hubs, training and understudy programs, and obligations to source selected subsystems or services from Philippine firms. RA 12024 can serve as the policy and legal basis for insisting on these elements, but the practical work is mainly policy and administrative for DND, DFA, and partner agencies, implemented through negotiating guidance, MOUs, and contract templates rather than new primary legislation.

b. Governance and institutional authority

(1) Strengthen DTRID's authority and capacity.

DTRID should be institutionally recognized as the focal point for SRDP policy and defense industrial development. This implies dedicated staffing, access to technical and economic expertise, and a clear role in reviewing and endorsing major capability proposals and acquisition plans that have SRDP implications. An inter-agency SRDP council or similar mechanism, chaired or co-chaired by DTRID, can formalize external coordination. In the near term, this can be done through DND department orders and inter-agency



agreements that recognize DTRID as the SRDP lead (administrative), with a longer-term option of amending RA 12024 to formalize and, if needed, expand its authority (legal).

(2) Issue SRDP-operational procurement rules.

The procurement rule-making body, in collaboration with DND, should promulgate SRDP-specific provisions within the general procurement framework. These rules should clarify: (a) when local preference or domestic-first policies may be applied, (b) the conditions and safeguards for negotiated procurement or G2G arrangements linked to technology transfer, and (c) documentation and review requirements to ensure transparency and prevent abuse. This is primarily a legal and regulatory step to be implemented through RA 12009's implementing rules and associated GPPB guidelines, in close coordination with RA 12024.

(3) Formalize offset and industrial-cooperation regulations.

Clear guidelines should be adopted on offsets and industrial participation: what minimum percentage of the contract value should be devoted to industrial cooperation in certain categories of projects; which forms of cooperation are preferred; how commitments will be monitored and valued; and what happens in cases of non-compliance. These rules should be aligned with industrial priorities in the SRDP roadmap. These guidelines can be embedded in RA 12009's IRR and GPPB resolutions (legal/regulatory), with detailed implementing instructions from DND, DTI/BOI, and other agencies on how to negotiate, monitor, and enforce commitments (administrative).

(4) Develop professional acquisition and SRDP project teams.

The AFP and DND should invest in specialized with established career path, multi-disciplinary teams for SRDP projects, including officers and civilians trained in project management, systems engineering, industrial economics, law, and negotiation. This is primarily a policy and administrative measure involving organizational design, staffing, training, and career-path reforms within DND and the AFP, supported by partnerships with allies and academic institutions.



c. Operational rules for procurement, innovation, and industry support

(1) Leverage national innovation instruments for defense.

RA 11293 creates a national innovation system, including the National Innovation Council, the NIASD, and instruments such as innovation funds and cluster initiatives, and explicitly lists defense among covered sectors. However, RA 11293 is sector-neutral and does not dedicate specific instruments or funding to defense or SRDP; any benefit to SRDP depends on whether defense priorities are actively inserted into NIASD and NIC processes. Building on these findings, defense and dual-use technologies should be explicitly integrated into national innovation priorities. This could involve earmarking a portion of innovation funds for SRDP-relevant projects, establishing joint defense–industry–university research centers in selected fields, and designing intellectual-property arrangements that encourage domestic firms to invest while ensuring access for the AFP. These steps can be taken through policy and program decisions under RA 11293—by NIC, DOST, DTI/BOI, and DND—without requiring new legislation, provided defense and dual-use priorities are explicitly included in NIASD and related instruments.

(2) Prioritize early SRDP projects that maximize learning.

Early-wave SRDP projects should be selected in sectors where operational demand, existing or emerging industrial capacity, and manageable complexity intersect, so they can build domestic design, manufacturing, and systems-integration experience. Practical starting points include small naval and auxiliary/support vessels, naval MRO activities in zones such as Subic and Clark, basic ground mobility, and selected C4ISR systems, which offer scope for iterative upgrading and, over time, export-oriented development. Selecting and structuring these early projects is a policy and administrative decision for DND, AFP, and DTRID, to be implemented within the existing legal framework of RA 12024, RA 12009, and RA 10349.

(3) Strengthen quality assurance, standards, and certification.

RA 12024 and its IRR specify that SRDP participants must achieve internationally recognized quality certifications such as ISO 9001 and sector-specific standards for



aerospace and other domains, indicating that credible and export-ready products are required. Meanwhile, the analysis revealed enduring gaps in the domestic absorptive capacity and systems-integration capability, demonstrating that formal requirement of certification is not enough. To make domestic products more credible and interoperable, the Philippines must establish a more systematic framework of defense-specific quality and safety standards, testing protocols, and certification processes. Cooperation with foreign partners' testing and certification agencies can accelerate these processes, for which domestic laboratories and proving grounds should be developed gradually. This will require a combination of administrative measures (creating or designating testing and certification bodies and entering into cooperation arrangements with foreign agencies) and, if necessary, targeted regulatory changes to recognize defense-specific standards and testing protocols within the national quality infrastructure.

d. Implementation roadmap and sequencing

To make these recommendations actionable, they can be sequenced into near-term, medium-term, and longer-term steps. In the near term, the priority is to clarify leadership, align existing rules, and launch practical pilot projects. In the medium term, the focus shifts to SRDP-specific procurement and offset rules and to deepening inter-agency coordination. Over the longer term, the goal is to embed SRDP in a full defense-industry roadmap and to build the human-capital and institutional capabilities needed to sustain it.

(1) Near-term (1–2 years):

- Fully staff and operationalize DTRID, including SRDP program offices and project teams.
- Issue DND-level and inter-agency administrative orders clarifying DTRID's lead role and establishing an SRDP/defense industry council.
- Align RA 12024's IRR with RA 12009, RA 11293, and RA 11032 at a basic level, and identify 2–3 priority SRDP pilot projects in feasible niches.



- (2) Medium-term (3–5 years):
- Develop and adopt SRDP-specific procurement categories, local-content thresholds, and offset/technology-transfer rules under RA 12009's IRR.
 - Design and implement a first wave of SRDP pilots (for example, shipbuilding/MRO, ground mobility, certain C4ISR components) with detailed learning and evaluation frameworks.
 - Integrate SRDP and dual-use priorities into RA 11293 instruments, the Strategic Investment Priority Plan, and innovation funding streams; refine incentives and support instruments for in-country defense enterprises.
- (3) Long-term (5+ years):
- Adopt and periodically update a comprehensive SRDP/defense industry roadmap anchored in RA 12024 and aligned with national development and security plans.
 - Expand professional acquisition and SRDP project capacity, including specialized training, career tracks, and collaboration with SUCs and industry.
 - Consolidate and, if needed, legislate permanent governance structures (such as an SRDP/defense industry council and a strengthened DTRID mandate) and adjust laws and IRRs based on implementation experience.

2. Recommendations for Future Research

The study's scope and limitations suggest several priorities for future research that can deepen and refine the assessment of SRDP and RA 12024 over time.

- (1) Empirical assessment of RA 12024 implementation.

As more SRDP projects are launched and more foreign-cooperation agreements incorporate SRDP provisions, empirical research will be essential to evaluate outcomes:



local content achieved, technology-transfer effectiveness, impacts on cost and schedule, and changes in industrial capability.

(2) Sector-specific case studies.

Detailed case studies of specific sectors (for example, munitions, naval construction, communications systems, or unmanned platforms) can reveal micro-level dynamics that broad legal and policy analysis cannot capture. These studies can examine how public agencies and private firms interact and how project design choices shape learning and spillovers.

(3) Alliance dynamics and SRDP.

As the Philippines deepens defense ties with multiple partners, future work should systematically analyze whether and how alliances and G2G arrangements are being used to advance self-reliance objectives, and under what conditions they risk reinforcing dependence instead.

(4) Human capital and organizational culture in SRDP.

Research on education and training pipelines, career incentives, and organizational culture in the DND/AFP, and defense firms would complement legal and institutional analyses, shedding light on how human factors facilitate or hinder SRDP.

(5) Cross-sectoral resilience and defense industrial policy.

Finally, comparative research linking defense industrial policies with broader national resilience strategies, such as energy security, critical infrastructure protection, and digital resilience, could help show how SRDP contributes to a wider national security and economic resilience framework.

Overall, these avenues of research can help refine RA 12024's implementation, ensure that SRDP remains grounded in realistic assessments of Philippine capabilities and constraints, and support the evolution of a more resilient and strategically autonomous defense posture in a complex regional environment.



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