



PAX SILICA FOR PAX FILIPINA: ALLIED-SCALE IN ACTION

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Manila is finally in the spotlight. From fishing and agriculture to serving as the back office of the world, the Philippines has played a significant role in the global economy—but only proportionate to its size. That is changing with its recent measures aimed at securing its place in the fourth industrial revolution. The Philippines is beginning to punch well above its weight.

ASEAN countries take pride in their centrality and often echo the chorus of “don’t make us choose.” In this alliance-averse environment, Manila has consistently acted as Washington’s [partner of choice](#) in the region. While historically a defense partner of choice, it is increasingly becoming a technological and supply chain partner of choice as well. In 2025, economic relations remained steadfast, with the US continuing to be a primary source of foreign direct investment for the [Philippines](#).

However, in conversations surrounding China+1, Manila has [trailed](#) its regional peers such as Hanoi and Kuala Lumpur. This comes as a surprise given that Hanoi’s bonhomie with Washington is relatively new, while Kuala Lumpur has had a mixed record in its relationship with Washington. Manila could finally be earning its place as a trusted partner for Washington through the recently launched Pax Silica initiative by the Undersecretary for Economic Affairs at the US Department of State Jacob Helberg. The Pax Silica initiative, which focuses on securing the entire AI supply chain from dust to data, has grown in recent months to include more than 15 members. Its plans are now beginning to materialize through the revitalized 4,000-acre [Luzon Corridor](#).

Semiconductors present a new ace for the Philippines to move beyond its conventional defense-centric relationship with the United States. As the global economy gears up for rapid advancements in the fourth industrial revolution—where control of minerals, hardware, and data dictates the technological influence of nations—the Philippines has an opportunity to become a trusted node in the China+1 project of friend-shoring supply chains.

Economists argue that the Philippines skipped a vital step in developing its local manufacturing industries, with overseas Filipino worker remittances masking a [remittance-driven “Dutch Disease.”](#) Semiconductors, under electronic exports, account for [58.81%](#) of total Philippine exports. Could this be the leapfrog opportunity the Philippines needs to revive its lagging economy? The push to develop its semiconductor industry presents a major opportunity for the Philippines. By leveraging its established local expertise and partnerships, the nation can solidify its rise as a middle power and become not only a formidable maritime hub but also an indispensable node in the technological supply chain.

The [“golden arches”](#) theory of globalization prioritized cost-efficiency and the promotion of free enterprise. Recent geopolitical events have upended this model in favor of supply chain resiliency. Learning from COVID-19, Russia’s invasion of Ukraine, and the Strait of Hormuz crisis, both major and rising powers have sought to build strategic trade networks that share democratic values or, at the very least, aligned strategic interests—particularly in the economic and supply chain spheres.

The concept of friend-shoring emerged from the need to reroute supply chains to politically and economically safe, or low-risk, countries to avoid disruptions to businesses. It is not a step away from interdependence, but rather a recognition of the risks associated with increased dependence on an adversary, especially in critical and emerging technology sectors. Becoming a trusted “friend” is now prioritized over the cheap but unreliable services of states with divergent strategic interests.

Transforming into a friend-shoring hub gives the Philippines the ability to hedge between major powers. By integrating into the semiconductor supply chains of the US and its allies, the Philippines

creates its own “[Silicon Shield](#),” much like Taiwan’s importance to US technological primacy. Through increased manufacturing driven by Western investments in the Luzon Corridor, while simultaneously exporting a significant share of China’s electronics imports, Manila can gain leverage with both poles of an increasingly bipolar world with multipolar characteristics. National security thus becomes inextricably linked to the economic stability of the world’s most powerful actors. Investing in a Philippine semiconductor plant could come to mean as much as a joint military exercise.

The Philippines will not be starting from scratch. Among semiconductor manufacturing services, [73%](#) specialize in assembly, testing, and packaging (ATP). The country already has a proven track record of meeting global standards, supported by a resilient, highly dynamic, and future-ready workforce.

The country’s experience with ATP, along with its reserves of [several critical minerals](#), can be leveraged to lure major investors, subsequently assisting growth in the upstream segments of the chip value chain: design, research, and high-value manufacturing. The recent announcement of the Philippines joining the Pax Silica framework presents an opportunity to address the country’s missed phase of industrialization. Developing its technology and chipmaking capabilities—especially through the Luzon Economic Corridor—paves the way to address both defense and economic security.

The Luzon Corridor also addresses a key issue with most American industrial policies. Across recent US administrations, the industrial policies of one administration have not necessarily been adopted by the next. Policy consistency is key to the success of industrial strategies. Pax Silica, through the Luzon Corridor, offers consistency. While [initially](#) framed as a US-Japan-Philippines trilateral initiative, the Luzon Corridor has found renewed purpose and interest through Helberg’s Pax Silica. This approach provides the much-needed continuity essential for successful friend-shoring. Moreover, recent reports of investment interest from multiple Western and Middle Eastern countries—from [Israel](#) to the [UAE](#) to [Europe](#)—suggest that the Corridor is quickly becoming a significant case study in allied scaling.

The concept, coined by Rush Doshi and Kurt Campbell, calls for the United States to pool the markets, industrial capacity, and technological innovation of its allies to compete with a dominant rival. There could be no better example of this concept if the corridor succeeds in catalyzing investments not only from the Pax Silica grouping, but also from other Western partners playing key roles across the AI value chain.

The Philippines has already proved itself to be a vital defense partner, complementing Washington’s maritime interests in the region. By embedding itself within Pax Silica, it can become an indispensable node in the defense-industrial supply chain, leveraging the investments and know-how of Western and other advanced economies. Once viewed as a junior ally dependent on the US for its security needs, the Philippines can evolve into a trusted and formidable friendly shore housing industries across the AI stack. This would transform the country into a vital stakeholder in global tech governance and the emerging digital order—a critical component in achieving a truly independent foreign policy.

Furthermore, On May 20, Under Secretary of State for Economic Affairs Jacob Helberg convened the inaugural US-ASEAN AI Ministerial in Singapore on the margins of Asia Tech x Singapore. As the ASEAN Chair in 2026, Philippines can make hay while the sun shines.

This is Manila’s opportunity to become a trusted partner in the global AI value chain, not just for Washington, but for all major Western partners and members of the Pax Silica grouping. Japan, for instance, has also recognized the indispensable role AI will play, as well as the impossibility of any one country independently securing all computing resources, data infrastructure, and human talent. Japan’s latest Free and Open Indo-Pacific vision explicitly champions a regional “Digital Corridor” and joint AI ecosystems.

This aligns perfectly with the industrial strategy behind the Luzon Economic Corridor. The Philippines’ role in Pax Silica could serve as a template—if not a litmus test—for allied scaling, offering lessons that could be replicated among other China+1 economies. Pax Silica could be exactly what the doctor ordered for a Pax Filipina.

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