

CHINA, TAIWAN,
AND THE
ETHNIC CHINESE
IN THE
PHILIPPINE ECONOMY:
AN OVERVIEW

TERESA C. CARIÑO

IN THE PAST, China has been regarded by the Philippines mainly as a competitor for investments and markets. To some extent, the redirecting of Taiwanese investments away from Southeast Asia to southern China in recent years, gives credence to this perspective. Nevertheless, the unprecedented economic boom that China is now experiencing is rapidly reshaping its trade patterns and demands a closer examination of how the Philippines can derive benefits from expanding economic linkages with an increasingly prosperous neighbor.

Over the last three years, China's economy has liberalized considerably. There are now more than 8,000 enterprises that can directly undertake international trade without consulting with the central authorities. By the end of 1992, China had 8,700 development zones compared to 117 in 1991. While foreign investments continue to soar, imports have also shot up. In 1992, Guangdong Province alone imported US\$10.64 billion worth of goods, an increase of 25% over 1991. Apart from much needed technology, China's imports now include grain, sugar, paper pulp, wool, medicine and fertilizers.

Consumption patterns are changing as living standards rise and there is much of the growing Chinese market that can be explored by

Philippine exporters. China's rapidly expanding tourist trade also provides ample space for the application of Philippine skills and know-how.

Amidst the rising flow of human and non-human traffic crisscrossing routes between China and other Asian countries, Manila can be a strategic communication and transportation hub. The development of Subic Bay and facilities for air and sea transport will be vital if the Philippines is to take advantage of its strategic location.

Needless to say, expanding the share of the Philippines in Asia's dynamic economic growth will depend much on the concerted efforts of government and the private sector to undertake much needed political and social reforms and to implement a viable economic strategy. The role of ethnic Chinese big business in developing the Philippine economy has been highlighted since President Ramos brought the so-called "Six Taipans" with him to China.

Certainly, ethnic Chinese business has been relatively successful in amassing capital which can be productively invested in the country. But both push and pull factors have contrived to draw much needed capital out of the country. Apart from threats to personal security arising from the spate of kidnappings, Chinese businessmen, despite the acquisition of citizenship, are never sure when they will become targets of apparently ethnically directed public investigations from government agencies. Conditioned by historical experience to regard these efforts as indirect attempts at extortion, particularly by politicians, it is no wonder that ethnic Chinese businessmen have tended to jealously guard against public disclosures of their real wealth and conscientiously avoided any kind of publicity and hence any form of social or political involvement.

The lingering sense of political and social insecurity has contributed to the mobile and liquid character of ethnic Chinese capital in the Philippines (as in other parts of Asia). Combined with the push factors, there have been pull factors that have drawn large numbers of Southeast Asian Chinese to invest in China in recent years. Those who have invested argue that China's incentives for foreign investments are very competitive. Its booming economy promises long-term benefits that are difficult to bypass. Besides, the ethnic Chinese in Southeast Asia are aware that cultural affinity and resuscitated blood ties are distinct advantages in doing business with China, including Hong Kong and Taiwan.

Studies have shown that the ethnic Chinese outside of mainland China are playing a significant role in integrating the economies of the

region through their informal networks as well as in directing capital and opening new markets. They can contribute significantly in exploring new markets in China for the Philippines. This of course requires skillful handling on the part of government and greater sensitivity on the part of the ethnic Chinese to long-standing attitudes towards the Chinese among non-Chinese Filipinos. Accusations of divided political loyalties have to be addressed. Myths and stereotypes about the Chinese have to be abolished. This is a serious challenge not only to government and media but also to the academe.