

Exploring New Directions of Philippines-China Relations – PACS Forum Synthesis –

Dr. Bernardita Reyes Churchill

*Philippine National Historical Society, Inc.
Philippine Association for Chinese Studies*

This PACS Forum, the first time it was held, significantly, in Binondo, was a symposium convened to look into new directions in Philippines-China relations, this being one of many PACS's regular activities since it was founded in 1987 at a very significant time when China was undergoing rapid socio-economic and political changes. PACS has, through the years, organized symposiums, forums, and roundtable discussions, bringing in some of the most knowledgeable Philippine "hands" on China-Philippines relations, as well as foreign scholars and officials with special concerns and interest on the history of the Chinese in the Philippines, overseas Chinese, and Philippines-China relations.

The research and discourse that have been undertaken by PACS for more than thirty years now has, in no small measure, influenced policy-making and relations with China, as they have promoted mutual understanding and good relations between Filipinos and the Chinese-Filipino community. There is also that important consideration in that PACS has brought studies on the Filipino-Chinese community to a wider international audience through its representation in academic conferences outside the Philippines.

The line-up of speakers at the forum is quite impressive – counting among them those who have devoted considerable study and research on China and Philippine matters, and they were all able to bring up for us various aspects of the current relations between our two countries that have been informative and enlightening, and ensuring mutually beneficial relations between our two peoples.

Hostage Crisis

It came as no surprise that the recent hostage crisis on August 23, 2010 would be brought up at the beginning of the forum, as in the welcome remarks of Te Hong Tat, president of the Filipino-Chinese Associations in the Philippines. For the incident is still fresh in our minds – the wounds have yet to heal, the cracks in Philippines-China relations still have to be mended. They will be mended because it is easier to mend cracks rather than put together something that is broken. The crisis is a setback in Philippines-China relations, but it is only a temporary setback, and everybody hopes that friendly relations will be restored.

In the light of this recent hostage-taking tragedy, an event that I am sure many Filipinos and Chinese would rather put behind completely and hope that it would never ever happen again, the reflections provided by Teresita Ang See, who was appointed a member of the Incident Investigation Review Committee representing the Chinese-Filipino community, seems an appropriate prologue to the forum.

Ang See aptly described the whole drama, televised nationwide and reported worldwide, as "a perfect formula for disaster," judging from the inadequacy and inefficiency displayed by many sectors – the government's crisis management committee, the police force, the media, the spectators – all reflecting the failure of a criminal justice system. She pointed to an important reality – "a clash of cultures" which, in no small measure, contributed to the messy handling of

the crisis and its aftermath. The important considerations presented by Teresita Ang See, hopefully, will result in “healing and recovery” and “forgiveness” for all concerned. I think that it is fair to say that the Philippines and the Filipinos hope and resolve that never again would they allow a similar situation to happen.

The other papers in the forum focused on two aspects – economic developments in China and the Philippines as they affect the relations between them and foreign relations and accompanying strategic considerations that befit China’s role in East Asia, not only in consideration of Philippines-China relations, but also more importantly, the wider consideration of China’s growing presence in the region and globally.

Economic Relations

Wu Zhengping, Economic and Commercial Counselor at the Embassy of the People’s Republic of China in the Philippines, provided an overview of the economic relations between China and the Philippines, further situating these relations in the wider context of ASEAN – in a wide variety of economic activities, including trade (imports and exports) and investments (two-way), China’s donor role and credit extensions, and tourism.

The presentation gave a good review of the economic development in China since it adopted an open market policy which provided favorable factors benefiting both the Philippine and Chinese economy. The bilateral relations have been sound; economic growth in China has been dynamic, which hopefully can provide lessons for the growth of the Philippine economy; and sizeable markets are available from both countries, which can be further developed as both countries take advantage of their economic complementarities.

The presentation also points out areas of cooperation in agriculture, infrastructure, renewable energy, mining and tourism. The picture looks bright – if all the right mixes are

put in place and are observed by both the public and private sectors.

The presentation of Joseph Anthony Y. Lim complements perfectly the presentation of Wu Zhengping, providing a telescope view of China before and after economic and market reforms which were adopted sequentially and gradually from 1978 (and comparing them favorably with the shock treatment approach of Russia). He discussed policies undertaken by China to institute these reforms – opening up markets and setting up competition and slowly opening up to international trade, and operating a mixed economy with state plans and markets operating at the same time.

Admittedly, these reforms resulted in some difficulties and instabilities in the beginning, such as trade deficits, high inflation, and economic liberalization not accompanied by political liberalization which continued the suppression of protest. In 1993, the reforms went further and an export-led strategy was adopted, bringing in fiscal reforms, monetary and financial supervision, while regulation of certain sectors continued. The paper ends with an exposition of the consequences of the global financial crisis on China’s economy.

The most interesting and, I think, the more important part of the paper, is his presentation of the lessons the Philippines can learn from China’s growth experience – in the matter of setting up a strong economy with strong domestic demand, industrial policy and technical upgrading, and dependence on short-term capital flows. I quote this section extensively because the points he raised here should be taken as serious reflections of what the Philippines needs today to move forward (especially in the light of a new administration which is expected to pull the Philippines up towards a new and better future).

These are his prescriptions for good governance and a just society: “The Philippines needs more economic stability that will be free from dependence on volatile financial flows

and correct economic policies, and the political will to tax the wealthy and big corporations to generate funds for development and social protection. The Philippines needs more political stability to induce investments and growth. This does not mean [that we] need [a] dictatorial or authoritarian government. [The Philippines] needs more social cohesion and better governance and stronger civil society organizations that are truly representative."

Lim advocates what he calls "performance-based corruption" – a phrase that he seems uncomfortable with as he refers to "deals are made 'under the table.'" He qualifies this, however, by stating that "once somebody wins a contract, he has to deliver quality output or be punished. [And] those corrupt officials that are prosecuted are punished." Only then will the Philippines not be ranked among countries with rampant corruption, along with China, Korea, Taiwan and Indonesia.

Ellen Palanca's discussion was on two aspects discussed in the two papers above – Philippine trade with China and Japan, and China's trade with the Philippines. In particular, Palanca looked at the figures of trade between China and the Philippines, and also addressed what she viewed as too much dependence, on the part of the Philippines "on unfettered markets and lack of industrial policy and technical upgrading," which she attributes "to its 'excessive' free market ideology and fear of bad governance." She presents certain measures that should be taken to increase Philippine competitiveness all around: good governance, macro economic stability, a reliable legal system, an educated labor force, infrastructure, and reliable/lower priced power.

A New Asian Community?

The remaining two papers discuss China today and its role in East Asia and the world in the field of foreign affairs. Benito O. Lim asks the big question - is a new "Asian Com-

munity" in the making, where in this 21st century China could emerge as one of the world's major powers – a geopolitical-economic situation that sees the United States in a diminished role as a superpower. In other words, would there be an "Asia Without America?"

Jaime FlorCruz, a long-time eyewitness to China's history for the past three decades looked at a "changing China" in the face of new imperatives and challenges in Asia and worldwide.

Benito Lim's paper explores a current scenario where the situation in China, in particular, and East Asia, in general, could be conducive to establishing an "Asian Community." His supporting arguments state the following [loosely quoted from his paper]: ". . . since 1978 when it opened to the world, China quickly established itself as "a global economic power" – it is the world's largest exporter and has overtaken Japan; . . . it has the world's largest current account surplus and foreign exchange reserves; . . . as a global economic superpower, it is big enough to affect the world economy; . . . China is far more integrated into the world economic system than any other economic power; . . . China is now the undisputed chief driver of today's world economic growth, given that the U.S.A. has not recovered from its economic meltdown." In specific terms, he points out that "China has overtaken the U.S. as ASEAN's third largest trading partner behind Japan and the E.U.;" and "Asian countries that were destitute a generation ago now boast of some of the highest living standards in the world." So, is the region ready for an all "Asian Community?"

Having presented all the growth features of the region, Lim then points out some of the stumbling blocks that could stand in the way of this "Asian Community" and doubts that China can automatically emerge as the leader and driving force in an All-Asian Community." There is the shadow of the global financial crisis and serious consideration of how Asian

countries could pull themselves out of it. There is also the idea that “an all Asian Community requires more than security and economic cooperation.” Can Asians let go of political differences and simmering tensions that are legacies of Western “divide and rule?” Asians think that they deserve the “right to a peaceful environment, comfort, material and spiritual well being [that] must be accorded to all Asians. Can this happen? Lim is, however, hopeful for “a new vision of an all Asian Community.”

Rommel C. Banlaoi presented a review of previous attempts to forge an All-Asian Community and China’s rise to the position of a major power, in the context of a global competition among several other powers. He posits that the setting up of an All-Asian Community is presently beset with many problems and is probably an ideal that is yet to come.

China – What Lies Ahead

The paper by Jaime FlorCruz was perhaps, more than coincidentally, fittingly the final/paper in this forum. Having lived all these past many years in China, FlorCruz is undoubtedly in the best position to talk about China today and what lies ahead, considering the dramatic changes that had taken place in the country and its people since the open door policy and market reforms beginning in 1978, and more especially in recent years – all of which unfolded before him while living in China. In his words, “China is getting more and more interdependent with the international system – the global village – through trade, investments, tourism, educational exchanges, diplomacy, media and the Internet.”

His presentation just about brought together in one neat package all the presentations and discussions in the forum. Tremendous growth and change notwithstanding, FlorCruz presents a picture that is worth serious consideration – he maintains that “China in many respects remains a developing country” – its national interest is continually redefined;

its “soft power” is in its enduring culture and civilization; it has this insatiable appetite for goods and resources; it still has to deal with the problems common in a developing country; it has to conduct diplomacy along lines of common concern internationally – all of these with implications for the future of China and the world. FlorCruz concludes that China is no longer a monolithic state – thus decision making is consensus-driven and complicated. He challenged PACS to undertake more sustained scholarship and analyses of what he describes as “obscure decision making processes” which could be vital in understanding and dealing with China.

Jaime FlorCruz closed the forum with a beautiful rendition of “Bayan Ko” in Mandarin – indeed a fitting tribute to Philippines-China relations!

The conference was a successful one, well attended by many sectors of the community with interests and relations with China and the Chinese people. There are unmistakable signs of continuing vigorous and harmonious relations between the Philippines and China, sentiments expressed in the closing remarks of Dr. Alfonso A. Uy, president of the Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc.