



PHILIPPINES-CHINA RELATIONS: GEOPOLITICS, ECONOMICS, AND COUNTERTERRORISM

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I am also grateful to Dr. Tina Clemente, who served as PACS president from 2016 to 2018. Her leadership was a milestone in the history of PACS as it was during her stint when PACS organized the December 2, 2017 International Conference on Philippines-China economic relations that coincided with PACS’ 30th anniversary. Some papers from this conference appear in this volume. I also thank Tina for reviewing some of the papers contained in this volume.

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Many thanks also to Hon. Chito Sta. Romana, who also served as PACS president from 2014 to 2016. Despite his busy tasks as Philippine ambassador to China, he can still attend PACS meetings and events to show his unwavering support to PACS activities.

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I need to stress that while this volume relies on the support of many individuals, shortcomings arising from the production of this volume are solely mine.

ROMMEL C. BANLAOI
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DEDICATION

*To Prof. Benito Lim (1937-2019), a dear friend,
a reliable colleague, and an excellent academic,
who significantly contributed to the enrichment of
Chinese Studies in the Philippines and the promotion of
Philippines-China friendly relations.*

*He was one of the key individuals
who persistently pursued the establishment of
diplomatic relations between the Philippines and China.*

*His unselfish efforts also resulted in the mass naturalization of
Chinese Filipinos (Tsinoy).*





FOREWORD

Policy discourse in the Philippines, as in many democracies, is characterized by citizen participation. Our people monitor, fiscalize and – drawing from their experience, expertise, and aspirations – find meaningful ways to contribute in steering the nation's direction. This inclusive tradition also informs our foreign policy and diplomacy.

Scholars bring constructive introspection into this inclusive tradition. The Philippines' ties with China are among its most consequential bilateral relationship. The effective management of this relationship requires not only broad public participation but also a profound understanding of China, its rise and its engagement with the world. Such understanding is fostered by the work of our academics.

For the past 32 years, the Philippine Association for Chinese Studies has been the pioneering academic organization promoting Philippines-China relations through mutual understanding. This volume of its Chinese Studies Journal is an important contribution in this regard. It focuses on geopolitics, economics, and counterterrorism – important areas that are currently shaping the direction of Philippines-China relations.

I am confident that this volume would inspire other scholars to examine the multifaceted dimensions of this important bilateral relationship, which would enrich our understanding of Chinese affairs and further promote closer friendship between our two countries.

CHITO L. STA. ROMANA
Philippine Ambassador to China
PACS President, 2014-2016





PREFACE

Since the assumption into office of President Rodrigo R. Duterte in 2016, the study of Philippines-China relations has received greater scholarly attention not only in the Philippines and China but also in the Asia Pacific and the rest of the world. Duterte's paradigm shift to China, notwithstanding the still unresolved territorial disputes in the South China Sea, generated many academic questions that seek to make sense of this type of foreign policy behavior considering the continuing status of the Philippines as a long-standing security ally of the United States.

Though Philippines-China relations are bilateral in nature, the two countries' bilateral relationship has enormous geopolitical importance. This bilateral relationship attracts major powers like the US, Japan, Russia, India, and Australia, among others to be concerned. It is also in the strategic radar of key regional organizations like the Association of Southeast Asian Nations (ASEAN) and the European Union (EU). Even major Western European powers like Germany, France, and the United Kingdom are interested to know the current state and future direction of Philippines-China relations.

However, some discussions on Philippines-China relations tend to highlight extreme views, i.e. either one is pro-China or anti-China, pro-US or anti-US, and pro-Japan or anti-Japan, and others.

To provide more nuanced, balanced, and circumspect views, the Philippine Association for Chinese Studies (PACS) organized a public forum on the geopolitics of Philippines-China relations at Miriam College on November 8, 2018. This forum, through the cooperation of speakers, resulted in the production of several papers used in this current volume.

Chapter 1, written by Herman Joseph Kraft, describes the geopolitical setting of Philippines-China relations within the larger canvass of shifting great power rivalry between the US and China. Kraft argues that "the confluence of an intensifying great power rivalry and a weakening of the existing regional security architecture have contributed to a contraction of the strategic space within which the Philippines and its Southeast Asian partners in ASEAN can work between China and the US."

Kraft contends that the decline of American hegemony and China's pursuit of a greater global role associated with China rise are greatly affecting the geopolitical dynamics of Philippines-China relations. The presence of multilateral institutions like the ASEAN can moderate the effect of US-China rivalry. He observes, however, that there is the waning of ASEAN





centrality with its lack of capacity to address regional security issues like territorial disputes in the South China Sea. He concludes that “the great power dynamic between China and the US, without the moderating influence of multilateral platforms, will increasingly push regional security relations into a competitive context reminiscent of a balance of power politics.” Kraft, therefore, suggests that geopolitical rivalry between the US and China remains to be a great factor in the current trends and future directions of Philippines-China relations.

Chapter 2 describes Philippines-China relations from an American perspective. In this section, Steven Rood, an American who has been a long-time resident of the Philippines as an academic and observer of Philippine politics, examines the US interests in establishing a strong foothold in the Philippines, particularly in the context of Manila’s bilateral ties with Beijing. He argues that the Philippines’ strategic location has strongly attracted the US to colonize the Philippines for its great imperial aspirations in Asia and the Pacific. The geographic proximity of the Philippines to China has motivated the US to sustain the political influence of its former colony in Southeast Asia. The US current discomforts of rising China make the Philippines even more valuable to American strategic interests in Asia and the larger Indo-Pacific region.

Rood compares the current behavior of the US with the ancient Greek city-state of Sparta fearing the rise of another Greek city-state of Athens that is now being compared with China. Quoting Thucydides’ *The History of the Peloponnesian War*, Rood writes, “It was the rise of Athens and the fear that this instilled in Sparta that made war inevitable.” Are the US and China doomed to suffer the “Thucydides’ trap?” Where is the Philippines in this geopolitical equation?

Rood attempts to answer these questions by stressing that “the US does have vital geographic strategic interests in the Philippines vis-à-vis China, which provides the Philippines with some leeway to engage in the kind of ‘hedging’ behavior possible for small powers, where major powers are played off against each other.” He concludes, “By virtue of its geographical position on the globe, the Philippines is on the front line of a new great power competition that looms over the next decades. This may be an uncomfortable spot to be, but this is the neighborhood in which the country is fated to be located.”

Chapter 3 examines Philippines-China relations from the point of view of a Chinese scholar. Written by Fan Dai, a Chinese observer of Philippine foreign policy toward China, this chapter also discusses China’s image in the Philippines based on his analysis of various open data.





Fan Dai narrates his personal experiences as a visiting scholar to the Philippines. While he talks about his good and bad experiences in the Philippines, in general, he finds the Philippines a very nice country, filled with very nice and friendly people. He argues that his bad experiences do not outweigh many of his good experiences. Thus, he promotes the Philippines and encourages his friends and colleagues in China to visit the country and experience the warmth of the Filipinos. He admits that some Chinese nationals visiting the Philippines may have bad behavior, but this represents neither the overall image of the Chinese people nor the Chinese government. He argues that the Chinese people and the Chinese government have a sincere desire to be friends with the Philippines like many centuries ago. He contends that sustained people-to-people contact is important to build this friendship for the benefit of both nations.

Though geographically distant to the Philippines and China, Europe has always been paying attention to Asia's geopolitical developments. Recently, Europe's greater attention is glued on South China Sea disputes; one aspect of it is Philippines-China relation.

Chapter 4 discusses a European perspective of Philippines-China relations through the vantage point of French scholar François-Xavier Bonnet who has been residing in the Philippines for a long time. He asserts that French interests in Philippines-China relations have bearing on its larger interest in the Indo-Pacific region where France has a significant presence. France is a maritime power in the region with exclusive economic zones (EEZ) to protect.

Bonnet emphasizes, "France's primary obligation is to protect its territories and population: more than 500,000 inhabitants and more than one million inhabitants are living in the overseas territories of the Pacific and the Indian Ocean, respectively." He continues that France "has the duty to protect its expatriates in the countries of the Asia Pacific whose number has increased by 220 percent over the last 20 years to exceed 140,000 in 2017 (eight percent of the total number of French expatriates in the world). More than 30,000 French expatriates are living in China and close to 4,000 in the Philippines."

With these considerations, it is, therefore, essential to France to be mindful of the recent developments in Philippines-China relations, particularly in the context of the South China Sea disputes. Bonnet underscores that the security situation in the South China Sea matters a lot not only to France but also to the EU. European interests in the South China Sea are motivated by their desire to maintain freedom of navigation in the area. Europeans, particularly those from NATO (North





Atlantic Treaty Organization), regard the South China Sea as important waters for submarine operations. Thus, Europeans are vigilant about what is happening in the South China Sea. Citing a European diplomat, Bonnet concludes, “We observe, we rejoice when there is a positive step; but we are not naïve, we remain vigilant and we monitor very carefully the events.”

Chapter 5, authored by Lucio Blanco Pitlo III, is an updated paper originally presented at the international conference marking the 30th anniversary of PACS. This volume includes this paper because of its inherent significance for Philippines-China relations.

This chapter examines the nature of US-China major power rivalry and identifies seven possible future models for US-China strategic ties: 1) hegemonic system, 2) major power rivalry/power transition, 3) “hubs and spokes,” 4) concert of powers, 5) condominium of power, 6) normative community, and 7) complex interdependence.

From these seven models, Pitlo argues that the most likely model that can approximate the evolution of US-China relations in East Asia is a mix of two models -- major power rivalry/power transition (Model 2) and condominium of powers (Model 5). Model 2 portrays an inevitable clash between the US as a dominant power and China as a rising power. This model depicts US-China relations as both competitive and cooperative. Although this model regards US-China relations to be relatively stable, Pitlo argues that “perceptual or real changes in economic and military capacities and intentions cause tensions and, if not managed well, may lead to rupture with serious global consequences.” Model 5 is very much akin to Model 2 because of the competitive, and at the same time cooperative, nature of US-China strategic relations. It emphasizes that “competition and cooperation constitute enduring themes in US-China relations, and they are likely to remain as the defining feature of the world’s most important bilateral relations.”

Chapter 6, written by Patricia Villa, describes China’s state behavior in the South China Sea, which is an issue of great importance for Philippines-China relations. It describes China’s humiliation narrative as the legitimizing force driving Chinese state foreign policy behavior in the South China Sea. Villa contends that this narrative is so powerful that it justifies China’s current actions in the South China Sea.

Villa says that China’s humiliation narrative affects China’s collective self-esteem that defines its national interests. China’s concept of “century of humiliation,” resulting from the “loss of its territories,” has become part of China’s historical collective memory that informs China’s national





identity. This drives strong nationalism in China's foreign policy. Villa concludes that the narrative humiliation explains China's hardline position on territorial disputes in the South China Sea.

From the geopolitics of Philippines-China relations, this volume also covers the economic aspect of the bilateral ties. The Philippines and China have a robust history of economic relations that dates back many centuries ago. But the major factor that presently affects Philippines-China economic relations is China's Belt and Road Initiative (BRI). This volume contains two chapters that examine the implications of the BRI on the Philippines-China relations.

Chapter 7 describes what BRI means for the Philippines. Authored by Alvin Camba, a US-based Filipino scholar specializing on China's BRI, this chapter argues that the BRI "cannot be fully understood using the lens of geopolitics, which paints BRI as a security threat or as China's benevolent gift to the developing world. Rather, BRI enables host countries to borrow foreign capital to fund infrastructural development, which is crucial to build up a country's productive base and pursue medium to long-term economic strategy. The BRI's success or failure is not predetermined but depends on host country features."

As Camba examines BRI projects in the Philippines, he rejects the notion of debt trap being associated with the project. He contends that the current compositions of BRI projects in the Philippines "make a debt trap unlikely." While Camba acknowledges that there are dangers and risks to the Chinese loans, a successful outcome of these loans depends largely on how the Philippines, as the host country, utilizes these loans to meet its development needs. Camba concludes that from a political economy perspective, "the BRI increases the options for the developing world to pursue infrastructural development. The BRI can bring foreign direct investment, construction contracts, and development loans to host country projects."

Chapter 8 also talks about the BRI in the context of public-private partnership (PPP) model and state-owned enterprises (SOEs). Contributed by Darlene Estrada, this chapter discusses the origin and evolution of the BRI and its importance to the Philippines. She observes that the Philippine government remains receptive of BRI because of its congruence to the Duterte government's domestic goal of ushering a "golden age of infrastructure." However, Estrada urges the Philippine government to exercise due diligence in applying the PPP model in the BRI projects, particularly with the involvement of China's SOEs, because China's SOEs behave differently from private companies.





While China has a long track record of implementing the PPP model since the 1980s, most of its major economic development initiatives are driven by the SOEs. Estrada stresses, “the Philippine government needs to formulate a nuanced way of dealing with SOEs as these are different from the ‘private’ that it is used to interacting within PPPs.”

She concludes, “The different nature of SOEs in terms of goals and strategies necessitates a nuanced response and a carefully thought out plan to ensure win-win deals with partner states. The Philippines have long employed regulatory rules and laws in carrying out PPP deals in the country. What it needs to do is ensure the continuous and judicious use of these institutional safeguards to protect Philippine interests.”

One area of Philippines-China relations that needs further scholarly attention is counterterrorism. Chapter 9 calls for the need to pursue counterterrorism cooperation between the Philippines and China in the light of two countries’ common problems of countering violent extremism, terrorism, and Muslim separatism.

Written by Rommel C. Banlaoi, this chapter makes a comparative analysis of states responses to these problems. Banlaoi identifies some similarities in terms of the nature of these problems. In the Philippines, Muslim separatism emanates from violent extremist groups of Moros. In China, it emanates from violent extremist groups of Uyghurs. These violent extremist groups commit various acts of terrorism. Government measure in the Philippines to address these problems was the establishment of Bangsamoro Autonomous Region in Muslim Mindanao. China, on the other hand, created the Xinjiang Uyghur Autonomous Region.

Banlaoi finds out that though both countries share some similarities in addressing their common problems, China and the Philippines have different approaches in dealing with violent extremism, terrorism, and Muslim separatism. The Philippines is implementing a softer approach through the peace process while China is pursuing a harder approach through strong law enforcement.

For the Philippines, the government regards the status quo as unacceptable and recognizes the right of the Muslims in Mindanao to protect their identity and enjoy their right to self-determination. For China, however, there is a need to preserve the status quo as it regards Xinjiang as “an inseparable part of the unitary multi-ethnic Chinese nation.” Both countries, however, can learn lessons from each other’s approaches. These lessons are essential to promote counterterrorism cooperation between the two countries.





This volume concludes with Chapter 10 which examines counterterrorism cooperation between the Philippines and China during and after the Marawi City siege. Prepared by Banlaoi, this chapter discusses the evolution of Philippines-China counterterrorism cooperation, which has become more serious since the September 11, 2001 terrorist attacks.

The 2017 Marawi siege has accelerated the two countries' counterterrorism cooperation. Banlaoi underscores that the Marawi siege has provided China and the Philippines several opportunities to actualize practical cooperation in combating terrorism. During the Marawi siege, China provided logistical and financial assistance to the Philippines to defeat groups responsible for the terrorist attack. After the siege, China continued its support by participating in the rehabilitation of the most affected areas of Marawi City. However, Banlaoi observes that some concomitant challenges are affecting effective counterterrorism cooperation between the two countries.

These challenges come from different threat perceptions and security outlooks, ideological and legal orientations of counterterrorism policies, as well as institutional and bureaucratic arrangements for counterterrorism. Banlaoi urges both countries to surmount these challenges by sustaining their friendship and enhance their cooperation.


Though this volume covers a wide array of issues surrounding Philippines-China relations, there are still many areas in the bilateral relations needing further scholarly studies. It is the fervent aspiration of PACS to support these scholarly studies to enrich the production of knowledge on Philippines-China relations for purposes of informing foreign policies and improving bilateral diplomacies towards mutual gains, benefits, and advantages.






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