



JANUARY 2025 MONTHLY POLITICAL ANALYSIS

Published 07 February 2025

Domestic political rifts aggravate, economy continues to slide US DEPLOYS LETHAL WEAPONS AS TRUMP 2.0 PROMISES TO HIT CHINA WITH BIGGER TARIFFS

At home, politics continues to writhe from ever-widening rifts between President Ferdinand Marcos Jr. and former ally Vice President Sara Duterte. The economy especially under Marcos continues to be hounded by high unemployment, chronic poverty, and poor social services. Tensions between the Philippines and China remain high especially under Marcos' close alliance with the US which considers China as an "existential threat" to the world. Under Marcos, security alliance with the US has replaced diplomacy where relations with China were established by his father, Ferdinand Sr. in 1975. At the moment, tracking security relations under the reelected US president, Donald Trump 2.0, remains a challenge but there are lessons that are worth revisiting from past US-Philippine ties under Trump 1.0.

NATIONAL POLITICS

Marcos - Duterte rift deepens

In January 2025, President Ferdinand Marcos Jr. reorganized the National Security Council (NSC), removing Vice President Sara Duterte and former president Rodrigo R. Duterte from its membership. (Marcos teamed up with Sara Duterte in the May 2022 presidential race). The feud between the two surfaced when Marcos ousted the vice president from the education department replacing her with Sen. Sonny Angara. As officially claimed, the restructuring aims to streamline the council's composition and enhance its effectiveness in addressing national security matters. The NSC, established during the Quirino administration in 1950, serves as the principal advisory body for coordinating and integrating plans and policies related to national security. The recent changes reflect a strategic shift in the council's structure to better align with current security challenges. This development takes place amid a growing rift between President Marcos and Vice President Duterte, highlighting the evolving dynamics within Philippine politics. Like her father, Rodrigo Duterte, the vice president appears friendly with China. Her removal by Marcos from the NSC effectively eliminated an obstacle thus consolidating the president's close relations with treaty ally, US, and its new president, Donald Trump. (The populist Trump's first tenure as the 45th US president was in 2017-2021; he was reelected in November last year as the 47th president for a second term of four years.)



To compound her situation, Vice President Sara Duterte is facing multiple impeachment complaints, the most recent of which was filed on January 25. The fourth complaint alleges that Duterte threatened to assassinate Marcos Jr., among other serious charges. The previous three complaints, filed in December 2024, accused Duterte of various offenses, including misuse of confidential funds and involvement in extrajudicial killings (EJKs). No concrete evidence on the alleged EJKs is available thus far.

A recent Social Weather Stations (SWS) survey, conducted from December 12 to 18, 2024, indicates that 41% of Filipinos support the impeachment of Vice President Sara Duterte. In contrast, 35% oppose the move, while 19% remain undecided. The survey highlights regional differences in opinion with Mindanao, the Dutertes' stronghold, showing only 22% favor impeachment, while 56% oppose it. According to SWS, the main reason cited by respondents for supporting impeachment is the "unexplained spending" of confidential and intelligence funds by the vice president and the education department during her tenure as secretary. The same survey cited her education tenure as a key issue by 46% of the respondents.

2028 presidential run

Unperturbed by the impeachment complaints and negative surveys, Vice President Sara Duterte has publicly stated that she is "seriously considering" a run for the presidency in the 2028 Philippine elections. This marks her first public acknowledgment of such political ambitions. Responding to her announcement, a presidential office spokesman described Duterte's declaration as "too premature".

Another survey, this time by public opinion polling firm Tangere revealed a significant drop in the vice president's satisfaction and trust ratings. Her satisfaction rating fell from 45.5% to 40.6%, while her trust rating dipped from 53.4% to 47.0%. (Tangere, a Filipino polling firm, is engaged in market research.)

Surveys also showed a slight decline in President Ferdinand Marcos Jr.'s satisfaction and trust ratings, with satisfaction dropping from 47.9% to 46.2%, while trust fell from 60.1% to 58.5%. Dissatisfaction and distrust in the President increased, particularly among respondents from Davao and Northern Mindanao - again the Dutertes' electoral turf - as well as older Filipinos aged 51 and above.

The widening gap between Marcos and Duterte is clearly manifested in the duo's ratings with the president obtaining a high rate in the Ilocos region in northern Luzon - where the popularity of the Marcoses remains strong in contrast to Sara Duterte's strong show in Mindanao where the current president showed low score. The Ilocos region has a 5 million population against Mindanao's 26 million.



The rift between Marcos and Duterte has impacted public opinion stemming from Marcos' failure to fulfil his election promises and a negative public sentiment on the vice president's poor performance and frequent diatribes against Marcos.

PHILIPPINE ECONOMY

Poverty

For decades, there has been no uplift in the people's economic situation compared to other Southeast Asian nations. Yet again, the Social Weather Stations (SWS) reported that the percentage of Filipinos considering themselves poor reached its highest level in 21 years. This reflects growing concerns about poverty and economic struggles in the country. Typically, Filipinos see election promises as mere motherhood and repeated meaningless pledges- in fact life has become far worse under every president.

The SWS revealed that 63% of Filipino families, or about 17.4 million households (17,400,000 individuals or 119,106,224 persons of 111.6 million total population), considered themselves poor in the fourth quarter of 2024. This is the highest self-rated poverty level recorded in 21 years. The survey indicates a steady increase in self-rated poverty, rising from 59% in September 2024 to 63% in December 2024 - the highest under Marcos Jr.

In contrast to election promises by the incumbent president, poverty stemmed from economic challenges, including inflation, rising food prices, and limited income opportunities. The data suggests an urgent need for policies aimed at poverty alleviation, job creation, and improved social welfare programs. The Marcos administration is strained from addressing the urgent needs. A contrary report by the independent, non-profit economic think tank Ibon Foundation unveiled a serious disconnect between the worsening conditions of Filipinos and the Marcos Jr. administration's claims of steady economic growth and a robust labor market. In the Philippines, poverty attributes include low income, lack of access to water, electricity and social services like health, among others both in the urban and rural zones.

Self-rated poverty is a subjective measure where respondents assess their own economic status. This differs from official poverty statistics, which are based on income thresholds and other economic indicators. The disparity between these measures highlights the importance of considering both subjective perceptions and objective data when addressing poverty.



Inflation

Meanwhile in December 2024, the Philippines' headline inflation rate increased to 2.9%, up from 2.5% in November 2024. This brings the average inflation rate for 2024 to 3.2%, aligning with the central bank's target range of 2% to 4%.

The acceleration in inflation was primarily driven by higher costs in food and utilities. Core inflation, which excludes volatile food and energy items, also rose to 2.8% in December from 2.5% in November.

Despite the Philippines achieving its 2% to 4% inflation target for 2024, consumers continue to face financial challenges due to rising prices. The average inflation rate for 2024 was 3.2%, aligning with the central bank's target range.

In the Philippines, inflation is principally driven by rising global commodity prices, fluctuations in agricultural food supply, volatile international oil prices, a depreciating local currency, supply chain disruptions, and domestic demand pressures; with key contributors often being surges in the cost of basic goods like rice and energy, which are heavily impacted by external market trends.

However, rising inflation does not necessarily translate into improved living conditions for Filipinos. Many people are experiencing lethargic or declining real incomes, which erode purchasing power and affect their ability to afford basic goods and services. Generations of Filipinos are trapped in this cycle of social and economic stagnation with governments failing to offer concrete opportunities for a better quality of life. This is the phenomenal reason behind tens of thousands of breadwinners migrating overseas (overseas Filipino workers or OFWs) particularly in other Asian destinations such as oil-rich Middle East countries (77.4%), North and South America (9.8%), Europe (8.4%), Australia (3.0%), and Africa (1.3%). Reports on the exodus of many OFWs in foreign destinations show a degrading fate with recent reports of women even sexually abused.

Yet this continuing migration has been the order of the day for more than 50 years after then President Ferdinand Marcos, the current president's father, declared in 1974 a labor export program to relieve the country of the twin problems of providing overseas employment for the educated unemployed and generating foreign currency revenues from the remittances received from Filipinos working abroad. Employable labor continues to be sacrificed as artificial lambs just to keep the local economy afloat.

World Economic Forum warning

Consistent with the Marcos government-induced poverty, the latest projection by the World Economic Forum (WEF) shows the Philippines facing two major threats in the



next two years: an economic downturn and poverty. Its Global Risks Report 2025 reveals that economic recession or stagnation was ranked as the top risk for the Philippines - the country could struggle with rising inequality and a challenging economic environment unless effective policies and reforms are enforced to address these issues. The forum thus emphasized the need for strong economic management to shield the nation from potential setbacks that could worsen poverty levels and slow down growth.

Reflecting on the WEF advisory and given the country's economic fundamentals - low production, large amount of imports, the average family's incapacity to climb the social ladder with a small percentage of the elite (family dynasties) dominating the economy and ruling the government - it's a long shot whether majority of poor families can improve their lot with or without what the WEF says good management.

Food Security

Jolted by reports of low food production, the president's agriculture department declared a food security emergency on January 22 (it was announced later on February 3), in response to persistently high rice prices. Despite the department's plans to declare a food security emergency due to high rice prices, officials ironically assured that there is no rice shortage in the country. In fact, a given is government's perennial resort to rice importation year on year- the world's highest. Agriculture officials said they aim to stabilize rice prices and ensure sufficient supply. The Philippines remains the world's biggest rice importer with supply sources coming from Vietnam and China, among other countries.

Likewise alarmingly, the Philippines which used to be a top exporter (China imports Philippine bananas) has slipped to 4th place in the global banana export rankings, following a decline in its export volume. This drop is attributed to various challenges, including production issues, competition from other banana-exporting countries, market fluctuations as well as geopolitics. While the Philippines has historically been a major player in the global banana export market, other countries have seen growth, dislocating the Philippines' position.

INTERNATIONAL AFFAIRS

Philippines' actions on the SCS/WPS maritime disputes

Tensions in the South China Sea / West Philippine Sea (SCS, WPS) have escalated recently, with several incidents highlighting the ongoing disputes between the Philippines and China. Of note, the Philippine Coast Guard (PCG) reported alleged harassment by Chinese vessels. Reacting to the new challenges, the Philippines



outlined strategies for 2025, including, increasing the presence of Philippine forces across the disputed waters; engagement in joint military exercises and training programs with allies led by the US. For instance, Philippine soldiers are set to train on the US Typhon missile system, which includes Tomahawk cruise missiles, as part of preparations for larger exercises with US troops.

At the same time, the Marcos government called on Asia-Pacific states to foster stronger maritime-centered cooperation, emphasizing the need for unity and collaborative efforts to address regional maritime challenges. This call comes in the wake of increasing maritime tensions in the South China Sea, with competing territorial claims and ongoing concerns over freedom of navigation and resource exploration.

The Philippines has been vocal in advocating for the implementation of the United Nations Convention on the Law of the Sea (UNCLOS), which it sees as crucial for ensuring stability and security in the region's waters. (China did not participate in the Den Haag-based arbitral tribunal, calling the resolution as arbitrary and biased.)

World history, however, affirms that Chinese activities in the South China Sea date back over 2,000 years. As early as the 2nd century B.C., Chinese sailors explored the South China Sea and discovered what they called Nanhai Zhudao (aka the South China Sea islands). Well documented by both Chinese and foreign historical materials and archaeological digs, there is evidence of ancient crops, wells, houses, temples, tombs, and inscriptions left by Chinese fishermen on some of the islands and reefs of the South China Sea islands. Foreign documents illustrate clearly that for a long time, only Chinese people lived and worked on these South China Sea islands. Throughout this long process of exploring and developing the South China Sea islands, the Chinese people have gradually increased and improved China's side rights in the South China Sea. These include historic claims, which have in turn been upheld by successive Chinese governments in accordance with international law. (See powerpoint "Marcos' pivot to the US: Independent foreign policy? 15th State of the Presidency, 20 July 2023" hosted in Pandesal Forum.)

The Philippines' recent enactment of new maritime laws signals its firm stance against China's disputed claims in the South China Sea. These laws aimed at strengthening the country's territorial sovereignty and enhancing its control over maritime resources. However, China has reaffirmed its adherence to international law which includes principles of discovery a number of centuries ago, occupation, and development.

In early January 2025, the China Coast Guard deployed its largest vessel, the CCG 5901 to the disputed Huangyan Island (黄岩岛) aka Scarborough Shoal in the South China Sea. The Chinese coast guard (CCG 5901) is the world's largest coast guard ship. In response, the Philippine Coast Guard (PCG) deployed vessels and aircraft to



monitor the Chinese ship's activities. The Marcos government's foreign affairs department also lodged a diplomatic protest.

China, however, defends its actions, stating that the China Coast Guard conducts its patrols and law enforcement activities in relevant waters in full accordance with the law, asserting that these operations are "fully justified."

In response, the Philippines is enhancing its defense posture in the South China Sea by integrating the US Typhon missile system into its military capabilities. This initiative includes training, potential acquisition, and strategic deployment of the system.

In mid-February 2025, 20 Philippine Army will commence training on the Typhon missile system with the US Army Pacific's First Multi-Domain Task Force. This training will focus on the payload delivery system and is part of preparations for larger joint exercises with US forces. Notably, the Typhon system, which includes Tomahawk cruise missiles capable of reaching targets in China and Russia, was deployed to the Philippines during the 2024 Balikatan (shoulder-to-shoulder) exercises and remains in the country despite China's objections. The Marcos government expressed interest in acquiring the Typhon missile system as part of its military modernization.

The deployment and potential acquisition of the Typhon system align with President Marcos Jr.'s initiatives to modernize the military, focusing on protecting sovereignty and enhancing maritime security amid rising tensions with China. The modernization includes a significant increase in the military budget, development of new naval and air bases, and integration of the US missile system with India's BrahMos anti-ship missiles. This is in addition to four Enhanced Defense Cooperation Agreement (EDCA) using Philippine armed forces military facilities to host the US-initiated EDCAs.

On the other hand, China has criticized the Philippines' decision to deploy and consider acquiring the Typhon missile system, warning of an impending "arms race" in the Asia-Pacific region.

Maritime strains in the SCS appear to be irreversible with dangers of deteriorating into an armed conflict. Such tensions are deliberately fueled by the US Navy's endless operations in the waters purportedly in support of the Philippine claim but in reality are designed to harass China and maintain US hegemony.

China's Perspective

In China, Foreign Minister Wang Yi has urged the Philippines to stop what he describes as malicious optics in the South China Sea, emphasizing that tensions in the region are being exaggerated for political reasons. The Chinese foreign minister also called for a halt to what he perceives as attempts to stir up tensions. He argued that the South China Sea issue should be resolved through dialogue and cooperation, without external



interference. (In 2017, President Duterte and Chinese President Xi Jinping signed a bilateral mechanism dialogue agreement aimed at resolving maritime issues.)

Meantime, the Philippine press has been criticized for hyping the activities of China's largest coast guard ship as it operates in the South China Sea, a region fraught with territorial disputes. Analysts argue that Manila needs to adapt to evolving geopolitical dynamics and manage its media coverage more responsibly to avoid escalating tensions. The focus on China's maritime movements will only inflame public sentiment and also complicate diplomatic efforts.

Marco Rubio

Moreover, China has also responded to former US senator now state secretary under Trump, Marco Rubio's recent remarks on the South China Sea on China's reported growing presence in the South China Sea and reiterated US support for the Philippines in its ongoing maritime disputes with China. In its response, China accused Rubio of meddling in regional affairs and inflaming tensions. The Chinese government reiterated its stance on the South China Sea, claiming that it has historical rights over the majority of the habitable area, a claim that has been rejected by the Philippines and other countries involved in territorial disputes.

China also emphasized the importance of resolving conflicts through peaceful dialogue, warning against external interference, especially from the US, which has been actively engaged in military support for the Philippines and other Southeast Asian nations. Beijing urged the United States to refrain from interfering in the maritime disputes between China and the Philippines, particularly in the South China Sea. The Chinese government assailed the US involvement in the region, calling it an unwarranted intervention in bilateral issues between China and the Philippines. China emphasized that the South China Sea issue is a matter of territorial integrity and sovereignty, and that external parties, particularly the US, should not meddle in the dispute.

US support for the Philippines

Despite China's warning, the US has reaffirmed its unshakable commitment to the Marcos government in its maritime row with China in the South China Sea. To this end, the US is taking steps to bolster the Philippines' defense capabilities. The centerpiece of American support is the deployment of the Typhon missile system, which includes Tomahawk cruise missiles capable of reaching targets in China and Russia, to the Philippines during last year's Balikatan exercises. Amid China's objections, the system remains in the country. Twenty Philippine Army soldiers are also poised to train on the Typhon system with the US Army Pacific's First Multi-Domain Task Force in mid-February, focusing on the payload delivery system.



On January 22 this year, US State Secretary Marco Rubio phoned his Philippines counterpart Foreign Affairs Secretary Enrique Manalo where he reaffirmed the US' oft-repeated "ironclad" defense commitments to the Philippines under the 1961 Mutual Defense Treaty. In mid-January 2025, the Philippines and the United States conducted their fifth joint maritime exercise in the South China Sea, underscoring the strengthening defense partnership between the two nations. The exercise featured the US Navy's Carl Vinson Carrier Strike Group, which included the Nimitz-class aircraft carrier USS Carl Vinson (CVN 70), the Ticonderoga-class guided-missile cruiser USS Princeton (CG 59), and the Arleigh Burke-class guided-missile destroyer USS Sterett (DDG 104). The bilateral maritime cooperative activity aimed to enhance interoperability between the US and Philippine naval forces, focusing on tactical maneuvers, communication drills, and maritime domain awareness. These exercises are part of ongoing efforts to purportedly bolster regional security and uphold a free and open Indo-Pacific. Although both countries were silent on the strategic target of the war drills it was clear that it was China. The overwhelming aim is to preserve American hegemony in the region.

In the Philippine Congress, Gabriela party-list Representative Arlene Brosas strongly denounced the increased presence of US military forces in the Philippines, particularly following the Dec. 26 sailing of the US Carrier Strike Group One, led by the USS Carl Vinson, through waters between Leyte and Mindanao. Brosas described this as a "brazen display of US military might," which she believes violates Philippine sovereignty.

She expressed concern that the presence of the USS Carl Vinson, a nuclear-capable warship, along with its escort vessels, signals continued US military intervention in Philippine affairs. Brosas highlighted the potential risks this poses to Filipino communities, suggesting that such military maneuvers are more than just passing ships but a form of ongoing military aggression. She called for a reassessment of the country's defense commitments to the US, given its implications for the country's national security and sovereignty.

Meanwhile, a new site under the Enhanced Defense Cooperation Agreement (EDCA) is being pushed by Philippine officials after a suspected Chinese sea drone was found in Philippine waters. The discovery of the drone has raised concerns over China's growing maritime activities in the region.

Overall, the US security interests remain paramount under the reelected President Donald Trump and is backed by the Marcos government. No amount of pressure from China or other countries will deter the US from leaving the strategic region especially as maritime tensions remain high.

It is highly reported, however, that the proverbial shadow behind the throne (of Trump) is dangled by the so-called "Deep State" which refers to a group of unelected government



and military officials who secretly manipulate or direct national policy in the United States. President Trump blamed the "deep state" for his impeachment. To conservatives, the "deep state" is an ever-growing government bureaucracy, an "administrative state" that relentlessly encroaches on the individual rights of Americans. Liberals view the "military-industrial complex" - a cabal of generals and defense contractors who they believe routinely push the country into endless wars. Every modern American president—from Carter to Trump—has engaged in power struggles with Congress, the CIA, and the FBI.

Under these circumstances, it is a fact that behind US operations against China in the SCS - those who finance and run naval ships and air force - are forces of the Deep State. The profit-driven Deep State will stop at nothing to foment conflicts in the maritime waters, thus, it is expected that the conflict will continue with no peaceful resolution in sight.

Code of Conduct in the SCS/WPS

The Declaration on the Conduct of Parties in the South China Sea (Code of Conduct in short) in 2002 by China and the Asean, aims to regulate the behavior of parties in the South China Sea and has been a point of focus for regional diplomacy. It was a watershed document that mediated the dissonant and dangerous dynamics of the claimant states. In the aftermath of the 2016 Hague ruling, unity among the 10-member countries of Asean, has come under scrutiny, particularly regarding its stance on the South China Sea disputes. The ruling, which thumbed down China's claims in the region, reinforced the rights of countries like the Philippines but has also highlighted divisions within Asean over the arbitral ruling. While some member states, particularly those directly involved in the disputes, have strongly supported the ruling, others, like Cambodia and Laos, have been more cautious in their approach, often aligning with China's position.

Asean countries including the Philippines have had robust trade ties with China. Although the regional association has expressed support for peaceful resolutions and adherence to international law, the organization - true to its consensus and often divisive tact - has struggled to form a cohesive strategy, especially as China's influence in the region grows. Among the member-countries only the Philippines maintains strong security alliance with the US with the rest maintaining strong ties with China while others choose a non-partisan posture.

However, the spotlight on Asean unity has intensified as tensions continue to rise in the South China Sea. A perception is that Asean's lack of firm consensus has allowed China to continue its activities with limited regional pushback. For Asean to effectively address



the issue, it may need to surmount internal rifts and find common ground on how to handle the South China Sea dispute.

The constitutional foundation of Philippine foreign policy is “independence” but is violated to the hilt by the Marcos government given its do-or-die alliance with the US.

Towards a peaceful resolution

Still, diplomacy seems to work. The Philippines and China have pledged to work together to find a common ground on the ongoing South China Sea dispute. Both nations expressed a commitment to peace, stability, and mutual respect in the region, focusing on dialogue and cooperation to address their differences, a principle adopted under the 2017 agreement with China.

Hence, on January 16, both countries held their 10th round of talks under a bilateral consultation mechanism (2017) aimed at addressing South China Sea issues. Despite ongoing tensions and disputes over territorial claims, both nations agreed to seek common ground and explore cooperation. The discussions highlighted a commitment to advancing coast guard collaboration and marine scientific cooperation, with both sides pledging to resolve their disagreements through peaceful means. This marks a step forward in efforts to stabilize relations amid ongoing maritime challenges.

Likewise, China and the Philippines agreed to continue the implementation of the 2002 Philippines-China Declaration on the Conduct of Parties in the South China Sea (DOC), which includes the RORE (Respect of Operational Rights and Engagement) accord specifically related to Ren'ai Jiao (Ayungin Shoal). Both sides agreed to continue working under this framework to manage tensions and maintain stability in the region.

Donald Trump

During his first presidency (2017-2021), Donald Trump took a belligerent stance on the South China Sea, often aligning with the interests of US allies in the region, including the Philippines. He voiced strong opposition to China's alleged territorial claims and militarization of the region. While the US did not take direct military action, it conducted Freedom of Navigation Operations (FONOPs) to challenge China's claims and assert international maritime rights.

Trump's policy had emphasized a free and open Indo-Pacific, supporting the rights of countries to navigate the waters of the South China Sea without interference. He also increased military cooperation with Southeast Asian countries and reinforced the US commitment to defending its allies in the region, such as the Philippines, through mutual defense agreements.



However, Trump also sought to balance this with his broader approach to US-China relations, which included a trade war and seeking economic engagement with Beijing. His administration's actions were sometimes seen as part of a broader competition with China for influence in the Asia-Pacific. Today, some China hawks in Trump's administration such as State Secretary Marco Rubio may see decoupling from Beijing as the ultimate objective of Trump's coming trade war. Trump has toggled between threats and entreaties toward China during the transition, but his comments suggest that he wants a deal with China rather than a divorce - characteristic of his transactional politics.

Trump's trade war planned to slap a 25% additional tariff on imports from Canada and Mexico and a 10% additional tariff on imports from China. In his previous term, Trump imposed harsh tariffs on China. In the end, it was the American economy that suffered. Today China - and Russia - have diversified their trade relations with countries in other continents. Smarting from the US' harsh sanctions on energy supplies imposed by the latter, Russia has diversified its market including Western Europe while no amount of sanctions has worked. In fact, Russia is the world's fourth largest economy - with the Russian people collectively enjoying an abundant life.

In the end, the trade war between China and the US has only damaged the American economy while China's remains the world's second largest economy and may soon overtake that of the US. Like all US presidents, Trump is oblivious to China's economic power as it leads the world in terms of advanced research, science and technology, AI and robotics. China has millions of scholars, academics and innovators some of whom obtained and trained their skills in foreign countries. Recent reports say China leads the US in science and technology, particularly in artificial intelligence, with China producing a significantly higher volume of research papers and citations in these fields, placing them ahead of the US in global rankings across many technology areas. Science and technology are the drivers of economic modernization and development.

Thus, China stands to lead the world in many scientific and technology innovations buoyed by its vast swath of knowledge and skills as guided by the CPC under the leadership of Xi Jinping. #