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## **THE HIGHS AND LOWS OF PHILIPPINES-CHINA RELATIONS: Current Situation and Prospects**

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### I. INTRODUCTION

**F**ormal diplomatic and trade relations were established between the Philippines and China in 1975. For 39 years since then, relations between the two countries were marked by healthy trade relations as well as economic development cooperation which was particularly in favor of the Philippines. With China's policy of "opening up" and economic modernization, such relations assumed great importance with 2005 being declared as the "Golden Year" of continuing ties between the two countries. Of late, however, relations between the two countries have been troubled by territorial disputes in the South China Sea (or West Philippine Sea) involving both countries as well as other claimant-countries from Southeast Asia.

This paper provides a general overview of the relations between the Philippines and China that date back to 1,000 years ago – or even longer – involving historical, cultural, and economic interactions. The 1,000-year interaction builds the historical foundation of the current diplomatic and economic relations between the two countries. This foundation helps define the common interests and differences between the two countries – one, (the Philippines) a small country but with a large population (98 million), the other, a big modernizing country with a 6,000-year civilization, and a current population of 1.4 billion. This paper also lays down some key lessons distilled from the two countries' 39-year diplomatic, economic, and political relations as a guide for improving these relations today and in the years ahead. It also unlocks and compares the Philippine foreign policy with China, on the one hand, and with the U.S., on the other.

### II. HISTORICAL and TRADE RELATIONS

To begin with, the Philippines since the early 16<sup>th</sup> century was ruled by three colonial empires for 398 years: Spain, for 338 years; U.S., for 56 years; and Japan, for 4 years. There were other countries – like the Dutch and British - mainly from Europe that similarly coveted the Philippines. Some historians and scholars consider U.S. colonial influence still strong under some kind of a neo-colonial relationship today. China, on the other hand, was the world's Middle Kingdom for

2,000 years but went through a “century of humiliation” from the mid-19<sup>th</sup> century until 1949 when it won its liberation. Although for long China was the world’s foremost civilization exerting influence outside its mainland territory, it was never seen in the same light as the western empires’ conquest of Asian countries. Wrote Philippine national hero Jose Rizal (who has Chinese ancestry) in 1890: “China will consider herself fortunate if she succeeds in keeping herself intact and is not dismembered or partitioned among the European powers that are colonizing the continent of Asia.”<sup>1</sup>

Historical accounts say that ethnic Chinese from Canton (called Guangdong today) sailed around the Philippines<sup>2</sup> from the 9<sup>th</sup> century onward for barter trade at first via Champa (Vietnam) and later to Ma-I (Mindoro in Luzon, Philippines) and Sulu in Mindanao. The Chinese barter trade route also included Manila, Fujian, Timor, and Malacca. Eventually, Chinese traders established settlements in Luzon and Visayas (northern and central Philippines, respectively). These Chinese immigrant settlements later became the most powerful *barangays* (city states) belonging to the *principilia* or local elite during the Spanish formal colonization from 1560 to 1898.

The Chinese settlements grew with a significant population that outnumbered the Spaniards during the colonial period, numbering 140 in 1570 and in just three years (1600) 26,000. The Manila-Acapulco galleon trade (1565-1815) where spices, porcelain, ivory, lacquerware, processed silk cloth and other valuable commodities coming from Fujian, China were traded with Spain and other European markets. The Spanish colonizers annexed the Philippines as a gateway toward penetrating China but this objective was unsuccessful.

Spanish colonialism introduced Christianity in the colony but many Chinese who remained unconverted became the targets of immigrant discrimination which restricted them to the *Parian*<sup>3</sup> near Intramuros, Manila. Chinese who were Christianized were allowed to live in Binondo (Chinatown today) outside Intramuros and became traders, moneylenders, and landowners.

The Chinese in the Philippines proved to be united in defending themselves against Spanish colonial impositions. In at least three uprisings they were forced to stage, the Chinese were subjected to brutality by the Spaniards. The first uprising, in 1593, was triggered when 250 Chinese were forced to row the ships of the Spanish governor general in the Philippines to conquer the Moluccas islands. In 1603, the second uprising led to the slaughter of 24,000 Chinese leaving just 1,500. Another 23,000 Chinese were massacred in the 1639 insurrection.<sup>4</sup>

Despite this brutality, the Spanish colonizers allowed the Chinese to become middlemen during the late 19<sup>th</sup> century when the former took to commercial crop economy in order to sustain its colonial rule as its empire begun to decline. Spain found it difficult to manage the indigenous economy without the Chinese middlemen for the export trade. By this time, many Chinese who converted to Catholicism intermarried with indigenous women and adopted Hispanized names

and customs. Their children became *mestizos de Sangley* or Chinese *mestizos* (Chinese with Filipino blood).

Under the long Spanish colonial rule, the Filipinos staged about 70 revolts and uprisings all over the archipelago against imposed taxation, forced labor, and other forms of feudal exploitation and oppression. These revolts climaxed in the 1896 revolution led by the Katipunan which was founded by Andres Bonifacio, who himself has Chinese ancestry. Aside from Bonifacio, other leaders of the revolution – the first anti-colonialism revolution in Asia – or whose works helped inspire the armed struggle had Chinese blood including Jose Rizal, the country's proclaimed national hero, Marcelo del Pilar, Antonio Luna, Ignacio Pua, Manuel Tinio, and Gen. Emilio Aguinaldo who declared Philippine independence against Spain on June 12, 1898 in Kawit, Cavite.<sup>5</sup>

But independence after two years of revolution was short-lived. Even if the anti-colonialism revolution had been won and independence declared, the colonization of the Philippines was turned over by Spain to the U.S. in the Treaty of Paris of December 1898 in exchange for US\$20 million. This act of betrayal by the Americans triggered the Philippine-American war that lasted for 7 years, leaving some 500,000 Filipinos killed. (Other independent figures count the number of dead at 1 million.)

Thus, Spanish colonial rule in the Philippines was followed by U.S. colonial rule from 1899-1946. At first in 1902 the U.S. passed the Exclusion Act which banned Chinese immigration, forcing many Chinese to adopt new identities with new names. The anti-Chinese immigration act could not be implemented absolutely, however, since the Americans needed Chinese coolie and skilled labor for the construction of roads and other infrastructures enabling colonial administrators to exploit the colony's natural wealth as well as for consolidating colonial administration. In establishing a civilian government, the Americans favored the *principalia* – the rich elite comprised mostly of Chinese and Spanish mestizos. Many Filipino revolutionaries from the *ilustrado* class – the propertied, educated elite – either surrendered or took an oath of allegiance to the U.S. colonizers. Having been favored for administrative and elective positions allowed many of them – Chinese and Filipino mestizos - to amass more wealth using their political authority. Meanwhile, the fall of the Qing dynasty in China led many Chinese mostly from Fujian to flee en masse to the Philippines.

#### Formation of the Chinese-Filipino identity

During World War II and under Japanese imperial army occupation (1941-1945) Chinese-Filipino soldiers and guerrillas joined the anti-Japanese resistance. Among them were the Wa Chi movement, the Ampaw unit under Col. Chua Sy Tao, the 48<sup>th</sup> Squadron, and other regiments. Thousands of Chinese Filipinos died of heroism during World War II. The war fought by the ethnic migrant Chinese and the indigenous Filipinos against Japan served as a catalyst for the formation of a Chinese-Filipino identity.<sup>6</sup> During the war, soldiers from the Japanese imperial army committed massacres as well as serial rape of Filipino

women, called “comfort women.” Until today, Japan has not officially apologized for its war crimes especially those committed against the “comfort women.”

Today, 22%-25% of Filipinos have Chinese ancestry of whom 1.5 million (1.6% of the country’s total population) are Chinese Filipinos. Their lineage can be traced to Guangdong, Fujian, and Taiwan. Seventy percent of Chinese Filipino Christians are Catholic.

### III. DIPLOMATIC RELATIONS

With the founding of the People’s Republic of China (PRC) in 1949, the Philippines maintained diplomatic ties with the exile government in Taiwan as the legitimate representative of China. Since then, Philippine diplomatic and trade relations were maintained with Taiwan with no formal contacts whatsoever established with the PRC. Communism was outlawed in the Philippines under Republic Act 1700; a travel ban to China was also enforced.

Keeping ties with Taiwan can be explained by the Philippines’ alignment with the U.S. in the Cold War which was marked by an ideological war against communism, both against the USSR and China. Internally, the U.S.-backed counter-insurgency campaign against the local communists with their people’s army (Huks) under the old Partido Komunista ng Pilipinas (or the old Communist Party of the Philippines as distinct from the new CPP founded in 1968) with strong suspicion that they were supported by the foreign communists was itself an undeclared war against China – as well as the USSR. This will also explain why the Philippines sent an expeditionary force during the Korean War on the side of South Korea and the U.S. Had the atomic bombing of North Korea and Chinese PLA troops as proposed by Gen. Douglas MacArthur been implemented, the U.S. military bases in the Philippines would have been used for that mission. Meanwhile, the Philippines also supported the U.S. war in Indochina with an armed engineering contingent in South Vietnam coupled by a secret intelligence mission.

Especially during the anti-Huk campaign of the 1950s, the hardline anti-communist stance of the Philippine government proved to be difficult to many local Chinese some of whom were suspected of supporting the local communists. Ostracism forced many of them to adopt Filipino names or undergo naturalization. In 1973, a “Filipinization” policy was adopted to integrate and assimilate Chinese schools under government-supervised education programs. In the economy, a “Filipino First” policy was instituted supposedly to prioritize the development of the indigenous economy but it was a subtle way of undercutting Chinese strong presence in retail trade and other businesses.

Formal Philippine-Taiwan relations ended on June 5, 1975 when the Philippines, then under the martial law government of Ferdinand E. Marcos, opened diplomatic relations with China. The change in diplomacy happened in the backdrop of U.S.-Philippine special ties and alliance: The U.S. under President Richard Nixon was already in discussion with China’s leaders, led by

CCP Chairman Mao Zedong and Prime Minister Zhou Enlai, on the prospects of establishing relations between the two countries thus making it inevitable for the Philippines to follow suit. In establishing formal ties with China, the Philippines adhered to a One-China Policy, thus, it had to sever formal ties with Taiwan without, however, cutting trade relations. Prior to the formalization of relations, President Ferdinand E. Marcos and his wife met Chairman Mao Zedong in Beijing.

In the first 20 years of formal ties, while trade relations with China normalized often with the latter offering “friendship price” for its exports the bilateral trade with Taiwan remained comparatively stronger. It was only during the 1990s when trade between China and the Philippines experienced an increase considering that by this time China’s “opening up” policy and economic modernization had been set in motion. By 2010 at the end of the term of President Gloria M. Arroyo (2001-2010), China was the Philippines’ third largest trading partner, ninth top foreign investor, and fourth source of tourists. Earlier, the year 2005 was declared as the “golden age of partnership” between the two countries. These constructive engagements illustrated the Philippines’ efforts to use foreign relations through “development-oriented” diplomacy in promoting economic growth and maintaining friendly, cordial, and productive ties with many countries.

On the whole, Philippine-China relations from 1975-2010 saw the signing of 100 bilateral agreements ranging from political, defense, trade and investments, judicial cooperation, infrastructure development, energy cooperation, air services, transnational crimes, tourism/culture, sports, media exchange, science and technology, sister cities, military consultations, as well as people-to-people exchanges. The agreements included: the 1996 cooperative relationship based on good-neighborliness and mutual trust toward the 21<sup>st</sup> century; a consensus on “shelving disputes and going in for joint development” on the South China Sea issue; the 2000 “Joint Statement Between China and the Philippines on the Framework of Bilateral Cooperation in the 21<sup>st</sup> Century”; and in 2005, the strategic and cooperative relations for peace and development, which was reiterated in 2007.

During this period, bilateral trade increased from US\$72.2 million (1975) to \$36.37 billion in 2012.

Highlights of the relations during this period are top-level state visits and similar exchanges as well as the establishment of mechanisms for bilateral talks and consultation.

However, Philippine-China relations during this period was not always harmonious given the irritants and differences that surfaced. Early on, there were diplomatic fiascos over Philippine visits to Taiwan by high government officials raising questions about Manila’s adherence to the One-China Policy. Second, was the presence of thousands of overseas Filipino workers (OFWs) in Hong Kong where the standardization of salaries became a thorny issue with Chinese authorities there. Of late, is the imprisonment of OFWs alleged to have violated Chinese laws such as drug trafficking. Many OFWs have been meted out the death penalty. More contentious was the involvement of the Philippine president

(Gloria M. Arroyo) and other top officials in alleged corruption cases in connection with infrastructure projects funded by Chinese companies.

#### IV. CURRENT RELATIONS

Benigno S. C. Aquino III, elected in May 2010 to succeed Gloria M. Arroyo as President, is the son of the late Corazon C. Aquino who served as president from 1986-1992. Like Arroyo, Aquino III comes from a family dynasty of landlords and politicians from Tarlac in central Luzon, north of Manila. (The Aquinos trace their ancestry to Fujian, China.) Aquino III, whose record as a congressman and later as senator is inconsequential, was forced into the presidency when his mother died and won handily in the election because of the family name – “name recall” or popularity in Philippine electoral contests.

In the early part of his presidency, Aquino III faced a succession of challenges that had a cumulative effect on Philippine-China relations. One was the Rizal Park hostage crisis in August 2010 which resulted in the killing of eight Chinese tourists from Hong Kong including several others injured. The case has not been settled satisfactorily due to President Aquino III's refusal to express an apology to the Hong Kong authorities, insisting that it was a police problem. (On the other hand, the shooting of a Taiwanese fisherman by a member of the Philippine Coast Guard in 2013 compelled the Aquino government to offer an apology after Taiwanese authorities threatened to expel Filipino workers there.) In another incident, urgent appeals by the Philippine government to stop the execution of suspected Filipino “drug mules” (or illegal drug couriers) by Chinese authorities were unheeded. In September 2013, a misunderstanding between China and the Philippines during the China-ASEAN Expo cropped up over President Aquino III's state visit to represent his country as host of the regional event. Mr. Aquino failed to attend.

The “lowest point” in the two countries' relations was dramatized by the filing of a petition for arbitration by the Philippine government against China before the International Tribunal on the Law of the Sea (ITLOS) in March 2014 to resolve territorial disputes in South China Sea. The Chinese foreign ministry issued a diplomatic protest over the filing which it called an act of damage against a friendly country; it reiterated as well that sovereign claims should be settled through negotiations. The bone of contention is how to settle the territorial tensions in the SCS which involve not only China and the Philippines but also other countries in Asia: bilaterally or multilaterally such as through the ASEAN. The territorial dispute has been made more complicated by the entry of the Philippines into the Expanded Defense Cooperation Agreement (EDCA) with the U.S. in April 2014 believing that the new defense partnership will serve as a deterrent against China's “assertiveness” in the SCS. Moreover, the Philippine government strengthened its defense partnership with Japan which has its own territorial claims over Diaoyu (Senkaku) islands against China.

Nonetheless, Aquino III has said that the territorial dispute does not define the whole relations between the two countries. He also clarified that his government's military modernization and arms acquisition are not a threat to China but are

designed to increase the capability of its internal security. Just the same, although bilateral trade continues the territorial differences have affected investment and development cooperation between the two countries.

## V. SUMMARY

In the main, relations between the Philippines and China for 39 years has been characterized by highs and lows. There have been positive achievements in the areas of trade, economic cooperation, culture, and education. But these achievements have been eclipsed by the territorial disputes that involve China's "core interest" and the Philippines' historical and sovereignty claims as well as its defense alliances with the U.S. and Japan.

Among the major irritants affecting the bilateral relations during the period until today are: On the One-China Policy; Philippine defense alliances and cooperation with the U.S. as well as with Japan and South Korea; Overseas Filipino Workers (OFWs) in Hong Kong and China; and the territorial issues.

This paper also proffers that diplomatic and economic relations should be promoted by mutual understanding. The Philippines and China share common historical, trade, and cultural roots thus this helps facilitate friendlier communications and interactions. But contradictions remain not only over sovereign and historical territorial differences but over how foreign policy is conducted.

## VI. UNDERSTANDING THE PHILIPPINE FOREIGN POLICY

On the part of the Philippines, its foreign policy is strongly defined and influenced by the following factors:

- Strong special relationships with the U.S. highlighted by a strong defense alliance;
- Underlying perceptions that foreign relations are bound by ideology, with a Cold War-vintage thinking that China is "communistic" while the Philippines is "democratic";
- Lack of a strategic and coherent foreign policy, with each foreign policy defined by changes in the Presidency;
- The presence of informal structures and interest groups that influence the conduct of foreign relations

Compared to relations with China (39 years), the Philippines' "special ties" with the U.S. is 115 years. The "special ties" – onerous and one-sided in favour of the U.S. - remain deep and well-entrenched due to the following:

- a) Colonial relations that nurtured elitist politics, i.e., influential family dynasties that remain dominant today, occupying key state institutions including the Presidency, Congress, and the traditional though weak political party system;

- b) A strong “defense alliance” woven together by the 1951 Mutual Defense Treaty, a military bases agreement (1947) that is now replaced by the Visiting Forces Agreement (1998) and other executive military agreements including the latest, EDCA. Accordingly, the U.S. maintains a strong influence on the Presidency particularly the defense department and the Armed Forces of the Philippines (AFP) which has consistently received huge military and training assistance from the U.S. Any President who aims to remain friendly with the U.S. must give priority support to the AFP in terms of budget and modernization.
- c) On the other hand, the U.S. sees its defense relationship with the Philippines as a major pillar for its military projection in Southeast Asia and the rest of Asia Pacific. Since 1999, the U.S. has increased its military presence in the Philippines. Critics aver that EDCA is a major component of the Pentagon’s “containment and deterrent strategy” against China.

Still strongly influential among many members of the ruling political elite in the Philippines is the Cold War-vintage mindset of determining foreign policy based on ideology. This ideological and cultural bias is a big obstacle to the development of a foreign policy that is independent, pragmatic, and flexible. What allows bilateral trade with China is the economic gains derived but this has not sidelined the underlying perceptions that China is a communist state, hence, the tendency for the foreign policy to be nuanced by ideological bias. This ideological bias has been a factor in relation to the territorial tensions between the Philippines and China.

This only shows that Philippine foreign policy has not matured enough to objectify its formulation and conduct. The development of a more mature, pragmatic, and flexible foreign policy has been restrained by the absence of a clear strategic and coherent foreign policy much less a strategic worldview at the level of the executive branch of government (Presidency) which is the policy making center on foreign affairs. This means that foreign policies are determined by whoever is the seating President thus resulting in the lack of continuity that should provide a consistent foreign policy approach. Key officials of the foreign affairs department as well as many ambassadors are political appointees of the President and this discourages foreign policy from being professionalized and from being infused with non-partisan expertise. The closed and exclusivist structure of foreign policy making bars it from looking at issues with objective, scientific, multi-dimensional, and flexible perspectives. For another, congressional oversight over the President’s foreign policy is weak. The Supreme Court, in many cases where presidential decisions on Philippine-U.S. defense partnership are contested, defers to what it terms as “presidential prerogative” on issues involving foreign policy, defense and security alliance with other countries, and so on.

The absence of a strategic and coherent foreign policy as well as a career-oriented, professional foreign affairs body allows informal power structures as well as vested interest or pressure groups to wield a stronger influence on foreign relations. These informal power structures and interest/pressure groups include key political allies of the President, defense and AFP hierarchy, influential

private businessmen, as well as foreign representatives including top defense, intelligence, and military officials. Because of this dynamics, at some critical junctures key foreign policy decisions bear the mark of a strong military hardline, business, or even foreign meddling.

## VII. APPROACHES TOWARD ENHANCING PHILIPPINE-CHINA RELATIONS

This paper propounds that the relations between the Philippines and China are now in a difficult stage brought about mainly by the tensions that are generated by territorial claims and differences over a mutually-agreed and most viable approach for dispute settlement. It is vital, therefore, that talks – including back-channel – should continue.

On this note, CenPEG on March 4, 2014, acting as a resource group for Congress, submitted a manifestation before the Committee on Foreign Affairs, House of Representatives, to quote:

“One advantage of bilateral talks is that it opens up for discussion and negotiation many nuances of a disputed issue that cannot be addressed in a strictly rules-based form of arbitration such as in the ITLOS. Moreover, many sensitive political issues that cannot be openly discussed in a legal arbitration format can be better addressed and threshed out in more informal bilateral talks.”<sup>7</sup> (The statement is attached as an Annex to this paper.)

To begin with, both governments agree that relations should not be constrained by the territorial disputes and should continue to be guided by economic cooperation as well as peace and harmony in the region. But to meet these objectives, both sides may have to be informed by deep differences in foreign policy making and perspectives. Essentially, while China is guided by strategic policy with a strong political leadership Philippine foreign policy is made unstable and ambiguous by changes in the Presidency sometimes resulting in shifting foreign policy particularly with China.

Unlike China, however, the U.S. has had a strong colonial influence in the Philippines especially among key policy makers – a result of deeply-entrenched American-centered economic and military relations as well as cultural influences where U.S. global media continues to have an impact on Filipino cultural values.

While certainly state-to-state relations should prevail, in many instances where this official approach does not work the modern norms of diplomacy – Track 2 and Track 3 – have proven to be useful. Over the past 50 years, international relations have been enhanced by the mechanisms of Track 2 (state and non-state players) as well as Track 3 (non-state and non-state players or people-to-people). Non-state policy proponents and advocates have increasingly played a vital role in helping define appropriate and expert policies over a wide range of issues – from state governance, peace and human development, global security, human rights, environment, and global climate change - using platforms available in their own countries or in bilateral and multilateral organizations and dialogs.

These platforms for diplomacy and better relations should continue to be tapped and maximized as a means for not only enhancing ties but resolving contentious bilateral issues between China and the Philippines. People-to-people or state-people diplomacy is not new: There used to be such people-to-people exchanges between Filipino scholars, academics, writers, and artists with their Chinese counterparts during the 1970s. Such exchanges actually played a role in opening relations with China in 1975 and in the early phases of the diplomatic relations.

There are many lessons and experiences that China can impart and share with the Filipino people at the level of people-to-people diplomacy – from science and technology, health and medicine, culture, to governance and community or village-level development. The impact of people-to-people relations has been shown to be more lasting and perpetual compared with state-to-state relations which are confronted by constant shifts, challenges, and tensions. People-to-people relations can play a key role in planting the seeds and softening the ground for friendlier and harmonious relations between countries.

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END NOTES

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