



# China-Filipino Relations under the Aquino Regime: So Far

**Ben Lim**

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In view of time constraint and because the original draft covers economic, trade, and cultural relations as well as Chinese overseas development assistance to the Philippines, I shall confine my talk this morning to the Scarborough Dispute only, even so, I am cutting the coverage to only a third of the issues.

Except for the bungled hostage rescue effort and the failed attempts to seek pardon or clemency for convicted Filipino drug mules in China, current standoff over the Scarborough Shoal, other issues such as the unresolved disputes with China over the territorial claims in the Kalayaan Island Group and differences over lack of transparency in China's overseas development assistance programs to the country, were carryovers from previous administrations.

The Philippines, as you all know, along with Vietnam, Taiwan, Malaysia, Brunei and China have staked overlapping claims in whole or in part around the Spratly region in the South China Sea.

Disputes over the sovereignty issue with China started during martial law regime of President Ferdinand Marcos in the mid 1970s when he entered contract with a Swedish oil consortium to drill for oil and natural gas in the Reed Bank. China protested when it learned of the project claiming: "China has indisputable sovereignty over the territories in the South China Sea." Fearful of a military confrontation with China, President Marcos sought for a low-cost method of getting the hydrocarbon deposit. He thought of seeking support from the U.S. through the Mutual Defense Treaty of 1951. Unfortunately he was told that the MDT covers only "the metropolitan territory of either of the Parties, on the island territories under its jurisdiction in the Pacific ocean..." In plain English, the territory covered under the Treaty of Paris of 1898 when Spain ceded the country to the U.S. Since Marcos cannot invoke the MDT and because he was assured that China would sell oil to the Philippines at friendship price, Marcos dropped the Reed Bank project.

In 1995 when President Fidel Ramos discovered that China was constructing an extended structure in the Mischief Reef, again the Philippine defense secretary Renato de Villa wanted to invoke the MDT and asked for U.S. support, again we were told by the U.S. State Department that the KIG is not part of the metropolitan territory therefore not covered by the MDT.

Since he could not dispute China with the use of military force, President Ramos decided instead to build an airstrip in the main and biggest Philippine-owned island (32.6 hectares) Pag-asa, where he stationed the Philippine Air Force and navy troops. Nonetheless a year after the Mischief dispute or in 1996, Beijing and Manila agreed to shelve the dispute.

During the Estrada administration there were also disputes over the illegal entry of Chinese fishermen and their arrests by Philippine authorities. Nonetheless, on November 4<sup>th</sup> 2002 in Phnom Penh, China and ASEAN nations signed the "ASEAN Declaration on the Conduct of Parties in the South China Sea," which lay down the rule that nations claiming sovereignty over the Spratly Islands shall commit to the *status quo* and shall not erect any new structure in the disputed regions of Spratly, Paracel (Xisha) and Huangyan Islands.

Thereafter, despite our irreconcilable differences, all claimants to the territories in the South China Sea agreed to negotiate their claims through peaceful diplomatic negotiation – or until the ASEAN and China can craft a mutually acceptable code of conduct for all claimants to adapt and conform. Meantime Vietnam, the Philippines and Malaysia were creating what they call sovereignty initiatives. Vietnam, the Philippines and Malaysia arrested fishermen of other claimant countries who entered their alleged territories. Vietnam for instance held conferences in the Spratly Islands they occupied, accordingly in memory of the 28<sup>th</sup> Anniversary of the "Liberation of Spratly," attended by a Vietnamese Congress delegation led by its Vice Chairman and a Vietnamese Defense Ministry delegation headed by its Deputy Defense Minister. Subsequent inspection tours were conducted at various times to the Vietnam-



occupied islands and reefs in the South China Sea. The Vietnamese Foreign Ministry issued a "sovereignty" declaration on the issue of the Chinese ban on fishing in the South China Sea, claiming that Vietnam had undisputed "sovereignty" rights over Paracel and Spratly.

The Philippines during this period came out with the "Kalayaan Immigration Project." The Philippines also held activities on Pag-asa Island of the South China Sea commemorating "the 25<sup>th</sup> Anniversary of the Founding of Kalayaan City," to which the Philippine Navy brought local government officials aboard its warships.

Similarly Malaysia held a series of entertainment and competition activities in the name of "Labuan International Maritime Challenges" near the waters of Danwan Reef, and had granted permission, for the first time, to 27 fishing boats and a cruiser to conduct tourist and leisure businesses around Yuya Shoal.

Vietnam, the Philippines and Malaysia also expelled Chinese fishing boats and squeezing into the space claimed by China in order to boost their "sovereignty" initiative campaign. The Filipino Navy also boarded and inspected Chinese fishing boats more than 50 times, arresting and detaining more than 10 Chinese fishermen. The Malaysian Navy expelled more than 50 Chinese fishing boats from Spratly.

At the same time, world powers such as the U.S., Japan and India have increased their military presence in the South China Sea regions, pushing the issue towards a more complicated and internationalized level. America claims that it is now the Pacific power and U.S. President Barack Obama awarded himself the title: the "First Pacific President." Moreover US Secretary of State Hillary Clinton fuelled tensions by declaring that the US would be obliged to come to the aid of its ASEAN allies, in the event of any conflict. Even Australia lately, in view of the turn over of its Darwin military base to the U.S. is passing itself off as one of the leading military powers of the region. It now claims ownership of the Timor Sea. It wants to sign a visiting forces agreement with us. ( To some wags, presumably so they can train our troops to fight terrorist Kangaroos).

All these activities plus the entry of the big powers into the South China Sea have led the Chinese to build a strong blue water navy to neutralize these aggressive moves. Instead of strengthening their claims on the Spratlys, the Chinese on their part concentrated on the modernization of their economy, defense, agriculture and education, particularly science and technology.

In view of these events and the provocative articles written by American defense experts on how to go to war against China, the Chinese today are in possession of some of the most advanced types of submarines, patrol vessels, anti-ship missiles, fighter planes, and spy satellites that can cover a large swath of the South China Sea 24/7.

China made clear that the South China Seas territorial issue should be resolved among the claimants themselves. Chinese foreign policy since early 2010 has also proved assertive of Chinese core interests, especially on regional issues where the Philippines sought to regain or continue or advance Philippine claims to the KIG.

Despite these developments, tensions in the South China Sea were minimal, in fact, during the Arroyo years, the Philippines, China and Vietnam signed an agreement to jointly survey the waters of the contested areas for hydrocarbon deposits and other resources, until American commentators in the *Far Eastern Economic Review* charged that President Arroyo had betrayed the other ASEAN claimants when the Philippines and Vietnam signed an agreement to jointly survey the contested waters for hydrocarbon deposits. Arroyo was specifically charged with signing the agreement in return for several Overseas Development Assistance projects from China. After lengthy senate investigations, the survey agreement was cancelled during the last year of Arroyo administration along with many of the Overseas Development Assistance projects from China.

The current confrontational dispute over the Scarborough Shoal between China and the Philippines has been resurrected, when accordingly the Philippine military discovered 8 Chinese vessels fishing in the Scarborough Shoal. Under the previous protocol "ASEAN Declaration on the Conduct of Parties in the South China Sea," the Philippine would ask the Chinese vessels to leave the areas and file a formal protest against the presence of Chinese fishing vessels in the Scarborough Shoal and settle the issue through peaceful diplomatic negotiation while waiting for an agreed Code of Conduct to guide the claimants in the settlement of disputes over contested territories.



This time however, the Philippines took a hard-edged stance when the soldiers in the newly acquired Gregorio del Pilar warship fired warning shots, boarded the Chinese vessels, confiscated the catch and attempted to arrest the Chinese fishermen. Unluckily for our soldiers, two Chinese patrol vessels came in time to prevent the arrest and the Chinese fishermen even took back their confiscated catch. Ironically, despite a show of flags, the standoff remains to this day as Chinese vessels refused to leave the area.

Many observers have been surprised by the hardline stance of the Philippines for at the start of the PNoy administration, he extended a friendly gesture to China when he instructed our ambassador to EU not to attend the Nobel Peace Prize award ceremony for the Chinese dissident Liu Xiaobo.

Some analysts claimed that hardline stance started when the country and China sparred over the Philippine government's mishandling of the hostage crisis, China's refusal to grant PNoy's request to stay the execution of two Filipino drug mules, PNoy's postponement of his state visit to China, the dispute over rights to exploit the energy resources in Recto (Reed) Bank which both countries claim ownership, PNoy's attempt to internationalize the issue by "embracing" America's offer to be the region's chief arbiter, and finally the purchase of the decommissioned American Hamilton Cutter to patrol and check Chinese presence in the contested territories.

Others argued that the Philippine leadership had gained confidence and resolution from President Obama's announcement that America's has shifted its center of gravity from the Middle East and the Europe to Asia-Pacific region and from State Secretary Hilary Clinton's assurance during the 2010 ASEAN Summit in Vietnam that America's pivot will include America's honoring its commitment to its allies in Southeast Asia – especially in the claims of the weaker states against China on the territories in the South China Sea. According to the *New York Times* report on July 23, 2010: "Offering to Aid Talks, U.S. Challenges China on Disputed Islands."<sup>1</sup> Then it went on to report: "Opening a new source of potential friction with China, the Obama administration said Friday that it would step into a tangled dispute between China and its smaller Asian neighbors over a string of strategically significant islands in the South China Sea..."

Although Secretary of State Hilary Clinton in her speech at the Asian regional security meeting in Vietnam stressed that the United States remained neutral on which regional countries had stronger territorial claims to the islands she nonetheless emphasized "that the United States had an interest in preserving free shipping in the area and that it would be willing to facilitate multilateral talks on the issue..." To many American defense analysts this shows clearly that "Washington is trying to win over ASEAN in preparation for an alternate architectural proposal for 2011."

Some analysts believed that PNoy has been emboldened by these announcements aside from the earlier strong assurances of Ambassador Harry Tomas that America would come to the rescue of the Philippines in the event of an armed attack against the country. Some commentators deduced that on the basis of these statements the Philippines made automatic strategic pivot in its foreign policy to involve America in its dispute with China over the Scarborough Shoal. Some American analysts claim that the Philippines and Vietnam were trying to get a free ride from Secretary Clinton's announcement.

Secretary Albert del Rosario confirmed this observation when he made clear that the United States remains the country's "sole" strategic partner. It seems the PNoy administration believed that by letting China know that the country is treating it as a lesser power than the US, and letting the Chinese understand that we have strong bilateral ties with the US as we signed a Mutual Defense Treaty, and in the event of serious disputes or an armed confrontation, America would come to the defense of the Philippines, China may back off from the confrontation.

Others contended that we cannot discount the American factor in the dispute in view of Ambassador Harry Tomas and Secretary Clinton's earlier declarations about America's coming to our rescue in case of armed attack, have reinforced our faith in America's devotion and dependability. Moreover Senate President Juan Ponce Enrile's statement during the Senate hearing on the Scarborough dispute, that the Chinese will not dare attack the Philippines because of our Mutual Defense Treaty with the United States has given our political leaders the resolve to press very hard for our claims in the South China Sea.

<sup>1</sup> Mark Lander, "Offering to Aid Talks, U.S. Challenges China on Disputed Islands," *The New York Times*, July 23, 2010.



The move to draw in the U.S. as an arbiter and a Philippine supporter in the Spratlys conflict, for most observers, represents PNoy's innovation in our South China Sea territorial conflict. He has announced that he embraces America's pivot to the Asia-Pacific region. In fact he even supported the U.S. move to make ASEAN support unconditionally its member claimants against China. Unfortunately Secretary del Rosario, despite the presence of US State Secretary, Japanese, South Korean, Australian, and other top foreign ministers of Asia have failed to get a resolution of support from the ASEAN ministerial summit at Cambodia last week.

Ironically during the 61 years of the MDT's existence, the Philippines never invoked the MDT. Once when President Marcos during the martial law years tried and asked for spare parts for the broken vehicles America supplied us during our campaign against the Moro National Liberation Front in Mindanao, Marcos was told suddenly that America was neutral because we were fighting a civil war. America did not want to incur the ire of the OPEC for fear that OPEC might raise the price of oil in the world market.

Under the MDT it was the U.S. that had asked us to fight in Korea, Vietnam, Afghanistan, and Iraq. Decision-making on security matters has never been mutual. It has always been the case that America that decides on which course of action to take.

And now since Secretary Clinton has announced America will not take sides in our dispute with China over the Scarborough Shoal, it seems clear that our leadership has over exaggerated or expected too much from our special friendship with America; and thus our earlier belief in America's willingness to sacrifice its own national interest in favor of Philippine national interests. Filipino faith in America is intuitive and visceral or what some psychologists refer to as "irrational faith," or the outcome of cultural assimilation, a kind of belief that passes through the generations than an openly proclaimed national dogma.

But irrational faith does not preclude wisdom or intellectual depth or penetrating strategy, which is needed in the pursuit of any kind of policy objectives for our Republic.

We ignored the fact that America has its own interests to pursue and protect in its relations with the PRC, and no doubt, the U.S. interests cannot give way to our desire that it goes to war against China so we can keep Scarborough Shoal or the KIG. With this realization the PNoy government has unprecedented opportunities and incentives to reassess Philippine security and economic commitments with the U.S., China and the rest of the world.. What has been aptly termed China's rise has profound implications for the economy and security system. Reliance on American paternalism or security umbrella entails excessive risk and costs to our people. It is prime example of what psychologists call irrational.

Indeed Peter Symonds, a very sharp Western analyst of American foreign policy objectives in Asia, had predicted even before the start of the July 12 ASEAN ministerial summit at Cambodia, that it would be "dominated by tensions deliberately stirred by the Obama administration as part of its concerted drive to undermine China's political and strategic influence throughout the region." He added that the US "is cynically exploiting the banner of 'democracy' to consolidate support for its diplomatic push against China. That was on display in Vietnam, where Clinton only perfunctorily raised the issue of 'human rights,' when before Vietnam's agreement to let the U.S. dock its warships at Cam Ranh Bay, Vietnam had been the second largest recipients of American attack on violation of human rights next to China." He also warned that "ASEAN has to be particularly cautious about being trapped by the economic and military consequences brought about by the actions of individual member states and in support of America's agenda in Asia."

Given these developments there is need for the Aquino administration, at a time when the political, economic, and military balances have been shifting dramatically, to rethink the tenets of Philippine domestic and foreign policy objectives.

One important first step will be to align Philippine foreign policy with the new realities in world political and economic developments and get out of policy dead ends as quickly as possible.

Among other things we either abrogate or amend the MDT to prevent the U.S. from evading the spirit of the treaty, which is mutual defense and not defense of America's national interests only.



We should give China's proposal for bilateral talks a chance – if only to find out whether we can get what we want from the underwater resources in the contested areas without entering into partnership with non-claimants or internationalizing the issues.

We should jointly craft, without giving up sovereignty claims, with countries that have overlapping claims an economic development program and environmental protection plan in the South China Sea which could lead to a new era of economic growth in the region.

All joint development and exploitation policies in the South China Sea should be developed within a fair and mutually acceptable framework that emphasizes on mutual benefit, respect for political, civil and economic rights and commitments to peace and security in the region.

Military intervention can be justified only in the most extreme circumstances, when the nation's fundamental security is at stake. Otherwise all claimants should pledge not to interfere with the internal affairs of the other claimants.

All claimants should not ask for outside interference to support or justify their claims.

It will take some time for the Philippines to repair our frayed ties with China. In the short term, bilateral negotiations could lead to confidence building and cooperation in more constructive areas such as economic development and overseas development assistance projects. The time to start the talks is now.