



# Toward an Enhanced Strategic Policy in the Philippines

*EDITED BY*

*ARIES A. ARUGAY  
HERMAN JOSEPH S. KRAFT*





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## FOREWORD

### Greetings from the Konrad-Adenauer-Stiftung (KAS) Philippines!

The Katipunan Conference has been considered in the past years as a well-known debate platform centered on issues involving prominent foreign and security policies in the region.

The constant exchange between scientists and politicians is deemed significant for foreign and security policy analysis because it aids in the assessment of the consequences of recent developments in the region for the Philippines. This interaction provides a timely opportunity for the realization and development of the country's strategies.

It is also through the Katipunan Conference that a cross-generational dialogue between skilled experts and a new generation of scientists and decision-makers is made possible, which, in turn, is considered imperative to ensure the competency in creating security and foreign policies.

This publication titled **Toward an Enhanced Strategic Policy in the Philippines** contains the fundamental results of the 4th Katipunan Conference. It consists of a remarkable diversity of current issues. Some of the many impressive topics tackled range from maritime security to economic developments, as well as the multilateral relationships to the analysis of China's Belt and Road Initiative.

Emphasis must be placed on the repercussion for the Philippines brought about by local and regional problems. Concurrently, built on an open analysis of existing developments and peril, it is important to establish a specific agenda for future strategic analysis and to develop

concrete policy approaches in cooperation with decision-makers, and at the very least be able to tender a justified and compact assistance.

The previous years have proven how essential it is to work rigidly with both friends and partners in the area of international relations. The challenges encountered in the international system have become more compelling. Together with the intensified challenges and long-term consequences brought about by COVID-19, states, governments, and parliaments have to face these growing and complex obstacles on their own.

Hence, dialogue forums such as the Katipunan Conference serve as vital instruments in the exchange of both national and international experiences and opinions towards the creation of concrete political concepts.

We at the Konrad-Adenauer-Stiftung Philippines are delighted with the result of our partnership with the Strategic Studies Program of the University of the Philippines Center for Integrative and Development Studies (UP CIDS) because the Katipunan Conference embodies an integral part of our work in the Philippines in the area of foreign and security policies.

I extend my appreciation and acknowledgement to the Philippine experts from the academe, government, and think-tanks who have made significant contributions through their research on strategic policy, security studies, and Philippine foreign relations. Furthermore, the KAS is honored to publish this edited volume in cooperation with the UP CIDS under the guidance of Prof. Herman Joseph S. Kraft and Prof. Aries A. Arugay.

**Prof. Dr. Stefan Jost**

Country Director

Konrad-Adenauer-Stiftung Philippines

## FOREWORD

Established in 1986 by then president of the University of the Philippines (UP) Edgardo J. Angara, the UP Center for Integrative and Development Studies (UP CIDS) is the policy unit of UP. It was envisioned “to harness the University’s expertise and resources towards addressing complex problems of national significance” (UP CIDS 2019, p. 5). This aim emanated from Executive Order No. 9 which created the Center mandating that it:

*“Shall be the University’s structure for integrative and collaborative research on all areas of national concerns such as science and technology policies, development strategies, the socio-cultural consequences of modernization, political dynamics, and regional and international relations.” (Executive Order No. 9, 1985).*

The UP CIDS has since embarked on projects as well as programs to achieve this mandate. In August 2019, UP CIDS re-established programs which were set up during the time of Dr. Maria Cynthia Rose Banzon Bautista when she was the UP CIDS executive director from 1992 to 2000, as well as created new ones. UP CIDS currently has 12 programs, which are divided among the following clusters:

1. Education and Capacity-Building Cluster
  - a. Education Research Program (ERP)
  - b. Program on Higher Education for Policy Reform (HERPRP)

- c. Assessment, Curriculum, Technology and Research Program (ACTRP)
  - d. Data Science for Public Policy (DSPP)
2. Development Cluster
    - a. Escaping the Middle-Income Trap Chains for Change (EMIT C4C)
    - b. Political Economy Program (PEP)
    - c. Program on Alternative Development (AltDev)
    - d. Program on Health Systems Development (PHSD)
  3. Social, Political, and Cultural Studies Cluster
    - a. Program on Social and Political Change (PSPC)
    - b. Islamic Studies Program (ISP)
    - c. Decolonial Studies Program (DSP)
    - d. Strategic Studies Program (SSP)

The UP CIDS also re-established its Local-Regional Studies Network (LRSN) which was established during the term of Dr. Bautista. Currently, this consists of the Cordillera Studies Center at the University of the Philippines Baguio, and the Central Visayas Studies Center (CVSC) at University of the Philippines Cebu.

#### **The UP CIDS Strategic Studies Program (SSP) Rationale**

Among the UP CIDS Programs, it is the Strategic Studies Program which:

*“Aims to promote interest and discourse on significant changes in Philippine foreign policy and develop capacity-building for strategic studies in the country. The Program views the Philippines’ latest engagements with the great powers and multilateral cooperation with other states in the Asia-Pacific region as a catalyst to further collaborative and multidisciplinary research between communities within East Asia” (UP CIDS, 2018, p.64).*

To pursue this rationale, the UP CIDS SSP focused on activities which strengthened:

*“A core group of experts and researchers interested in strategic concerns with the University and on the consolidation of networks with institutions in the government and in the private sector that might be interested in developments that affect the policy options of the Philippines” (UP CIDS, 2018, p.65).*

Since its inception in 2017:

*“...the SSP organized events that engaged issues on the strategic situation of the Philippines, research that looked into the country’s strategic situation, and outreach activities that seek to gain insight on how to institutionalize the network of stakeholders on strategic studies in the Philippines” (UP CIDS 2019, p. 85).*

### **The UP CIDS Strategic Studies Program Katipunan Conference**

The anchor whereby the UP CIDS SSP seeks to attain these objectives is through its Katipunan Conference. As noted in its launch in 2015:

*“... the Conference serves as a platform for discussing the current and emerging issues that impact Philippine foreign policy and undertakes an environmental scan from multiple perspectives in order to produce practical and informed policy options and decision-making aids for government agencies and officials” (UP CIDS, 2018, p. 45).*

From February 27 to 28, 2017, the UP CIDS Strategic Studies Program and the UP Institute of Maritime Affairs and Law of the Sea organized the 3rd Katipunan Conference with the theme “The Philippine Strategic Outlook: 2018-2019”. The proceedings of which were published by the SSP (UP CIDS, 2018).

In August 2019, the UP CIDS SSP held the 4th Katipunan Conference with the theme “The Philippine Strategic Outlook 2020: Strategic Transformations and Responses in the Asia Pacific”. In June 2020, the conference proceedings were published online (UP CIDS, 2020).

### **Toward an Enhanced Strategic Policy in the Philippines**

This edited book volume on Toward an Enhanced Strategic Policy

in the Philippines is another major output of the 4th Katipunan Conference. Co-published by the UP CIDS SSP and the Philippine Office of Konrad-Adenauer-Stiftung (KAS), impetus for this book project comes from the:

*“Duterte’s administration release of the National Security Policy (2016-2022) and, for the first time in contemporary Philippine strategic setting, the articulation of the National Strategic Strategy... The clear directions and guidelines set by these two strategic documents have influenced academic research and policy making” (SSP, 2020).*

This edited volume highlights seven major research works presented at the 4th Katipunan Conference and were further developed for this book project. These touch on the following themes: 1) maritime security, 2) political and economic developments, and 3) development in defense industries and technologies. These were written by:

*“Young scholars and mid-career security practitioners who represent the next generation of strategic experts... a primary goal of the project is to increase the knowledge and experience towards cultivating awareness for an enhanced policy thinking among the country’s strategic communities” (SSP, 2020).*

This is certainly a most welcome contribution to our current UP CIDS publications consisting of policy briefs, discussion papers, monography, and conference proceedings. Furthermore, the UP CIDS aims to contribute to national development and knowledge creation. This edited volume provides a “bridge to the existing divide between academe and government agencies, embassies and academic institutions” (SSP, 2020). This will certainly be of utmost use for policy-makers, scholars and students of strategic studies in the Philippines.

**Teresa S. Encarnacion Tadem, Ph.D.**

Executive Director

Center for Integrative and Development Studies

University of the Philippines

## LIST OF ABBREVIATIONS

Acquisition, Technology & Logistics Agency (ATLA)  
AFP Modernization Plan (AFPMP)  
Air Defense Identification Zone (ADIZ)  
Anti-Money Laundering Act (AMLA)  
Anti-Money Laundering Council (AMLC)  
Archipelagic Sea Lanes (ASL)  
Armed Forces of the Philippines (AFP)  
ASEAN Regional Forum (ARF)  
Asia Reassurance Initiative Act (ARIA)  
Asia/Pacific Group on Money Laundering (APG)  
Asian Infrastructure Investment Bank (AIIB)  
Association for Southeast Asian Nations (ASEAN)  
Belt and Road Initiative (BRI)  
Build, Build, Build (BBB)  
Bureau of Immigration (BI)  
Cannabidiol (CBD)  
Central Military Commission (CMC)  
China Communications Construction Co. Inc. (CCCC)  
China Radio International (CRI)  
Chinese Communist Party (CCP)  
Computer Emergency Response Team (CERT)  
Dangerous Drugs Board's (DDB)  
Diaoyu/Diaoyutai/Senkaku Islands (DDS)  
East Asia Summit (EAS)  
East China Sea (ECS)  
Exclusive Economic Zone (EEZ)  
Financial Action Task Force (FATF)  
Foreign Direct Investments (FDI)  
Free and Open Indo-Pacific (FOIP)  
Global Commission on Drug Policy (GCDP)  
International Criminal Court (ICC)

Japan Maritime Self-Defense Force (JMSDF)  
Japan Self Defense Forces (JSDF)  
Korean Aerospace Industries (KAI)  
Maneuver Combat Vehicle (MCV)  
Memorandum of Understanding (MOU)  
National Bureau of Investigation (NBI)  
National Coast Watch System (NCWS)  
National Security Council (NSC)  
National Security Policy (NSP)  
National Security Strategy (NSS)  
North Atlantic Treaty Organization (NATO)  
Offshore Patrol Vessels (OPVs)  
Overseas Development Assistance (ODA)  
Overseas Filipino Workers (OFWs)  
People's Armed Forces Maritime Militia (PAFMM)  
People's Liberation Army (PLA)  
People's Republic of China (PRC)  
Permanent Court of Arbitration (PCA)  
Philippine Air Force (PAF)  
Philippine Amusement and Gaming Corporation (PAGCOR)  
Philippine Army (PA)  
Philippine Coast Guard (PCG)  
Philippine Drug Enforcement Agency (PDEA)  
Philippine National Police (PNP)  
Philippine Navy (PN)  
Philippine News Agency (PNA)  
Philippine offshore gaming operator (POGO)  
PNP Anti-Kidnapping Group (PNP-AKG)  
Reciprocal Access Agreement (RAA)  
Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP)  
Research and Development (R&D)  
Sea Lines Of Communication (SLOCs)  
Small Arms and Light Weapons (SALW)  
Social Identity Theory (SIT)  
South China Sea (SCS)  
Trans-Pacific Partnership (TPP)  
Transnational Organized Crime (TOC)  
Treaty on the Transfer of Sentenced Persons (TTSP)



Trilateral Security Dialogue (TSD)

UN Convention on the Law of the Sea (UNCLOS)

United Nations Human Rights Council (UNHRC)

United Nations Office on Drugs and Crime (UNODC)

United Nations Security Council (UNSC)

United States Pacific Command (USPACOM)

Visiting Forces Agreement (VFA)

West Philippine Sea (WPS)



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## **INTRODUCTION**

# **THE STRATEGIC OUTLOOK OF THE PHILIPPINES: "SITUATION NORMAL, STILL MUDDLING THROUGH"**

**Herman Joseph S. Kraft**

Strategy is a word that tends to be understood and used in a variety of ways. At its most basic, however, it is to be considered to be the bridge between purpose and action, or as Colin Gray describes it, strategy is the “great enabler.”<sup>1</sup> For Gray, however, this seemingly broad notion of “strategy” retains its traditional connection to defense and politics when he pointed out that it is about connecting military power to a political purpose. This Clausewitzian understanding of “strategy” works very well for trying to understand great power dynamics where power projection and geopolitical considerations take center stage. It is in keeping with good social science practice of avoiding conceptual overstretch when assigning meaning/s to concepts. Yet, for small states, or those with developing societies and polities, the need to “bridge” means and purpose take on an imperative that goes beyond fixed conventions that link “strategy” to the use of military tools in support of political objectives. Indeed, “strategic thinking,” or the lack thereof, gains special importance and consequence for developing societies, but it is not just about the threat posed by the military might of external actors that is emphasized by scholars such as Colin Gray. The study of strategy, or “strategic studies,” may have a core subject matter dedicated to understanding how to optimize military capability in the pursuit of political objectives, but “strategic thinking,” especially for small states and developing societies, is about finding and matching means to broader range of political objectives.

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1 Colin Gray. *The Future of Strategy* (Cambridge: Polity Press, 2015): 20.

The Strategic Studies Program of the Center for Integrative and Development Studies of the University of the Philippines (SSP-UPCIDS) has adhered to a notion of strategic studies and strategic affairs that has a connotation that is broader in scope for developing countries than the more traditional understanding that defines this scope in terms of the politico-military concerns of inter-state relations. Recognizing the potential for “conceptual overstretch” (but admittedly not fully resolving it), SSP-UPCIDS has sought to keep its core subject matter to the study and discussion of issues of peace and conflict, with special attention to the relationship between international politics, geo-strategy, diplomacy, international economics, and military power. In this context, the realm of the “strategic” involves Philippine relations outside its borders. More importantly, perhaps, it focuses on those relationships that impact on the security of the Philippines, with the definition of security once again seen in the context of small and developing states. That is, security defined broadly. This is consistent with the way that security is seen comprehensively in the context of Southeast Asia, particularly among the member-states of the Association of Southeast Asian Nations (ASEAN) of which the Philippines is a founding member.

This approach to security is consistent with the framework of national security adopted by the Philippine government. The first ever National Security Policy that explicitly presented the way security was perceived by the Philippine government was presented during the Administration of President Benigno Simeon C. Aquino III. It defines security as the “state or condition wherein the national interests, the well-being of our people and institutions, and our sovereignty and territorial integrity are protected and enhanced.”<sup>2</sup> The NSP 2011-2016 was sub-titled “Securing the Gains of Democracy” which illustrated the emphasis on institutional issues and objectives that the Aquino Administration felt were the main concerns of the Philippines. Instructions given in Memorandum No. 6 from the Office of the President towards the drafting of the NSP gave premium to four areas: 1) governance; 2) delivery of basic services; 3) economic reconstruction and sustainable development; and 4) security sector

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2 National Security Policy 2011-2016: Security the Gains of Democracy, p. 2



reform.<sup>3</sup> These priorities showed that the Aquino Administration had little inkling of the geopolitical storm that eventually hit in 2012 with the Scarborough face-off with China and the Administration-long downslide in bilateral relations – a relationship which by and large dominates the geopolitical context of the Philippines. Interestingly, while geopolitics has become an important factor in Philippine security considerations, it has not gained the level of urgency that would have been expected of a situation with such strategic significance.

Perhaps this is not so surprising given the way the NSP 2011-2016 discusses what is represented as the strategic context of the Philippines – a context that is described as in flux but dominated by non-traditional security concerns.<sup>4</sup> It describes the strategic situation as a continuing process dominated by globalization, by the Philippine conditions as a developing country, a member of ASEAN, and its inability to be flexible administratively and politically in adjusting to quickly changing global realities. Thus, the NSP 2011-2016 is promoting an internal transformation of how business is conducted in the Philippines as response to the transformation of the global condition. That traditional geopolitical issues do not seem to be part of the concerns that emanate from the transformation of the global condition is also illustrative of a decades-long sense of near complacency regarding the strategic environment – that is, that as the strategic environment around the Philippines changes, this seems to by and large have very little to do with how the Philippine conducts in international relations. It is not surprising then that when China's economic rise spilled over into political and geopolitical grounds that directly affected the Philippines, the capacity of the government to respond was extremely limited in terms of options. It was illustrative of the observation that the Philippines conducted its policy reactively, and not strategically.<sup>5</sup> Particularly on matters that pertained to its

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3 See "Memorandum Order No. 6 Directing the Formulation of the National Security Policy and the National Security Strategy for 2010 to 2016," available as an appendix at <https://www.nsc.gov.ph/attachments/article/NSP/NSP-2011-2016.pdf> and downloaded on 6 December 2020.

4 National Security Policy 2011-2016: Security the Gains of Democracy, p. 7 downloaded from <https://www.nsc.gov.ph/attachments/article/NSP/NSP-2011-2016.pdf> on 6 December 2020.

5 See the discussion on this general issue in Bing Baltazar C. Brillo, "A Theoretical Review on Philippine Policy-making: The Weak State-Elitist Framework and the Pluralist

external security posture, the Philippines lacked a strategic culture, or a culture of thinking strategically.<sup>6</sup>

A second point regarding the NSP 2011-2016 relates to Gray's point about strategy being a "bridge," the enabler of policy and political objectives. Despite the instruction in Memorandum No. 6, an accompanying National Security Strategy was never published. There may have been manuscripts drafted but these may have been overtaken by events, particularly the way the relationship with China developed very quickly from 2012 onwards. A policy, however, without a strategy behind remains little more than an expression of aspiration/s, not an actively pursued goal.

The accession of the Administration of President Rodrigo R. Duterte saw the adoption of this practice of drawing up a National Security Policy. Sub-titled "For Change and Well-being of the Filipino People," NSP 2017-2022<sup>7</sup> changed the focus of the policy from governance to public safety, law and order, and justice. This was an element of national security that was not emphasized during the Aquino Administration and in NSP 2011-2016. With this new NSP, however, it was the area given primary importance in the list of national security interests identified by the Duterte Administration. Interestingly, NSP 2017-2021 did not include an attempt to frame the strategic environment, and how this affected the position of the Philippines in that environment. Instead, the framing of the strategic environment was embedded within the list of issues that the Administration identified as constituting the principal security concerns of the Philippines. A much more systematic appreciation of the strategic environment is given in the National Security Strategy that the Administration came out with

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Perspective," *Philippine Quarterly of Culture and Society* Vol. 39, No. 1 (March 2011), pp. 54-76; and, on a specific case, Jorge V. Tigno, "Governance and Making Public Policy in the Philippines: RA 8042 and Deregulating the Overseas Employment Sector," paper presented at the International Conference on Challenges to Development: Innovation and Change in Regulation and Competition held at the EDSA Shangri-La Hotel on 13-15 October 2003 and available at ABSTRACT (ombudsman.gov.ph) and downloaded on 6 December 2020.

6 Renato De Castro has argued that the Philippines has a strategic culture, but it is largely channeled inwards against internal security threats. See Renato C. De Castro, "Philippine Strategic Culture: Continuity in the Face of Changing Regional Dynamics," *Contemporary Security Policy*, Volume 35, Issue 2(2014): 249-269.

7 National Security Policy 2017-2021: For Change and Well-being of the Filipino People, p. 6 available at [www.nsc.gov.ph/attachments/article/NSP/NSP-2017-2022.pdf](http://www.nsc.gov.ph/attachments/article/NSP/NSP-2017-2022.pdf) downloaded on 6 December 2020.

in 2018.<sup>8</sup> To a significant extent, this again seemed to show the reactive nature of security thinking in the country's policy-making circle – emphasizing the issues rather than the strategic bases of these issues.

This observation is also emphasized by the fact that security priorities seemed to change with the change in the Administration in power. It implies a de-emphasizing of the effect of the strategic environment on how Administrations in power made their calculus on what constituted the country's security priorities, and instead gives preference to the main concerns they identify whatever their bases. It was clear from NSP 2017-2021 that similar to the previous NSP, there was recognition of the changing nature of the strategic environment, particularly its geopolitical context. In fact, NSP 2017-2021 makes this much more explicit with a section that discusses “Global and Regional Geopolitical Issues.”<sup>9</sup> And yet, the inclusion and prioritization given to public safety in this NSP seemed to be largely a political decision made by the Administration in power based on President Duterte's own preferences. That issues of law and order are concerns that the Philippine government needs to address is something that cannot be challenged. The urgency and priority that NSP 2017-2021 allocates to it does not seem to be based on any changes in the security environment. President Duterte had pointed to the lack of attention that this issue, particularly on matters pertaining to the illegal drug trade, had been given by previous Administrations. Yet, his own argument as to why this should be given priority is largely based on his personal appreciation of the issue.<sup>10</sup> It would seem that the policy horizon for the NSP is largely determined by the Administration in power, and is largely a political rather than a strategic appreciation of what the security environment of the country looks like.

What is significantly different with the Duterte Administration, however, is that NSP 2017-2021 was actually accompanied by a National Security Strategy 2018 (NSS 2018) which “outlines what is to be done to address our urgent national concerns and how to cope with

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8 National Security Strategy 2018: Security and Development for Transformational Change and Well-being of the Filipino People downloaded from <http://www.officialgazette.gov.ph/downloads/2018/08aug/20180802-national-security-strategy.pdf> on 6 December 2020.

9 Ibid, pp. 13-14.

10 There is still a lack of clarity on what sources the claims made by President Duterte on the prevalence of drug addiction in the Philippines, and the “matrix” he presented at the start of his Administration on who were involved in the illegal drug trade were based on.

the rapidly changing and increasingly complex nature of the national, regional, and global security environment.”<sup>11</sup> The explanation given behind the NSS 2018 completely adheres to Colin Gray’s notion of strategy as an “enabler.” Its drafters made it clear that it constitutes a “roadmap or blueprint for the fulfillment of the national security vision.”<sup>12</sup>

The document is far from being a perfect explication of a strategic vision for the Philippines. For one thing the political objectives remain too closely tied to the Administration in power. This is perhaps more a function of the way the NSP (rather than the NSS) is framed. In this context, it is reflective more of the political culture of the country – which remains personalistic rather than institutional in character. For this reason, it is difficult to project a strategic vision that goes beyond the time horizon of a Presidential Administration. For another, there are still incongruities between the specific political objectives of the Administration as presented in the NSP, and the action programs in the NSS. Nonetheless, the NSS 2018 is a step in the right direction as far as trying to evolve a strategic culture or, more broadly, a habit of strategic thinking in the way the Philippine government conducts its business.

The papers in this volume are for the most part taken from presentations made at the 4<sup>th</sup> Katipunan Conference held on 15-16 August 2019. The Katipunan Conference is held annually as a platform for assessing the strategic environment of the Philippines. In this way, it is a venue where students and practitioners come together to discuss the conditions of the strategic environment within which the Philippines has to navigate its own interests and define its political objectives. In other words, the environment within which the Philippines has to maneuver strategically. The past few years, the Conference has been focused on the transformations taking place in the immediate regional environment of the country, and the responses both of the Philippine government and those of the governments of neighboring countries. Ever since its inception, the Conference series has seen the region in flux, with changes in power dynamics, continuities in economic prospects, and fluidity in the future role of multilateralism and regional institutions. In this period of what seems to be systemic change, there has also been an increasing push and pull on different priority areas as

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11 National Security Strategy 2018, op. cit., p. i.

12 National Security Strategy 2018, op. cit., p. iv.

these changes have seen the broadening in the scope of security issues facing the countries. These issues range from more traditional issues about changing power dynamics and how these impact on geopolitical choices facing the Philippines, to dichotomies between traditional and non-traditional security concerns. That the country faces so many of these choices on a seasonal basis makes it clear that a more strategic approach to these issues is required. Otherwise the Philippines will constantly be preparing for and fighting the latest crisis *after it happens*.

The papers in this collection illustrate the broad scope of issues that the Philippines faces from a security standpoint. They are examples of the continuing struggle to go beyond the immediate problems that the Philippine government is seeking to address, and being able to approach these from a holistic standpoint. Or, to use the more current buzzword in official Philippine circles, the attempt to take an approach from a “whole-of-nation” perspective.

That traditional security issues have increasingly become more significant in the consciousness of security experts is shown in the papers of Naval, Despi, and Manantan. As De Castro’s characterization of the “strategic culture” of the Philippines shows an internal bias because of historical as well as the contemporary context of state-building and social formation in the Philippines,<sup>13</sup> there has always been a tendency among the country’s security framers to focus on internal security problems. A situation which has led to the de-emphasizing of the country’s defense capability, and a dependence on alliance politics to address those issues that emanate from the geographic realities of the Philippines, particularly the predominantly maritime nature of that geography.

Naval emphasizes the historic basis of the maritime territorial disputes in the East China and South China Seas, and the fact that this makes it all the more difficult to find a relatively uncomplicated approach to their resolution. Further complicating the picture is the fact that these issues are not just interconnected geographically (thus making multiple sources of potential flashpoints), they impact on the strategic interests of a number of states in the region (whether or not they are directly involved in the territorial disputes). It is this issue, however, that is fast becoming one of the key geopolitical venues where the most significant factor for change in the international system is

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13 De Castro, *op. cit.*

playing out – the intensifying competition between the United States and China.

Geostrategic factors are likewise emphasized by Despi in her chapter discussing maritime security cooperation. She emphasizes the importance of maritime security cooperation as a key component of regional security cooperation which has been significant attention in documents, declarations, and speeches given by leaders and policy-makers around the region. Nonetheless, the key factor of aligning institutional capabilities to optimize efficiency and effectiveness remains a weakness. Uneven institutional capacities limits the potential of operational cooperation, especially in this era of changing strategic dynamics and ever increasing tensions pushing and pulling at states in the region. In the case of the Philippines, the issue is even more basic as coordination and cooperation between national agencies involved in the oversight of the country's maritime interests continue to fall short of what is needed.

The difficulties of managing the geopolitical and geostrategic implications of a full blown rivalry and competition between the United States and China is an increasingly dominant theme for observers of regional security. Manantan explores the prospect of how the effects of this rivalry could be mitigated by cooperation between other players in the region. Japan and Australia, while treaty allies of the United States, see no interest in the political and economic spillover of this intensifying competition. At the same time, he notes that the multilateral security architecture that has undergirded regional security for the last decade is waning. Minilateral cooperation needs to be explored as an alternative with potential cooperation with Japan and Australia an option that could be further explored by the Philippines.

The spillover effect of that rivalry is the basis of the chapter of Gloria as he discusses the strategic impact of the Belt and Road Initiative of China. Using discourse analysis as a tool, he points to how China's rhetoric about a "shared legacy" seeks to create a shared identity among countries and people around the East Asian region (as well as Central Asia) that allows them to connect their destinies to China. Wittingly or unwittingly this plays into China's furthering of its position in its "status competition" with the United States.

Marcaida's chapter shows how much the discussion on security in the Philippines has emphasized the relationship between the external strategic environment and the internal conditions in the country. She discusses the connection between the drug problem that the Duterte Administration

has identified as the principal security threat to the Philippines, Chinese organized crime syndicates operating in the Philippines, and the bilateral relations between the two countries. She points to how the focus on the South China Sea on matters involving bilateral relations between the Philippines and China has failed to take into account this aspect of the relationship which, ironically, is a key element in the security calculus of the Duterte Administration. Her discussion shows how complex this relationship between the external strategic environment and the internal security condition of the country can be.

The linkages between internal security and external strategic calculations are precisely an area that Lucas and Dalisay seek to give emphasis to in their chapter. With its competition with the United States as a backdrop, China remains uncertain about how its relationship with the Philippines will play out. The adoption of a “three-warfares” approach towards the Philippines would keep the initiative on the side of China, and contribute to keeping the Philippines out of balance. They argue that the Philippines must counter with its own “whole-of-nation” approach in its relationship with China, with an emphasis on strengthening intelligence gathering capabilities.

Castillo’s chapter points to what has been a continuing debate in the security community in the Philippines. Self-reliance on defense-related materials and equipment has been a long-desired objective of many in the military services. Close allies or not, reliance on the United States for military technology has not seen any marked improvement in the external defense capability of the country. The development of a defense industry will not only respond to this aspiration for increasing defense self-reliance, but also go a long way towards contributing to a more strategic appreciation of the country’s position in the evolving strategic environment.

The final chapter is a tribute to one of the foremost scholars on Philippine national security, particularly as it pertains to the strategic environment, the role of China in the transformation of that environment, and how the Philippines should address its own role within that environment. Aileen S.P. Baviera had always championed the idea of a Philippines that should be more strategically prepared and informed in how to navigate its geopolitical environment. The chapter of Bandong, Bernardo, and Garriga captures her lifelong commitment to this endeavor to push the adoption of a more strategic mindset among Filipino policy-makers. This book is an attempt to continue that legacy.







# **MARITIME SECURITY**



# THE SOUTH CHINA SEA AND EAST CHINA SEA DISPUTES: JUXTAPOSITIONS AND IMPLICATIONS FOR THE PHILIPPINES<sup>1</sup>

by Jaime B. Naval, MPP

## Abstract:

While different in many ways, the East China Sea (ECS) and the South China Sea (SCS) disputes share common and related features. There is no real natural geographical subdivision of the two disputed areas as together they are part of the larger bio-regional community. Though involving different claimant countries, the disputes do not only affect or threaten the littoral states but even other stakeholders.

As has been proven on many occasions, without any equitable interim bilateral or multilateral *modus vivendi*, ECS and SCS claimants risk further intensifying their respective disputes and the possibility of miscalculated hostilities. Despite the dissimilarities, ECS disputants can learn from what transpires in the SCS dispute, and vice-versa.

It is imperative to continue framing the narrative of the disputes within the ambit of the rule of law, non-use of force and regional superordinate. The Philippines can do no less than to be vigilant on its own and to be watchful together with others. It gains even more strength and influence by counting not only on one dominant ally but by seeking common cause with a larger consortium of concerned actors.

**Keywords:** South China Sea dispute, East China Sea dispute, Philippine national security, regional security, strategic studies

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## Introduction

The East China Sea (ECS) and the South China Sea (SCS) are adjoining bodies of water strategically connecting the littoral states of the larger East Asia.<sup>2</sup> Both serve as vital sealanes not only in the sub-region but also to and from the Pacific Ocean and the Indian Ocean. Aside from their rich marine resources, both seas are believed to wield significant oil and natural gas reserves.

In the ECS, the dispute concerning the Diaoyu/Diaoyutai/Senkaku islands (DDS) prominently pits China alongside Taiwan against Japan.<sup>3</sup> The SCS, on the other hand, is the locus of overlapping, multi-state maritime claims. Various assertive civilian and military measures conjoined with select third party activities muddle the disputes.

The rival claims in the ECS and SCS highlight not only the efforts of claimant states to pursue purported vital interests. As domestic dynamics in the surrounding states are subject to change, claimant posturings in the disputed waters change as well. Alongside, economic development, leadership continuities and successions, and patriotic motives adjust to the fluctuant international environs.

China and the United States loom largely in the contextual regional landscape. China is not only the ginormous claimant on both seas under discussion, it is the most assertive, if not militant, and comprehensively capable. Meanwhile, the US, as an established lone superpower in the post-Cold War period, naturally seeks to perpetuate its privileged position particularly via its liberal interpretation of freedom of the seas which connects to its ability to project itself to influence events.<sup>4</sup> This interpretation is furthermore undergirded via certain obligations of defense treaties the US separately maintains with

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2 For the purposes of this research, East Asia collectively consists of two sub-regions, Northeast Asia and Southeast Asia. China, Taiwan, Japan and the two Koreas (North Korea and South Korea) comprise Northeast Asia. The ten ASEAN member nations (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam) plus East Timor are the nations constituting Southeast Asia. The East China Sea (ECS) would refer to the larger body of water where the Diaoyu/Diaoyutai/Senkaku islands (DDS) dispute is embedded.

3 Tadashi Ikeda, "Getting Senkaku History Right", <https://thediplomat.com/2013/11/getting-senkaku-history-right/>, and Harry Kazianis, "Senkaku/Diaoyu Islands: A 'Core Interest' of China," <https://thediplomat.com/2013/04/senkakudiaoyu-islands-a-core-interest-of-china/>.

4 Congressional Research Service, "China's Actions in South and East China Seas: Implications for US Interests and Issues for Congress," updated January 31, 2019, <https://fas.org/sgp/crs/row/R42784.pdf>, 5.

Japan<sup>5</sup> and the Philippines,<sup>6</sup> and the special relations the US has with Taiwan.<sup>7</sup>

### Focus of the Study

The Philippines is not exempted from the continuing changes in the larger geo-strategic landscape. In a number of ways it is even a contributing factor to the regional geopolitical dynamics. President Rodrigo Duterte's administration's version of "independent foreign policy" is no less vividly demonstrated by the way it conducts relations with China, and is most manifested in the South China Sea dispute.

Despite the "massaging practice" in the Association of Southeast Asian Nations (ASEAN), i.e. efforts to shun and sweep the issue under the rug, the SCS is a real, present and dangerous problem affecting the politics and, undeniably, other countries with various interests in the region. The same problem set encompasses the DDS in the ECS albeit seemingly less given the fewer number of direct protagonists. The SCS and ECS disputes spell a knotty challenge to direct disputants and other stakeholders. They are tinderboxes awaiting the spark that could cause a massive conflagration or perhaps the slow burn that can banish the fragile status quo.

For the Philippines, as a major SCS claimant, and as a country standing directly in the path of the SCS-ECS storms, there is a need

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5 The United States, on several occasions, categorically stated that the Senkakus are covered by the US-Japan Treaty of Mutual Cooperation and Security. See, for example: (a) "Obama: Senkakus Covered Under US-Japan Security Treaty", <https://thediplomat.com/2014/04/obama-senkakus-covered-under-us-japan-security-treaty/>; and, (b) "Mattis: US will defend Japanese islands claimed by China" February 4, 2017, <https://edition.cnn.com/2017/02/03/asia/us-defense-secretary-mattis-japan-visit/>.

6 Likewise, the US has reiterated on a number of times its commitment to defend the Philippines consonant to the terms of the 1951 RP-US Mutual Defense Treaty. For example, US Secretary of State Mike Pompeo stated during his visit to the Philippines in March 2019 stated: "As the South China Sea is part of the Pacific, any armed attack on any Philippine forces, aircraft, or public vessels in the South China Sea will trigger mutual defense obligations under Article 4 of our Mutual Defense Treaty". See <https://www.rappler.com/nation/224668-pompeo-says-south-china-sea-covered-philippines-us-mutual-defense-treaty>.

7 This is by virtue of the Taiwan Relations Act (TRA) which provides the general bases governing the US' relations with Taiwan and lays down the framework for America's policy of "strategic ambiguity" meant to dissuade Taiwan from unilaterally declaring independence, on one hand, and to fend off Mainland China from unilaterally consolidating Taiwan with the PRC (see particularly Section 2.b.4.).

to look closely into these cases, draw lessons and insights from them and evaluate their respective, even combined, implications.

### Objectives of the Research

The research seeks to study the SCS and ECS cases, particularly, to: (a) examine the origins and/or bases of the disputes; (b) compare and contrast the disputes, especially, via evaluating the progressions and/or retrogressions of the disputants' apposite policies and practices through time, particularly, from the 1970s to the present; (c) identify the possible repercussions which the disputes may yield, particularly, as they would affect the Philippines; and, (d) proffer policy-relevant directions or actions which the Philippines may consider consonant to its long-term national and regional interests.

Undoubtedly, the South China Sea and the East China Sea disputes are two of the most intractable maritime disputes in our present time. Both disputes span, at least, several decades. Both concern complex relationship dynamics. Both have history, resources, and geostrategic roles impinging not just on the claimants and other littoral states. Both witness a variety of militant measures and strategies among claimants who can be foes who threaten each other or at other times choose to be friends in other respects. How far, however, the balancing act or at least the modicum of restraining oneself can be expertly maintained is subject to many factors.

### The East China Sea Dispute

#### Names, Names, Names

Historical enmity combined with rising nationalist and material interests have led one analyst to proclaim that "if there's a flashpoint to ignite a third Sino-Japanese War, it will be the ownership of the Diaoyu Islands in the East China Sea."<sup>8</sup> The group of eight uninhabited ECS islets is known to the Chinese as the Diaoyu ("fishing islands"),<sup>9</sup>

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8 Ralf Emmers, *Geopolitics and Maritime Territorial Disputes in East Asia* (Oxon: Routledge, 2010), 50 citing Unryu Suganuma, *Sovereign Rights and Territorial Space in Sino-Japanese Relations: Irredentism and the Diaoyu/Senkaku Islands*, (Honolulu: University of Hawaii Press, 2000), 151.

9 Ji Guoxing, "The Diaoyudao (Senkaku) Dispute and Prospects for Settlement," *The Korean Journal of Defense Analysis* 6, no. 2 (March 2009): 287.

and Diaoyu dao or Diaoyutai (fishing platform).<sup>10</sup> To the Japanese they are known as Senkaku (“pointed house”).<sup>11</sup> The Diaoyu/Diaoyutai/Senkaku (DDS) isles cover an area of about seven square kilometers. They lie 120 nautical miles northeast of Taiwan, about 200 miles east of China mainland coast, and about 200 miles southwest of Okinawa, Japan.<sup>12</sup>

### Claims and Bases of Contentions

Both China and Taiwan invoke the principles of historical discovery and usage going back as far as the Ming Dynasty.<sup>13</sup> Beijing posits that the features were first discovered by Chinese fishermen traversing the Ryukyu/Nansei Island chain.<sup>14</sup> China and Taiwan insist “from 1372 to 1895, the country maintained a ‘continuous and peaceful display of territorial sovereignty’”.<sup>15</sup>

Under the Treaty of Shimonoseki following the end of the Sino-Japanese War in 1895, the islands were ceded to Japan. China argues that this was reversed in 1943 by the Cairo Declaration which demanded the return of the territory claimed by Japan through “violence or greed”.<sup>16</sup> Article 8 of the Potsdam Declaration of 1945 maintained “the terms of the Cairo Declaration shall be carried out and Japanese sovereignty shall be limited to the islands of Honshu, Hokkaido, Kyushu, Shikoku and such minor islands as we determine.”<sup>17</sup>

Japan contends it legally acquired the islands in January 1895.<sup>18</sup> It

10 Diaoyu dao is actually the name given to the largest island in the group. Godfrey Baldacchino, “Diaoyu Dao, Diaoyutai or Senkaku? Creative Solutions to a Festering Dispute in the East China Sea from an ‘Island Studies’ perspective,” Ji Guoxing, “The Diaoyudao (Senkaku) Dispute and Prospects for Settlement,” *The Korean Journal of Defense Analysis* <https://onlinelibrary.wiley.com/doi/full/10.1111/apv.12111>.

11 Ji Guoxing, “The Diaoyudao,” 292.

12 Ji Guoxing, “The Diaoyudao,” 286, and Thomas Hollihan, *The Dispute Over the Diaoyu/Senkaku Islands* (New York: Palgrave MacMillan, 2014), 1.

13 See, for example, E. S. Downs and P. C. Saunders, “Legitimacy and the Limits of Nationalism: China and Diaoyu Islands” in M. E. Brown, O. R. Cote, Jr., S. M. Lynn-Jones, and S. E. Miller (eds.), *The Rise of China: An International Security Reader* (MA: MIT Press, 2000), 52.

14 Emmers, *Geopolitics*, 49.

15 Emmers, *Geopolitics*, 49 citing Cheng Tao, “The Sino-Japanese Dispute,” 259, and Hollihan, *Dispute Over the Diaoyu/Senkaku Islands*, 4.

16 Emmers, *Geopolitics*, 49 citing Kimie Hara, *Cold War Frontiers in the Asia-Pacific: Divided Territories in the San Francisco System* (New York: Routledge, 2007),

17 See Potsdam Declaration, <https://www.ndl.go.jp/constitution/e/etc/c06.html>.

18 Emmers, *Geopolitics*, 49 citing Valencia, “The East China Sea Dispute” p. 152.

claims ownership stemming from a series of surveys of the archipelago in 1885 by the government of the Okinawa Prefecture. The islands were found to be unoccupied, and showed no evidence that they have ever been under the control of another nation.<sup>19</sup> By 1896, Japan leased the islands to Koga Tatsuhiko who, for 30 years, ran a fish and bird canning industry there. Japan also incorporated the islands into Japanese local administrative units.<sup>20</sup>

Up until the ancient and historic part of the claim, China and Taiwan mutually agreed. From 1943 onwards, however, the basis of the claims for control of the islands offered by the PRC and the ROC showed qualitative divergence. Taiwan invokes the Cairo Declaration which states: “Japan shall be stripped of... all territories Japan has stolen from the Chinese.”<sup>21</sup> Hollihan contended that as the PRC did not sign either the 1951 Multilateral Peace Treaty or the 1952 Treaty of Peace between the ROC and Japan, it rejected the legitimacy of both treaties and did not use either as a basis for its claim of ownership over the disputed islands.<sup>22</sup> The PRC insists that Taiwan is a province of China and is an indivisible part of the motherland.<sup>23</sup>

### The US and Its DDS Involvement

In the 1950s, Japan leased the DDS to the American Civil Administration for military exercises. Japan cited this as the basis of the inapplicability of the Treaty of Shimonoseki. It further asserted that the Shimonoseki, Cairo, Potsdam, and San Francisco treaties all appear to be unclear on the DDS issue as there was no specific mention of it and that the only treaty that explicitly lists the islands is the 1971 Okinawa Reversion Treaty.<sup>24</sup>

Following the end of WW2 and the rise of communism in the region, China became a serious threat to the US. Washington firmed

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19 Hollihan, *Dispute Over the Diaoyu/Senkaku Islands*, 4. Emmers, *Geopolitics*, 49 citing Cheng Tao, “The Sino-Japanese Dispute,” 244.

20 Emmers, *Geopolitics*, 49 citing Cheng Tao, “The Sino-Japanese Dispute,” 247.

21 Hollihan, *Dispute Over the Diaoyu/Senkaku Islands*, 5 citing Han-Yi Shaw, “The Diaoyutai/Senkaku Islands Dispute: Its History and an Analysis of the Ownership Claims of the P.R.C., R.O.C., and Japan,” *Occasional Papers/Reprint Series in Contemporary Asian Studies* 3, no. 152 (1999), 39.

22 Hollihan, *Dispute Over the Diaoyu/Senkaku Islands*, 5.

23 See paragraph 8 of the Potsdam Declaration of July 26, 1945, <http://www1.udel.edu/History-old/figal/hist371/assets/pdfs/potsdam.pdf>.

24 Emmers, *Geopolitics*, 49.



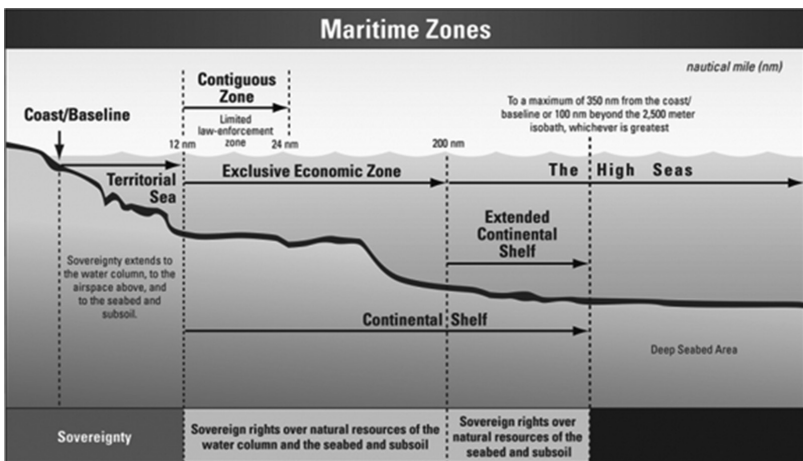
up ties with Tokyo as part of a countervailing strategy vis-a-vis Beijing and Moscow. Okinawa increased in its strategic value such that when the San Francisco Treaty was drafted, the US retained control of Okinawa and the DDS. But when Richard Nixon sought to normalize ties with China in the 1970s, Washington's established position became untenable. The US ultimately rebuffed itself in 1972 as it announced that only "administrative rights" over the DDS were transferred to Japan in the 1971 Reversion Treaty. On many occasions, however, the US categorically stated by virtue of its treaty obligations, it will defend Japan.

### UNCLOS "Unclarifying"

The advent of the UNCLOS further flustered the already complex situation. With the issue of sovereignty undecided, border demarcation between China and Japan in the ECS has been left hanging in the air. Per UNCLOS, islands are subject to the normal maritime zones afforded coastal states up to, namely: a 12-nautical mile territorial sea (Section 2), a 12-nautical mile contiguous zone (Section 4), a 200-nautical mile exclusive economic zone (Part V), and a 350-nautical mile continental shelf (Part VI).

Determination of the said regimes is, however, dependent on the drawing of baselines. UNCLOS' Article 121, Paragraph 3 sets out:

Figure 1: The Maritime Zones per UNCLOS



Source: <https://mainelaw.maine.edu/faculty/south-china-sea-arbitration/maritime-zones/>.

Retrieved 05 August 2019

"Rocks which cannot sustain human habitation or economic life

of their own shall have no exclusive economic zone or continental shelf.” Japan treated the DDS as islands qualified to generate both an EEZ and a continental shelf. In contrast, China maintained that the DDS features should be considered as rocks, and believes that the continental shelf is a natural extension of its own continental territory. If this is upheld, it would support the view that the Okinawa Trough should be used as the natural marker dividing the two countries’ continental shelves and push the maritime border closer to Japan, thus the basis for China’s insistence that “[t]he People’s Republic of China has inviolable sovereignty over the East China Sea continental shelf.”<sup>25</sup>

### DDS Features, Stakes and Dynamics

The surrounding waters of the DDS cluster of islands are reputedly rich in fishery resources such as mackerel, bonito, and lobsters. Camellias, palms, cactus, and sea lotus, many known for their medicinal properties, may be found in the islands.<sup>26</sup> Interest on the DDS’ oil and gas resources intensified following the succession of reports of its potential energy deposits. The Hiroshi Niino and K. O. Energy company in 1967 considered the ECS to be “one of the most potentially favourable but little investigated” continental shelves worldwide.<sup>27</sup> In 1969, the UN Economic Commission for Asia and Far East reported that the surrounding region may contain one of the most prolific oil and gas reserves in the world,<sup>28</sup> possibly comparable with the Persian Gulf area.<sup>29</sup> Given China’s strident protestations to Japan’s claimed jurisdiction, the two sides agreed to shelve the dispute and “virtually all exploration activities throughout the Yellow Sea and the East China Sea came to a stop by the middle of April 1971.”<sup>30</sup>

In the 1970s, relations between Japan and China benefited from symbiotic economic interests. To moderate Middle East oil dependence,

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25 Ji Guoxing, “Maritime Jurisdiction in the Three China Seas,” 10 citing “Statement by Chinese MFA, 13 June 1977”, *Beijing Review*, June 17, 1977, 17.

26 Ji Guoxing, “The Diaoyudao,” 286.

27 Emmers, *Geopolitics*, 57, citing Selig S. Harrison, *China, Oil, and Asia: Conflict Ahead? A Study from the Carnegie Endowment for International Peace* (New York: Columbia Press, 1977), 174.

28 Ji Guoxing, “The Diaoyudao,” 286.

29 Emmers, *Geopolitics*, 57, citing Suganuma, *Sovereign Rights and Territorial Space*, 129.

30 Emmers, *Geopolitics*, 57, citing Unryu Suganuma, *Sovereign Rights*, 133.

Japan bought crude oil from then exporting China. On the other hand, China was seeking advanced technologies. Cooperation flourished until the 1990s when China became a net oil importing country.

Domestic factors had periodically pricked Sino-Japan relations. In 1978, for example, as Beijing and Tokyo were negotiating their Peace and Friendship Treaty, Japanese politicians demanded that the DDS be resolved first before the proposed treaty was signed. The right-wing Japanese Youth Federation erected a lighthouse in the DDS. Scores of Chinese fishing boats sailed in the disputed area to protest.

The years 2004 through 2009 witnessed numerous rounds of failed bilateral talks. Tokyo earned the ire of Beijing in September 2007 and Taipei in June 2008 following collisions of Japanese coast guard ships with Chinese and Taiwanese fishing vessels. In 2011, a standoff followed an order for the Japan coast guard to block Taiwanese activists keen on traversing contested waters.

After Japan's landmark purchase of the islands in September 2012 from the Kuriharas, more Taiwanese and Chinese fleets attempted to breach the Japanese-patrolled perimeter leading to water cannon scuffles. Taiwan eventually stepped back to arrest further damage to the relations.<sup>31</sup> Taiwan also announced it will not align with mainland China on the dispute.<sup>32</sup> Despite this, some 16 rounds of bilateral fisheries negotiations from 1996 to 2012 had to wait until April 2013 when both parties reached agreement which, as expected, China opposed.<sup>33</sup>

Chinese protests in the mainland degenerated into anti-Japanese violence.<sup>34</sup> Japan terminated defense exchanges with China. PRC surface vessels intensified incursions in the DDS area (see Figure 2). Thereafter, Japan had to scramble even more with foreign aircraft transgressing its claimed airspace (see Table 1).<sup>35</sup>

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31 International Crisis Group, "Dangerous Waters: China-Japan Relations on the Rocks," 52, citing "Diaoyutai Voyage Should Not Affect Fishery Talks: MOFA", Central News Agency, January 24, 2013.

32 International Crisis Group, "Dangerous Waters," 52, citing "Taiwan insists it will not collaborate with China on the Diaoyutais", Central News Agency, February 19, 2013.

33 "Senkaku/Diaoyu Islands dispute: Timeline", <http://cscubb.ro/cop/senkakudiaoyu-islands-dispute-timeline/#.XdrPzDIzb0e>.

34 See, for example, "Anti-Japan Protests in China Swell, Turn Violent". The Huffington Post, September 15, 2012; and, "China Struggles to Curb Anger as Protesters Denounce Japan". Reuters. September 16, 2012.

35 "Back to the Future". The Economist. January 5, 2013, <https://en.wikipedia.org/wiki/>

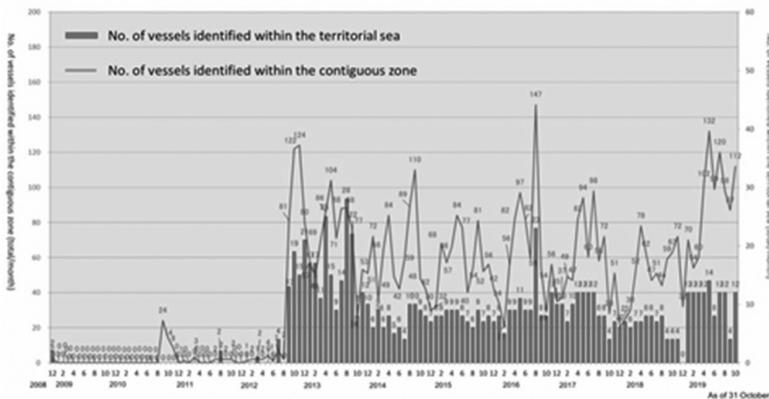
**Table 1: Number of Scrambles of Japan Air Defense Force, by Country (2012-2016)**

Country/Fiscal Year	2012	2013	2014	2015	2016
China	306	415	464	571	851
Taiwan	1	1	1	2	8
North Korea	0	9	0	0	0
Russia	248	359	473	288	301
Others	12	26	5	12	8
Total	567	810	943	873	1168

Source: Japan Ministry of Defense, Joint Staff Press Release in [https://www.mod.go.jp/js/Press/press2017/press\\_pdf/p20170413\\_02.pdf](https://www.mod.go.jp/js/Press/press2017/press_pdf/p20170413_02.pdf)

On November 23, 2013, China unveiled its first air defense identification zone (ADIZ) which significantly overlaps with Japan's and South Korea's. While not rigidly strict in enforcing its ADIZ claim, China has not relented in challenging Japan in the ECS airspace.

Tension between the leading rival ECS powers continues as they upgrade their military capabilities. From 2012 up to 2016, reported

**Figure 2: DDS Incursions from Japan's Standpoint**

Source: Japanese Ministry of Foreign Affairs in <https://www.mofa.go.jp/files/000465486.pdf>. Retrieved 15 November 2019.

Chinese air force incursions soared from 306 to 851. Japan's Ministry of Defense noted that although Chinese air incursions went down 41 percent

in 2017, it increased in 2018 and continued to go up until June 2019.<sup>36</sup>

### The South China Sea Dispute

#### Significance and Bio-Physical/Resources Features

The South China Sea (SCS) is a semi-enclosed body of water connecting East-South East Asia to the rest of the world. Constricting SCS ingress and egress would affect both littoral and non-littoral states. Commercial shipping routes pass through the SCS which connect the Western Pacific to the Indian Ocean and the Persian Gulf. An estimated USD 3.4 trillion to USD 5.3 trillion worth of international shipping trade passes through the SCS each year.<sup>37</sup> Northeast Asia relies heavily on the flow of oil and commerce through South China Sea shipping lanes, including “more than 80 percent of the crude oil [flowing] to Japan, South Korea, and Taiwan.”<sup>38</sup> About a third of global crude oil and more than half of LNG trade traverses through the SCS, according to the US Energy Information Administration.<sup>39</sup> The SCS covers vital sealanes of communication facilitating deployment and movement of power projection assets.

The South China Sea is believed to contain 11 billion barrels of proven and possible oil reserves, and “with an estimated 190 TcF (trillion cubic feet) of proven and probable natural gas.”<sup>40</sup> The energy promise of the South China Sea, however, is not enough to warrant

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36 “Tensions in the East China Sea,” <https://www.cfr.org/interactive/global-conflict-tracker/conflict/tensions-east-china-sea>. For the chart showing the specific statistics, see [https://www.mod.go.jp/js/Press/press2019/press\\_pdf/p20190726\\_02.pdf](https://www.mod.go.jp/js/Press/press2019/press_pdf/p20190726_02.pdf).

37 “US-China Strategic Competition in South and East China Seas: Background and Issues for Congress”, updated August 23, 2019, [https://www.everycrsreport.com/files/20190823\\_R42784\\_9dca21d69de753521c71cb9e9446653b0b3ed2b1.html#fn17](https://www.everycrsreport.com/files/20190823_R42784_9dca21d69de753521c71cb9e9446653b0b3ed2b1.html#fn17) citing “How Much Trade Transits the South China Sea?” <https://chinapower.csis.org/much-trade-transits-south-china-sea/>. For the higher international shipping trade valuation, see “How Much Trade Transits the South China Sea”, <https://chinapower.csis.org/much-trade-transits-south-china-sea/>.

38 “US-China Strategic Competition in South and East China Seas: Background and Issues for Congress”, updated August 23, 2019, [https://www.everycrsreport.com/files/20190823\\_R42784\\_9dca21d69de753521c71cb9e9446653b0b3ed2b1.html#fn17](https://www.everycrsreport.com/files/20190823_R42784_9dca21d69de753521c71cb9e9446653b0b3ed2b1.html#fn17) citing “The South China Sea Is Fabled for Its Hidden Energy Reserves and China Wants to Block Outsiders Like the US from Finding Them,” Business Insider, November 13, 2018, and Department of Defense, Asia-Pacific Maritime Security Strategy, undated but released August 2015, 5.

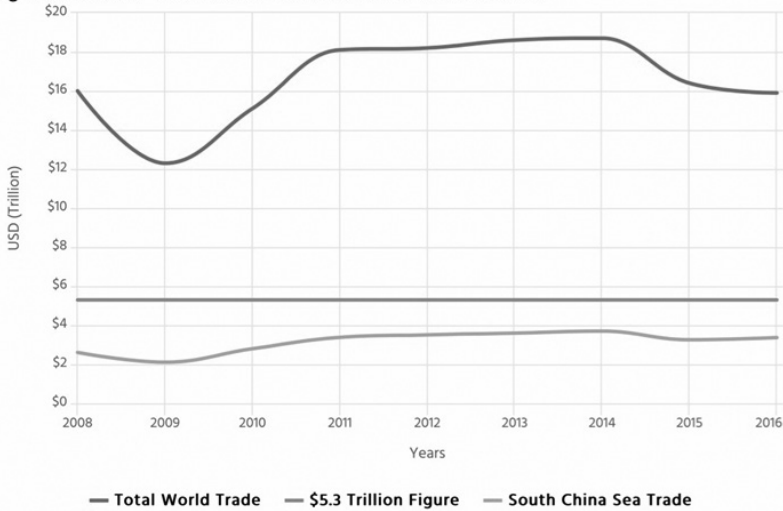
39 Nick Cunningham, “Dispute Over South China Sea Is About More Than Oil And Gas, And Far From Over,” July 12, 2016, <http://energyfuse.org/dispute-south-china-sea-oil-gas-far/>.

40 Refer to <http://www.forbes.com/sites/jeremymaxie/2016/04/25/the-south-china-sea-dispute-isnt-about-oil-at-least-not-how-you-think/2/#5100713760f5>.

China's SCS militancy. Much of the reserves are believed to be located along undisputed areas, i.e. those along the coasts.<sup>41</sup>

The SCS teems with marine resources. Historically, it has been an important source of seafood for the region, where “over 3 million

Figure 3: South China Sea Trade vis-a-vis World Trade



Source: <https://chinapower.csis.org/much-trade-transits-south-china-sea/> citing CSIS China Power, IMF Direction of Trade Statistics Project

people per day rely on fishing for their main income sources.”<sup>42</sup> It is biologically diverse being home to no less than 3,365 species.<sup>43</sup> It is one of the top five most productive fishing zones in the world by total annual marine production.<sup>44</sup>

41 Nick Cunningham, “Dispute Over South China Sea”.

42 See <http://www.oceanrecov.org/news/ocean-recovery-alliance-news/boom-or-bust-the-future-of-fish-in-the-south-china-sea.html>.

43 “Boom or Bust,” 1, citing J. E. Randall and K. K. P. Lim, “A Checklist of the Fishes of the South China Sea” in *The Raffles Bulletin of Zoology* Supplement 8: 569-667 (2000).

44 “Boom or Bust,” citing J. W. McManus, K. T. Shao and S. Y. Lin, “Toward Establishing a Spratly Island International Marine Peace Park: Ecological Importance and Supportive Collaborative Activities with an Emphasis on the Role of Taiwan” in *Ocean Development and International Law* 41 (2010).

### Complexities, Claimants and Justifications

At the outset, Taiwan, mainland China, and Vietnam anchored their respective claims on historic grounds. The PRC and the ROC originally had the same bases of claims and were understood to be one and the same--first discovery and continuous involvement.<sup>45</sup> Vietnam similarly cited history dating as far back as King Thanh Tong's rule in the 15th century when it began to administrate the Spratlys.

The dateline, however, is interspersed by periods of European and Japanese interventions. The French, for example, took possession of the area in the 1930s as part of its colonial administration over Vietnam. Japan reputedly used Itu Aba, the largest feature in the Spratlys as a submarine and naval base in support of its invasion of the Philippines and other attacks in Southeast Asia.<sup>46</sup> After its defeat in WW2, however, Japan left the archipelago unoccupied.<sup>47</sup>

The Chiang Kai-shek government's map of December 1947 depicted the now legendary nine-dash line claim (nee eleven-dash line). The ROC forces firstly occupied Itu Aba, breaking the ground for modern claimant military occupation in the Spratlys then in the Paracels. In December of the same year, the CCP announced it had annexed the Paracels and Spratlys into Guangdong Province.<sup>48</sup> Following the Nationalists' defeat in the mainland, the ROC abandoned many of the maritime features in the area.

The Cold War, however, precluded Mao's China from occupying the vacant SCS features. The PRC presence in Itu Aba ended in 1950.<sup>49</sup> In the San Francisco Peace Treaty, Japan waived all its claims in the disputed archipelagoes but did not identify the rightful successor prompting Zhou En-lai to submit the PRC's formal claim in 1951.

The Philippines joined the SCS fracas through the daring act of a private citizen, Tomas Cloma, who on May 15, 1956, made public his "discovery and/or occupation" allegedly since 1947 of "Freedomland"

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45 Emmers, *Geopolitics*, 67.

46 Emmers, *Geopolitics*, 67, citing Stein Tonnesson, "An International History of the Dispute in the South China Sea," EIA Working Paper No. 71, 2001; and, Bob Catley and Makmur Keliat, *Spratlys: Dispute in the South China Sea* (Aldershot: Ashgate, 1997), 70.

47 Emmers, *Geopolitics*, 67.

48 Emmers, *Geopolitics*, 67.

49 Emmers, *Geopolitics*, 67.

(Kalayaan).<sup>50</sup> In October 1956, ROC elements challenged the vessels being led by Capt. Filemon Cloma, the younger brother of Tomas. The Taiwanese reportedly burned or removed all structures Cloma's men built on the other islands. The ROC succeeded in retaking Itu Aba.<sup>51</sup>

Vietnam's north-south divide compounded the issue. North Vietnamese Premier Pham Van Dong formally acknowledged Chinese sovereignty in the Paracels and the Spratlys in 1958. The PRC issued its "Declaration on the Territorial Waters"<sup>52</sup> in the same year which South Vietnam opposed.

The Middle East oil crisis of the 1970s, Vietnam's reunification, and growing Sino-US rapprochement rekindled militancy in the SCS. Then Philippine President Ferdinand Marcos laid direct claim to the island features on the basis of *res nullius*, occupation and effective administration.

In January 1974, China launched military action against South Vietnam before the anticipated fall of Saigon. In 1975, Hanoi renewed its stake in the Paracel and Spratly island groups citing historical claims of discovery and occupation.<sup>53</sup> Malaysia joined the fray in October 1977 as it placed sovereignty markers on its claimed features in the Spratlys.

In June 1978, President Marcos issued Presidential Decree 1596 which claimed the "Kalayaan Island Group" (nee Cloma's Freedomland) by reason of proximity, by being part of the Philippines' continental margin, by legally not belonging to any state or nation, and by lapsed claim or abandonment by other states.<sup>54</sup>

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50 Jose V. Abueva, Arnold P. Alamon and MA. Olivia Z. Domingo, Admiral Tomas Cloma: Father of Maritime Education and Discoverer of Freedomland/Kalayaan Islands (Quezon City: NCPAG Center for Leadership, Citizenship and Democracy, 1999), 37.

51 Emmers, *Geopolitics*, 68.

52 "Declaration of the Government of the People's Republic of China on China's Territorial Sea (Beijing, September 4, 1958," <https://www.documentcloud.org/documents/1341822-declaration-of-the-government-of-the-prc-on.html#:~:targetText=PRC%20Declaration%20of%20the%20Government%20of%20the%20PRC%20on%20China's%20Territorial%20Sea%201958&targetText=In%201958%2C%20the%20People's%20Republic,sea%2C%20measured%20from%20its%20baselines.>

53 Emmers, *Geopolitics*, 68, and Severino, "The Philippines and the South China Sea", 181

54 Presidential Decree No. 1596, s. 1978, <https://www.officialgazette.gov.ph/1978/06/11/presidential-decree-no-1596-s-1978/>.



In December 1979,<sup>55</sup> Malaysia released a new map and invoked its claim based on the principle of continental shelf extension, and proximity of its claimed features to the Malaysian mainland, thus, national security.<sup>56</sup>

For its part, Brunei since 1984 claimed an “exclusive fishing zone” and a continental shelf projected from its coastline into the South China Sea. Poling detailed Brunei’s legal claim as based on: (1) its maritime boundaries with Malaysia consonant to two British Orders in Council in 1958; (2) the extension of said boundary as an EEZ out to 200 nautical miles, announced in 1982 and accepted by Malaysia in 2009; and, (3) the extension of those boundaries for an extended continental shelf, approximately 60 nautical miles farther according to an official 1988 map.<sup>57</sup>

### The UNCLOS Game Changer

As if the SCS saga has not been complicated enough, the unilateral actions met their game changer in the UN Convention on the Law of the Sea (UNCLOS) which entered into force in 1994. Among others, UNCLOS defines the rights and limits, especially, on maritime claims which now had a set standard of delineation from the coastlines.

All claimants in the SCS dispute are parties to the Convention, and are bound to conform and comply with its provisions. Thus, there was a flurry of efforts to make claims as far as possibly consistent with UNCLOS.<sup>58</sup> But even as claimants try to harmonize their claims with the Convention, except for Brunei, all persisted in keeping their military presence in the disputed features.

### The Saga Continues

In March 1988, following a series of deployments in the Spratlys, Chinese and Vietnamese forces opened fire at each other along Johnson Reef. Some 60 plus Vietnamese soldiers were reportedly killed. In late 1994, the Chinese-built permanent octagonal-shaped structures along

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55 Severino, 181.

56 Severino, “The Philippines and the South China Sea”, 181, and Emmers, *Geopolitics*, 69 citing Catley and Keliat, *Spratlys: Dispute in the South China Sea*, 35.

57 Greg Poling, *The South China Sea: Clarifying the Limits of Maritime Dispute* (New York: CSIS, 2013), 7-8.

58 Severino, “The Philippines and the South China Sea,” 184-190, and Poling, *The South China Sea*, 7-8.

Mischief Reef which was well within the Philippines' 200 nautical mile EEZ (as opposed to more than 500 nautical miles from Hainan, China's nearest point to the Spratlys), purportedly to serve fishermen during inclement weather or disaster.

China's SCS adventurism by igniting diplomatic notes verbale and calls for negotiation appeared to have become more resolute. In April 2012 Chinese fishermen backed up by maritime authorities would thrust the PRC more rigidly in the SCS and into the hitherto undisputed Scarborough Shoal.<sup>59</sup> The Philippines claimed that this was a "violation of sovereignty and territorial integrity" of the country.<sup>60</sup>

In September 2013, the PRC carried out an extensive landfilling cum construction campaign on a number of reefs in the Spratlys. Bilateral exchanges, much preferred by China, seemed to simply buy for it time for the next incremental adventurism.

In March 2014, the Philippine government shifted its SCS campaign and filed a case against China at the Permanent Court of Arbitration (PCA). In July 2016, the PCA ruled, among other items, that China's claims to historic rights "to the maritime areas of the South China Sea encompassed by the relevant part of the 'nine-dash line' are contrary to the Convention" and, thus are invalid.<sup>61</sup>

### Upending Philippine Policy

Despite the PCA victory, the Philippines, now led by President Duterte, was conspicuously somber in its reception of the ruling - no celebration at all on the landmark victory.<sup>62</sup> Then Acting Foreign Affairs Secretary Perfecto Yasay even called for "restraint and sobriety."<sup>63</sup>

Rather than take advantage of the favorable PCA ruling, President

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59 Marites D. Vitug, *Rock Solid: How the Philippines Won Its Maritime Case Against China* (Quezon City: Bughaw, 2018), 52-59.

60 Vitug, *Rock Solid*, 53.

61 PCA Case No 2013-19, 117, <https://pca-cpa.org/wp-content/uploads/sites/6/2016/07/PH-CN-20160712-Award.pdf>.

62 For a fuller discussion on the this and attendant issues, see J. B. Naval, "South China Sea: Transitions, Recalibrations and Redirections", keynote speech at the Jefferson Fellows' "Forum on the South China Sea: Transitions, Recalibrations and Re-Directions" organized by the East-West Center and the UP College of Mass Communications on 24 May 2017 at the University of the Philippines, Diliman, Quezon City.

63 See "Region facing uncertainty after South China Sea ruling" in [http://country.eiu.com/article.aspx?](http://country.eiu.com/article.aspx?articleid=404411624&Country=Philippines&topic=Politics)

[articleid=404411624&Country=Philippines&topic=Politics](http://country.eiu.com/article.aspx?articleid=404411624&Country=Philippines&topic=Politics) (13 July 2016).

Duterte executed a volte-face by subsequently announcing his “separation” from the United States and declaring he was casting his lot with China and Russia. His submissive demeanor to China was illustrated by a number of events. In April 2017, Duterte backed down on his threat to raise the flag in Pagasa Island, the largest of the features occupied by Philippine troops. While on an official visit to Riyadh, he announced that “because of our friendship with China and because we value your friendship I will not go there to raise the Philippine flag... They [China] said, do not go there in the meantime, just do not go there please.”<sup>64</sup>

The Duterte administration effectively followed an appeasement policy with China. It has been wild and vitriolic against countries such as Australia, Iceland, Canada and the US on issues such as waste dumping, and broadsides on the Philippines’ anti-drug war and human rights track record. Yet it has been most conciliatory with China not only with regards to the SCS but also on the latter’s questionable activities in the Philippine Rise, on the “little maritime incident” involving the ramming and sinking of Gem-Ver (aka collision-allision), and on the unannounced presence of Chinese navy ships off Sibutu, among others.

The Duterte game plan on the SCS may be considered uncanny and incongruous, if not ominous and dangerous. No less than Duterte himself repetitively said that the PCA ruling is a “non-issue” in the current situation, even as he says that the ruling will be invoked at an appropriate time.

## Juxtapositions and Implications

### Different Yet Related

From a narrow-minded track, the temptation is great to view the East China Sea’s DDS dispute as detachable from if not unrelated to the South China Sea dispute, and vice-versa. But from a strategic vantage point, one cannot ignore the puzzle pieces which form the larger picture, especially, when one considers coming up with a coherent whole. One cannot help but see through actors in these two distinct albeit concomitant sagas, and the interests they respectively

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64 Duterte even added that he might just send his son to the island, and no news about came afterwards. See “Duterte cancels visit to disputed South China Sea island after warning from Beijing”, April 13, 2017, <https://www.theguardian.com/world/2017/apr/13/duterte-cancels-visit-to-disputed-south-china-sea-island-after-warning-from-beijing>.

have, ranging from sheer concerns about resources to concerns over power.

The ECS and the SCS are interlinked bodies of water. They are important sealanes as they are both economic and military transit nodes. Set aside the marine resources alongside hydrocarbon deposits, the ability to control the ECS-SCS passageways alone puts a high premium on the disputed areas. From an ecosystemic perspective, these two areas are invaluable.

### **History's Complexity**

A common root of the dispute relates to claims yoked to history--historic rights, traditional fishing, conquest, and colonial brutality. And much is also attributed to the loose ends of history, particularly, the unfinished business tied to the ambiguities which colonial withdrawals left behind. In the DDS case, the Shimonoseki (1895), Cairo (1943), San Francisco (1945) and Potsdam (1945) treaties missed out categorically defining which country succeeded the colonial masters in the areas being disputed. History can be like a ghost haunting the present. Unresolved recollection (or interpretation) of a bitter past such as Japan's atrocities in China weighed down attempts to write finis or to move on to new chapters. The unsettled past, no doubt, can perpetuate enmity and hold hostage efforts to reach agreements. To move forward requires strong equanimity and forceful exercise of political will.

### **Myopia, Momentum and Modus Vivendi**

People tend to have myopic, self-serving dispositions (ethnocentric or groupthink tendencies) in recalling history or even tradition - as most of the SCS and ECS claimants insist either on their historic rights or *res nullius* arguments. The UNCLOS is a game changer and an equalizer as it brings subscribing nations on the same footing of rights and duties. But given the Hobbesian nature of the international system, what prevents a state from interpreting UNCLOS provisions self-indulgently? Worse, from submitting to UNCLOS only when it is convenient? And, worst, when there is no enforcement mechanism available for adjudicated cases except self-compliance?

That is not to say that an agreement is not possible. Conforming to the letter and substance of UNCLOS or even to a *modus vivendi* are not necessarily beyond the reach of countries which can consider common beneficial parameters. While it took time for countries to yield

to the UNCLOS ambit, from its inception to entry into force, it did gain momentum until it reached the requisite number for its international acceptance and effectiveness. Good reason, time and persistence are vital ingredients in transcending differences and securing basic trust.

### Seasons of Necessary Cooperation

Complementary interests in the 1970s as when Japan derived oil from China, and China sought technology from Japan prompted erstwhile foes to cooperate. Such transactional schemes provide strong incentives to keep the DDS dispute from escalating into armed conflict, a scenario neither side wants.<sup>65</sup> However, the same case illustrates there is a certain seasonality and limit to this type of cooperation. When complementarity has been exhausted, relations would have to be recalibrated.

There is a need to give studied thought on the borders of cooperation and kowtowing. Investment, trade, aid and even international political support must be weighed carefully vis-a-vis long-term goals and aspirations such as regional stability, sustainability, national pride or dignity. Moreover, certain categorical gains such as the favorable ruling of the PCA should not be unnecessarily set aside in view of some unguaranteed or presupposed carrots.

It is flawed logic that to disagree with China is to forego economic gains. Vietnam is a clear example of a SCS claimant which stands out against China and yet benefits in the other facets of its relations with the Mainland.<sup>66</sup> Indonesia and Malaysia, too, are assertive SCS actors yet largely by strong political will and diplomatic acumen, they hold enviable leverage with China. In the ECS, Japan and Taiwan, despite their continuing disagreement, continue with their respective brand of ties with China. The latter does the same without having to engage in armed conflict.

### Expanded, Inclusivist Domestic Decision-Making

Despite the differing transparencies in their respective systems, Japan, Taiwan and China have accommodated a wide-spectrum of involvement of their domestic constituencies in responding to the DDS

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65 International Crisis Group, *Dangerous Waters: China-Japan Relations on the Rocks*, April 08, 2013. i.

66 "Drilon Urges Duterte to Review 'Appeasement Policy' towards China", June 14, 2018, <https://www.rappler.com/nation/204923-drilon-urges-duterte-review-china-appeasement-policy>.

challenges across time. Vietnam has done the same in the SCS. And this practice has ensured clear public support to the measures carried out by the government. There is a need to gather and present an organic, united front in decisions relating to one's claimed territory, and related rights and duties.

As this direction must be carefully deliberated and threaded, the Philippines ought to reexamine its real intents and prized values. The policies and practices of recent past and present Philippine administrations on relations with China with regards to the SCS have shown a pendulum-swinging pattern. The Macapagal-Arroyo administration had a number of suspicious deals with China. The Aquino administration brought China to the international court after its manifest mala fide behavior. The Duterte administration, on the other hand, followed a tact that pandered to China even before and despite the PCA victory.

This brings to mind whether the SCS is genuinely a Philippine issue or simply a Malacañang issue. For such crucial issues as one's national territory and future, involving civil society, relevant institutions and persons outside of the government structure ensures collective wisdom and pursuit of sound courses of action.

### **Sound Diplomacy Is Not Appeasement**

There is a need to be more level-minded than that of adopting a defeatist SCS position such as Duterte's fatalistic argument that to challenge China is to court a losing bloody war.<sup>67</sup> No government involved in the ECS or SCS has openly undermined its own case by projecting a resigned position in view of China's superiority. It is incongruous to equate reasoned assertiveness with violent defeat or to construe that the options available are only total war or total submission.<sup>68</sup> The challenge is to principally take the path of diplomacy that pursues the nation's interests by means other than war. To be complacent in view of misperceived inferiority and to be gung-ho of material rewards without any proven commitment and despite continued harassment in the SCS would be to fritter away legitimate entitlements.

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67 See for example, "Duterte on South China Sea Dispute: Why Will Soldiers Fight a War They Would Lose?" June 6, 2018, <https://news.abs-cbn.com/news/06/06/18/duterte-on-south-china-sea-dispute-why-will-soldiers-fight-a-war-they-would-lose>.

68 S. Monsod, "What Is China's 'Hold' on the President?", July 27, 2019, <https://opinion.inquirer.net/122884/what-is-chinas-hold-on-the-president>.

To not disagree with China where there is a need to disagree is to exculpate impunity and encourage it even more. Vietnam, Japan and Indonesia, to date, assertively confront China over disputed waters and still they all continue with other aspects of their relationships with China. Differentiating appeasement from sound diplomacy, Chivvis noted that:

[A]ppeasement involves one-sided concessions to adversaries in hope that simple gestures of goodwill themselves will bring peace. It is born of fear, helplessness, or a superficial desire for a deal at any cost. In contrast, sound diplomacy weighs costs and benefits, based on a hard-nosed evaluation of ... interests and values. It makes concessions only in exchange for concrete gains.

But sound diplomacy still requires flexibility and willingness to trade, bargain, and make deals, including with adversaries. This is not the same thing as appeasement.<sup>69</sup>

### **Pertinence of Timing**

Good timing or the lack of it can spell the difference even in well-laid plans. China has demonstrated timing acumen on its acts. In the landmark naval clash near Johnson South Reef, Chinese forces decimated their Vietnamese counterparts. In that same year, Chinese troops seized Subi Reef which lies within the continental shelf of the Philippines by erecting radar structures and military facilities on the reef.<sup>70</sup> These took place when the Cold War was de facto ending, and the US and the USSR expectedly could not be drawn in to intervene for or on behalf of allies in the region. China's archetypal sense of timing was again evident in its 1995 foray in Mischief Reef three years after the Philippines discontinued its military bases agreement with the United States.

Conversely, an action plan which misses out on good timing can be ruinous. In the DDS, as to the plan to purchase the Kurihara-owned islands, the International Crisis Group reported that Japan still had several months to complete the purchase but expedited the process in

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69 C. S. Chivvis, "The Difference Between Negotiation and Appeasement", January 22, 2015, <https://www.rand.org/blog/2015/01/the-difference-between-negotiation-and-appeasement.html>.

70 See Rappler's "Timeline: The Philippines-China maritime dispute", July 12, 2016, <https://www.rappler.com/world/regions/asia-pacific/139392-timeline-west-philippine-sea-dispute>.

view of China's leadership transition from Hu Jintao to Xi Jinping in November 2012. Japanese leaders thought that by avoiding China's watershed leadership succession period, there would be greater chances of Sino-Japan reconciliation. But unknown to Tokyo, incoming President Xi was already in charge as head of "Leading Small Group on the Protection of Maritime Interests".<sup>71</sup> Beijing insiders therefore interpreted the move as intended to humiliate the incoming leader, and thus the resulting downward spiral.

### **Physical, Military, and Diplomatic Buffering**

A nation can buffer itself physically - in the case of disputed seas via strong coast guard, naval and people's support. It can also buffer itself politically via hedging, keeping a wide range of options open including but not limiting itself to bilateralism. It keeps at hand multilateralism, alliance-building, and circumspect adherence to established norms and rule of international law.

In both the DDS and SCS, the situation is made more complex in view of US interests and role. In the DDS, both Japan and Taiwan wield respectable defense capability and yet they both recognize the backstopping necessity of fraternal military arrangements. Singapore, which is not even an SCS claimant, embeds itself in a web of bilateral and multilateral security protocols.

The Philippines can do no less than be vigilant on its own and be watchful together with others. It gains even more strength not by counting only on one dominant confederate but by seeking common cause with equally concerned actors, including the ASEAN. Boxing in and having itself fixated on a fatalistic option is to embrace deprivation and loss.

### **Geopolitics and Realpolitik**

While ASEAN members can be much intensely divided on their preferred modus vivendi on the disputes, owing to their asymmetrical interests and distances vis-a-vis the claimants, maintaining peaceful inclusivity and openness in the region would be a desirable least common denominator. The United States remains a leading power which seeks no nation to be adversarial to its avowed freedom

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<sup>71</sup> International Crisis Group, *Dangerous Waters*, 45 citing "Basic Process of China's foreign Policy Decisionmaking", *Oriental Morning Post*, March 18, 2013.



of navigation. Others like Australia, India, South Korea, and even European nations such as France and Britain naturally seek unhampered and unthreatened maritime traffic in the same. But then, China strives to blunt arrangements inimical to it as it expands its pan-regional influence and seeks to secure its interests.

In the DDS, there is no regional organization which can be a sounding board much less be a body that can mediate or moderate the dispute. For all its complexities, the SCS has the ASEAN as a regional entity with the potential to bring together the parties in dispute or to simply articulate the varying voices of the claimants. It has been used to ventilate dissonant voices; it has even become hostage to its own unit-veto decision-making modality. To date, the ASEAN languishes in its three-decades old bid to agree on an SCS code of conduct. Yet, it still retains the potential to adopt a common regional stand anchored on long-term superordinate stakes.

### **Framing Matters, Framing Means**

Both China and Japan view the DDS controversy from a much cogent grounding. It is not seen from a simple present perspective. It stems from the ancient past. Hollihan presciently noted:

*In China the message is that these islands have been Chinese for centuries and Japan's illegitimate claims on them are a continuing insult and humiliation, a lingering artifact of Japan's aggression against the Chinese nation and its people. In Japan, on the other hand, these islands have been Japanese for more than a century and to sacrifice them now or even to negotiate over their future status is the equivalent of surrendering the power, hegemonic authority, and national pride of Japan in the face of Chinese aggression.<sup>72</sup>*

Framing and perpetuating what has been framed are effectively functions of education, mass media and story-telling - rehashing and restating the same plots again and again. Clearly, myths or realities are remembered by persistent repetition, and whoever repeats it consistently generates greater public awareness, sympathy and cause for action. No doubt that the SCS claimants implement parallel

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72 Hollihan, *Dispute Over the Diaoyu/Senkaku Islands*, 250.

framing strategies in their respective domestic fronts. Until the PCA ruling, the nine-dash line was a powerful image that illustrated China's claim of historic rights. Framing is an integral part of narrative-telling, and assertiveness.

The Philippines will have to recount more deliberately, coherently and forcefully its SCS story to counter the others. As James Holmes would counsel us: "Having seized control of the narrative [by way of the historic PCA ruling], Manila must hang on it... The Philippines must ... tell its story well and tell it often."<sup>73</sup>

### **Legal and Moral Ascendance Matters**

The PCA ruling calls attention to China's numerous contraventions and grants the Philippines legal and moral ascendancy on its SCS claims. To set it aside over some uncertain promise such as a huge share in joint development, investments and aid is imagining too much. The national interest should not depend primarily on sheer expectation of goodwill particularly if the subject party has proven and continues to be unreliable on many counts.<sup>74</sup>

Notwithstanding that the PCA has no enforcement capability, the decision bolsters international public opinion and calls for a rules-based regime in the contested waters. It implies that neither military muscle nor sheer stubbornness should be the measure in determining the entitlements of any claimant state in the SCS or elsewhere. While indeed major powers tend to flaunt unfavorable international court rulings, experience would show as in the case of the US v. Nicaragua, the powerful actor in denial can still change its mind in time.

### **Conclusions**

The ECS and the SCS disputes while separate and different in many ways also share common and related features. There is no real natural geographical subdivision of the two disputed areas as together they are part of the larger bio-regional community. Whether it be

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73 Vitug, *Rock Solid*, ix.

74 Read, for example, local and international publications pointing out how and why China can not be trusted. See "Del Rosario: Then and Now, China Can't Be Trusted", June 20, 2019, <https://globalnation.inquirer.net/176666/del-rosario-then-and-now-china-cant-be-trusted>; and, "The World Has Been Deceived by China for Too Long", March 24, 2019, <https://www.livemint.com/opinion/columns/opinion-the-world-has-been-deceived-by-china-for-too-long-1553449669116.html>.

marine resources, hydrocarbon deposits or pollution of the waters, degradations in any one part affects the other. From a politico-security standpoint, developments in any of these sub-regions may affect the other.

Though involving different claimant countries, the disputes affect not only the littoral states but even all the others. Passage restrictions or the threat of constrictions can upset human, trade, and natural traffic in the ECS and SCS as well as the lives of the stakeholder countries and peoples. As has been proven on many occasions, absent any interim bilateral or multilateral modus vivendi coast guard patrols, interdictions and fishing activities provoke resentment among both private citizens and government functionaries in the claimant states.

Nationalistic intolerance, especially if instigated by government can further inflate domestic indignation and fuel more drastic measures and miscalculations. In the ECS, all three claimants have dangerously treaded this path. As to the SCS, no claimant can claim complete immunity from the potential backlash of zealous public clamor and/or serious government blunder.

China is lead dramatis personae on both disputes and by sheer proximity, size, capability, and intent play a most significant role. What it does and refuses not to do can immensely affect regional security. Engaging with China in the many aspects of bilateral and multilateral relations remains essential. It must not be allowed to go unaccountable for its behavior and yet efforts must continue to bring it to cooperate. As the Chinese would have it: “chopsticks work best in pairs.” It is imperative to continue framing the narrative of the dispute within the ambit of rule of law, non-use of force and regional superordinate.

In view of geopolitical considerations, the disputes cannot be confined alone to the littoral states. Indeed, the role of the big powers will always have to be factored in. Though the US has repetitively announced a policy not to take sides as to the ownership or sovereignty facet, it can still pursue measures that can demonstrably temper ruffian practices. Ironically, while China insists on “outside” powers not to intervene, in reality the US is not an outsider to the region as it is organically linked to those in the region with whom it has security treaties and with those it has none. ASEAN members, regional partners and other sympathetic nations are not bereft of creatively constructive means and measures to advance substantive dialogues in the subject disputes.

Despite the dissimilarities, the ECS disputants can learn from what transpires in the SCS dispute, and vice-versa. Events, strategies, and miscalls that occur in one can be instructive precedents on the other. Measures and responses occurring in one can crop up as well on the other.

SCS claimants, the Philippines, in particular, must keep informal venues and backchannels open. They not only allow for communications to continue on despite official government altercations, they also provide a useful escape valve when disagreements intensify. Along with Track 1 exchanges, periodic Track 2 dialogues should be followed through. Also, enlisting respected public intellectuals (as experts and even as *amici curiae* but not limited to the legal sense) for their backchannels and counsel could be helpful.

The water cannon fights, the flotilla of fishermen's boats (or swarming), "unintentional" boat ramming, surreptitious marine surveys, onerous or failed joint development options, the ADIZ enunciation and contravention, and the procedural warnings against freedom of navigation or freedom of the seas all impart lessons that are heuristically relevant to all the claimants.

With further salience to what the Philippines can do, relevant government agencies must pursue relentless, impartial intelligence gathering to determine and weigh in the intents and plans of SCS claimants, including their friends and foes. The Philippines must have its eyes wide open and be prudent. It must factor in not only overt and obvious actions which may undermine Philippine national interests and values.

And lastly, a caveat, for both the concerned Philippine government functionaries, and civilians, we must consider that the main threat or adversary is not always necessarily the outside actor. After all, what is obvious may also be a diversion. It is easy to spot the enemy outside but the enemy within, we must be more careful even.

# A FRAMEWORK TO STRENGTHEN PHILIPPINE INSTITUTIONAL CAPACITY FOR MARITIME SECURITY COOPERATION<sup>1</sup>

**Dianne Faye C. Despi**

**Abstract:**

As an archipelago in the center of the Asia-Pacific region, the Philippines has tremendous potential to contribute to peace and stability in the regional maritime domain. However, its geostrategic location, surrounding inter-state dynamics, and an array of traditional and non-traditional security concerns present significant challenges to the country's maritime security, and the region.

In this regard, maritime security cooperation is pursued by states in order to respond to transboundary security concerns and address the gaps in their respective countries' institutions. Central to this is the effort of each state to strengthen its domestic maritime security institutions in order to significantly contribute to regional initiatives. The current policy environment of the Philippines is presenting several opportunities to prioritize maritime security as a national strategic goal and as an avenue to pursue further cooperation with other states.

Still, several challenges to maximizing the country's potential in maritime security cooperation were identified, such as the lack of a coordinated strategy, weak institutional capacity, overlapping issues and functions of maritime services, and the prevalence of personality-led initiatives. This chapter prescribes future maritime security

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<sup>1</sup> Disclaimer: The author's views in this paper are entirely her own and do not reflect the policies or position of the Armed Forces of the Philippines and the Corps of Professors, AFP. For any inquiries, the author may be reached at dcdespi@gmail.com or mobile number +63917 852 5290.

policy development to consider three major elements: functionality, inclusivity, and sustainability, which looks into the issues, actors, and institutions to be strengthened, respectively.

**Keywords: maritime security, security cooperation, Philippines; maritime interests; maritime strategy**

*“In our work, we will be guided by the following priorities: We will place our peoples at the core; work for regional peace and stability; pursue maritime security and cooperation; advance inclusive, innovation-led growth; strengthen ASEAN resiliency, and promote ASEAN as a model of regionalism and as a global player.”*

– President Rodrigo Duterte

Launching of the Philippines’ Chairmanship of ASEAN 2017

## **Introduction**

For centuries, the sea has been a vital resource, a means of transport, a battlefield, and a facilitator for information and culture exchange for the peoples of the world (Despi 2017, 585). Since 70 percent of the world’s trade passes through the sea, the maintenance of security of the global maritime domain is essential to all nations. Considering the increasing connectivity of the world’s populations and civilizations through the seas, there is a need to study the dynamics of security decision-making through maritime security.

Maritime security is broadly understood as “the protection of a state’s land and maritime territory, infrastructure, economy, environment and society from certain harmful acts occurring at sea” (Klein 2011, 583). This particular definition “includes ‘traditional’ issues of protecting sovereignty and territorial integrity in the maritime domain, as well as such ‘non-traditional’ issues as “security of shipping and seafarers; protection of facilities related to maritime affairs; port security; resource security; environmental security; protection against piracy and armed crimes at sea; protection of fisheries; safety and freedom of navigation and overflight; regulation of maritime affairs; and maintenance of law and good order at sea” (Son 2015, 215).

Before terrorism became a major global concern, maritime security was on a secondary status in the Asia-Pacific region, focusing on the

safety of navigation. After 9/11, ships and ports, especially in insular Southeast Asia, were extremely vulnerable and susceptible to terrorist attacks. Due to this vulnerability, maritime security has “risen on the national agendas of countries in the region which are geographically connected through the seas and are overwhelmingly dependent on seaborne commerce” (Kim 2017, 146).

Further, due to the fluid nature of maritime security issues, it has been brought to light that many non-traditional maritime security threats “cannot be addressed by existing national agencies or individual states alone” (Liss 2013, 143). Security concerns such as congested navigation, illegal or excessive fishing, human and drug trafficking, piracy, and terrorist threats have become transboundary problems that cannot be solved by a single country. This transnational and multifaceted nature of maritime security requires concerted efforts among states and other stakeholders to successfully implement various initiatives, which is the primary reason behind the rise of several international maritime security cooperation measures and initiatives through the years.

With a vast maritime domain at the heart of the Asia-Pacific region, the Philippines must have strong institutions to secure its maritime interests and contribute to regional peace and stability. With the pursuit of maritime security cooperation in mind, this paper seeks to look into the potential for strengthened maritime security cooperation in the Philippines in the face of multiple challenges, concerning strategic and operational considerations. These considerations include its role in the regional security milieu, policy directions, initiatives, and institutions. The analysis is hinged on the importance of maritime security as a priority in the country’s national security agenda.

Given that the commitment of the country to enhancing its own national security is its commitment to enhancing regional security, ultimately, the paper seeks to contribute concrete policy recommendations underscoring the need for the country to strengthen its domestic maritime security governance first, hence the development of a feasible maritime cooperation framework focusing on the characteristics of functionality, inclusivity, and sustainability.

### **The Philippine maritime security milieu: considerations and realities**

This section outlines the four major realities that shape the country’s maritime security environment: the country’s geographical

configuration, its strategic maritime interests, the relationships between surrounding states, and the array of traditional and non-traditional security concerns of the Philippines. These four considerations, listed from the most static to the most dynamic, are central in understanding the development of the country's maritime security institutions and mechanisms.

### **Geostrategic location**

The Philippines is an archipelago situated in a unique strategic environment that has been shaped by its maritime domain. It is comprised of 7,641 islands (National Mapping and Resource Information Authority 2017) situated at the geographical center of the Western Pacific Rim<sup>2</sup>. Three prominent bodies of water surround the archipelago: the Pacific Ocean in the east, the South China Sea on its north and west, and the Sulu-Celebes Sea in the South, giving the Philippines a considerable buffer (“stopping power”) (Blagden 2014, 56) against other countries from easily projecting force to threaten its territorial integrity, as long as it maintains a credible naval defense force.

Straddling several traditional navigational routes and major areas of biodiversity, the country is actually “in a position to potentially influence the regional maritime security environment” (Despi 2017, 584). A number of sea lines of communication (SLOCs) and choke points, which are strategic for seaborne trade and security, are located in the waters surrounding the country. The “best east-west trade route from the South China Sea to the Pacific Ocean traverses the Philippine archipelago; the country's waters are also connected with international trade routes which are vital in the global supply chain” (Despi 2017, 584). A substantial portion of global trade directed to the vibrant Asian economies pass through the Malacca Strait and the South China Sea. In addition to being a major crossroad in the world economy, the South China Sea is also a “repository of valuable natural resources, including hydrocarbons and fisheries” (Rosenberg and Chung 2008, 56).

The growing significance of the Asia-Pacific region in global affairs makes the strategic space surrounding the Philippines predisposed

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2 The Western Pacific Rim stretches from the Sea of Okhotsk and the Korean Peninsula in the North to the Southeast Asian region and the Australian continent in the South.



to major powers vying for greater influence in the region. Its central position in the Pacific Theater attracts competing powers because it may provide a good forward base for both offense and defense, most especially for area denial to an adversary. It could then be argued that its geostrategic location lends tremendous potential for the Philippines to contribute to regional security in the face of delicate dynamics between the major powers, middle powers, and other neighboring states.

### Strategic maritime security interests

Amid these complexities brought about by the country's geographic location and archipelagic configuration, there are strategic maritime interests that the country needs to secure to ensure the protection of life, liberty, and livelihood of Filipinos. These interests underpin our aspirations as a maritime nation.

Freedom of navigation is one of the most important strategic maritime interests of the Philippines. As the archipelago is interlaced by shipping routes for domestic transport and trade, it is essential for the effective and efficient delivery of goods and services to the country's numerous islands. Globally, freedom of navigation as a strategic interest could not be understated given that vital sea lanes are linking the country and the rest of the global commons to the ports of East Asia and the Americas (Philippine Navy 2017), such as the Luzon Strait-Bashi Channel, and the Balabac, Sibutu, and Surigao Straits (Ong 2018).

Another significant maritime interest of the Philippines is the protection of its marine resources, including offshore resources. This is directly related to strengthening the Philippine maritime agencies' capacity and capability to secure the country's waters against the challenges brought about by dwindling fish stocks, volatility in energy trade,



**Figure 1** Sea lanes of the Philippines essential to domestic and international navigation and trade. (Ong, 2018)

and environmental strains on fragile coastal ecosystems.

Also, as several industries, such as tourism, shipping, and fisheries, are dependent on the country's extensive coastal ecosystem, another important strategic interest is securing the country's maritime industry and technology support. Given the higher volumes of shipping traffic, the Philippines is positioning itself as a ship repair hub in the region for merchant and fishing vessels taking advantage of its strategic location to the region's shipping (Philippine Navy 2017). A maturing shipbuilding and ship repair industry in the Philippines could further contribute to strengthening the country's naval capabilities, which would be pivotal in securing the country's other maritime interests.

One other important maritime interest is the welfare of Filipinos overseas (National Security Council 2018). Aside from it being one of the country's pillars of foreign policy, billions in remittance inflows also make overseas Filipino workers important stakeholders. They provide critical services to various economies around the world; especially in the maritime industry, as the Philippines also remains to be "one of the world's top suppliers of seafarers (officers and ratings) in the world" (Richter 2016, 2).

Finally, given the high propensity for conflict in surrounding flashpoints, it is in the Philippines' interest to contribute to maintaining regional peace and security. As the country is embroiled in territorial and maritime disputes with China, Vietnam, Malaysia, Brunei, and Taiwan, and that tensions have also risen between Japan and China in the East China Sea, it is in the interest of the Philippines that such disputes are settled peacefully "so as not to disrupt the smooth flow of commerce and trade" (Philippine Navy 2017, 5).

### **Regional state dynamics**

The increasing importance of maritime issues in the region, exacerbated by strategic competition between the powers of the Asia-Pacific, has turned the Southeast Asian maritime security environment into a "platform for increased inter-state cooperation and competition" (Despi 2019, 8). The major powers' contrasting interests magnify an unpredictability and uncertainty reflected in constant diplomatic and military signaling in the regional maritime domain.

This constant evolution of the security milieu has also brought about changes in the security architecture and in the nature of security cooperation in the region. Some of the most significant developments

in the security environment are the United States' articulation of a more inclusive maritime region, most pronounced in the restructuring of the post-war United States Pacific Command (USPACOM) into the US Indo-Pacific Command in 2018; China's development and operationalization of a geo-economic strategy known as the Belt and Road Initiative, along with its militarization of the artificial islands it built in the South China Sea (Specia and Takunen 2018); and the increasing engagement by middle powers, such as Australia, Japan, and South Korea, with Southeast Asian nations.

In response to these dynamics, the world is observing intricate diplomatic undercurrents in Southeast Asia, which is reflected in differing degrees of balancing, bandwagoning, and hedging by several member-states of the Association of Southeast Asian Nations (ASEAN) toward China, the US, and the middle powers. Traditional alliances and partnerships are being tested as countries, such as Vietnam (Lai 2020) and Indonesia (Parameswaran 2020) have steadily increased its security engagements with the US and its allies, while the Philippines has been exploring cooperative engagements with “non-traditional partners” China and Russia (Department of National Defense 2018, 24).

Notably, despite a historic Arbitral Tribunal ruling in its favor in 2016, several scholars note that the Philippines has lost its place as the champion of states pushing back against Chinese aggressiveness in the disputed waters of the South China Sea (Song 2016; Parameswaran 2016; Kipgen 2017). This can be further observed in the country's security agenda, shifting “back from being external defense-oriented towards a more internal security and stability focus”, especially after the Marawi Siege of 2017 (Despi 2019, 10).

### **An array of traditional and non-traditional security concerns**

The country's location, interests, and dynamics between surrounding nations all contribute to the maritime security concerns of the Philippines. Unilaterally, the country must develop its capacity and capability to respond to, if not to address proactively, these security risks amid increasing unpredictability in the current strategic and operational environment.

Traditional security challenges, such as the increasing tensions between claimant countries in the South China Sea, stem mainly from the resource race over the shared maritime domain and strategic

competition between major powers of the Pacific. The country is also surrounded by volatile regions, such as the Middle East, and other conflict flashpoints of high concern, including the Korean Peninsula, the Taiwan Strait, and the East China Sea (National Security Council 2017, 13).

One significant game-changer which may exacerbate tensions in the maritime domain is the prevalence of China's maritime militia in the South and East China Seas, now being referred to as the People's Armed Forces Maritime Militia (PAFMM) (Erickson 2019). The PAFMM's activities are aggressive and have a significant impact on law enforcement and commercial operations of coastal states, such as the Philippines, and have given rise to the "gray zone" (Brands 2016) in current security parlance<sup>3</sup>.

Non-traditional issues, albeit very different in nature and with different impacts to security operations, also pose the more persistent, clear, and present dangers within the region. These non-traditional security concerns include "threats to shipping security, illegal migration, trans-border crime and terrorism, human, drug, and arms trafficking, natural hazards due to climate change, the spread of infectious diseases, and cybersecurity threats" (Despi 2017, 586). The Philippines lies in the Pacific Ring of Fire, the Pacific Seismic Belt and the Typhoon Belt, which makes it prone to natural disasters. In addition, the country is listed as one "extremely vulnerable to crises caused by climate change" (Eckstein et al. 2018, 8), as climate change causes an increase in the frequency and severity of natural calamities, which further leads to more displaced persons, competition for resources, and disease outbreaks.

Given the porous borders of the country, terrorism and international criminal activities are also significant concerns, especially in Southern Philippines (National Security Council 2018). As an example, Daesh/ISIS terrorists have been linking with indigenous radical groups in

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3 The character of the "gray zone" in the maritime domain includes the utilization of civilian types of assets and different coercive, 'warlike' instruments other than the military. This is not only a challenge for navies operating in the disputed areas, notably because "gray zone" mechanisms are mostly "civilian" in nature and unilateral military response is not befitting for such activities. However, given the size, number, and capability of PAFMM vessels, they greatly overwhelm even the civilian maritime law enforcement agencies of other coastal states. This creates a dilemma as to how and to which agency will respond to such operations on the ground (Despi, 2019).

Southeast Asian countries, such as the Maute Group and the Abu Sayyaf in the Philippines (Franco 2017). These terrorist networks span the tri-border area of the Sulu-Celebes Seas and extend their reach to Western and Central Mindanao up to the Palawan area.

Facing a complex security milieu, the Philippines must have institutions in place that are capable of quickly responding to rapidly emerging and changing maritime security threats. However, with one of the weakest maritime services<sup>4</sup> in Southeast Asia (Kyodo 2018; Lemahieu 2019; Wu 2020), coupled with the “lack of key institutions and policies dedicated to maritime security” (Despi 2019, 22), the gargantuan task of securing the country’s massive maritime domain is magnified. It is noteworthy, though, that recent policy directives recognize and seek to address this predicament through force modernization and security cooperation.

### **Policy environment**

Maritime security cooperation could only be made possible by clarifying the country’s security interests, both to its domestic and international audience. These interests are aptly elucidated in policies defining national security objectives, goals, and guidelines. Absent a comprehensive national maritime security strategy or agenda in recent policy, this section will be opened with a short discussion of the 1994 National Marine Policy, which is the closest the Philippines had to a unifying maritime security agenda. This section will further delve into two other significant policy documents of the Duterte administration, which feature significant directions and initiatives related to maritime security: the National Security Policy 2017-2022 and the National Security Strategy 2018.

### **1994 National Marine Policy (1994 NMP)**

No significant discussion of maritime security policy in the Philippines would be done without reviewing the 1994 NMP, which “codified the guiding principles of the Philippine government and its agencies in the development of coastal and marine resources” (Co, Gamboa, and Castillo 2015, 2). It emphasized the archipelagic configuration of the country and laid out policy guidance for government

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<sup>4</sup> In this paper, the term “maritime services” is not limited to the Navy alone, but may also include maritime law enforcement agencies.

agencies and other stakeholders involved in the development of the Philippines as a maritime nation. The policy aimed to “account for and situate [the country’s] long-term interests in coastal and marine areas as well as international ocean affairs, reflecting the government’s vision for the nation as a truly archipelagic state” (Co, Gamboa, and Castillo 2015, 3).

Although the intent and efforts to create an overarching maritime agenda for the country are laudable, there have been significant criticisms of the 1994 NMP, which are important to note. The policy has “only a listing of principles and objectives without delineating priorities and specific actions” (Batongbacal 1998, in Palma 2009, 23). It lacked dissemination to local government units and other sectors, and that it does not provide a “link between domestic policy and the United Nations Convention on the Law of the Sea” (UNCLOS) (Garcia, 2005, 70). Other scholars also raised that, despite the promulgation of the 1994 NMP, the national economic policy and respective agency strategies were “not really harmonized” under a single maritime agenda (Palma 2009, 23).

However, despite its now-defunct status, a significant contribution of the 1994 NMP was one, if not the only, comprehensive working definition of maritime security in Philippine policy: “a state wherein the country’s marine assets, maritime practices, territorial integrity, and coastal peace and order are protected, conserved, and enhanced.” (1994 NMP). This is remarkable in the sense that, to date, maritime agencies in the Philippines have not yet agreed on an overarching operational definition of ‘maritime security’ (Sanidad 2020). This reflects a mismatch and disconnect within and among institutions, mechanisms, and initiatives tackling maritime security in the country.

### **National Security Policy 2017-2022 (NSP)**

In the NSP 2017-2022, the national vision was stated as follows: “a secure and prosperous nation wherein the people’s welfare, well-being, ways of life and core values; government and its institutions; territorial integrity and sovereignty are protected and enhanced and confident of its place in the community of nations” (National Security Council 2017, 2). Based on this vision, territorial integrity and sovereignty is a primarily maritime security concern given the country’s archipelagic configuration.

It should follow that a maritime agenda cuts through several, if

not all, national security interests elucidated in the NSP. It is most especially present in three: Territorial Integrity, Ecological Balance, and International Peace and Cooperation (National Security Council 2017, 6-8). These provide several opportunities to promote maritime security into the public's consciousness, especially about safeguarding the maritime commons, preserving biodiversity and marine resources, and pursuing defense capability hand-in-hand with "international support for a rules-based regime in the South China Sea" (National Security Council 2017, 21).

Maritime security plays a significant role in eight of the 12-point National Security Agenda. These are on Human and Political Security, Food and Water Security, Maritime and Border Security, Environment and Disaster Security, Energy Security, Maritime and Airspace Security, Transportation and Port Security, and International Security.

An important point in the NSP to consider is the inclusion of so-called "Strategic Industries," of which several maritime-related industries, such as fisheries, transportation, environment, renewable energy, and shipbuilding, are included. This is the first time that the government has released such a list under a strategic document like the NSP. While a sign of progress, it is still under question if this list was based on prior extensive research concerning contributions of these selected industries to the country's security and economic development.

### **National Security Strategy 2018 (NSS)**

In order to operationalize the NSP, the Duterte administration released the National Security Strategy in 2018. It provides a comprehensive listing of 'strategic lines of action' to be implemented in order to achieve the national security goals listed. It is worth noting that several maritime security cooperation-related initiatives are featured in the strategic actions suggested. These initiatives include the modernization and enhancement of naval and maritime assets; improvement of border management and security; promotion of social awareness on water issues, enhancement of maritime domain awareness capability, development of inter-island connectivity, cooperation with states sharing common maritime interests and borders, and "support to bilateral, regional, and global mechanisms which promote peace and security, the rule of law, and peaceful resolution of disputes" (National Security Council 2018, 40).

Additionally, the NSS lists several maritime security-related

legislation as its priorities in national security legislation, including the Archipelagic Sea Lanes (ASL) Bill, and the Maritime Zones Bill (National Security Council 2018, 23). As of this writing, the Maritime Zones Bill is in the list of priorities of the Duterte administration (Ordinario 2020), and authors of the ASL Bill are still in consultation with several maritime agencies. These two laws are pivotal for maritime security cooperation because they will provide clear domestic applications of the UNCLOS and cement a sense of alignment and commitment to the international legal regime.

However, despite a clear intent and elaborate plan, the NSS may remain to be another listing of tasks and guidelines, without proper implementation and evaluation, if there are no agencies that have the capacity and capability for its implementation.

The National Security Council's functions to "1) monitor compliance of agencies in the implementation of initiatives under the NSS and 2) establish necessary guidelines for planning and coordinating the NSP and the NSS" (National Security Council 2018, 51-52) remain abstract. It is relevant to mention that there is no mechanism attached to the NSC that checks on the 1) accountability of the top leadership and other government agencies about compliance and implementation of initiatives, and 2) to deliver reports to the general public regarding the status of implementation of initiatives.

### **Issues and challenges**

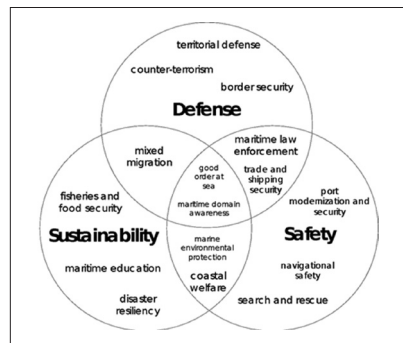
Given the multifarious nature of the Philippine maritime security environment, and coupled with transboundary issues that require a coordinated response between national agencies and states, a prudent move for the government is to prioritize the development of strong institutions to facilitate further coordination between national agencies. The transnational nature of many actual and persistent concerns also emphasize the need for cooperation with other countries. However, despite efforts to strengthen maritime security consciousness and address overlapping issues, there are still major challenges that need to be addressed from within Philippine domestic institutions and frameworks to maximize its participation in regional security initiatives.

A major challenge for the Philippines in terms of institution-strengthening and building for maritime security cooperation is the lack of a coordinated maritime strategy. This stems from not having



a comprehensive national policy on maritime issues, which would have been able to elucidate the country's short- and long-term maritime security objectives and priorities, delineate overlapping missions and functions of specific government agencies, and serve as guidance for all current and future maritime-related initiatives (Despi 2019, 16). As mentioned in the 2015 review of the NMP, the difficulty in reanimating the policy is that the archipelagic configuration of the the Philippines “makes such a policy extend to practically all aspects of the nation...the range of sectoral policies and interests that need to be reconciled and integrated into the revised policy is daunting on account of the complex interrelationships among them” (Co, Gamboa, and Castillo 2015, 4). This is made more difficult due to the lack of an ‘archipelagic consciousness’<sup>5</sup> in the national security policymakers and the general public as a whole.

The diagram on the right is a conceptualization of this myriad of issues pertinent to the Philippine maritime sector, which were also featured in the Stable Seas Report by One Earth Future (Amling et al., 2019). The author classified them into three major categories: defense, safety, and sustainability, depending on the national agencies and institutions that cover these particular issues. The Philippine Navy (PN) (under the Armed Forces of the Philippines and Department of National Defense) mostly has jurisdiction over defense issues; the Philippine Coast Guard (PCG) (under the Department of Transportation) over safety issues; and sustainability issues are covered by other maritime agencies, which include the Bureau of Fisheries and Aquatic Resources (under the Department of Agriculture) and the Biodiversity Management Bureau (under the Department of Environment and Natural



**Figure 2** Maritime Issues in the Philippines  
(Source: author's presentation to the NDCP-DCAF-FES SSR Workshop dated 03 October 2019) (Author's presentation to the NDCP-DCAF-FES SSR Workshop dated 03 October 2019)

<sup>5</sup> A term used in the 1994 NMP, it refers to “an awareness of the strengths and weaknesses of the country's archipelagic configuration”.

Resources). Notably, this diagram also features the overlaps in the role of several agencies in addressing a certain issue. An example of this is maritime law enforcement, which is being covered by three major agencies: the PN, the PCG, and the Philippine National Police-Maritime Group.

In view of this, Executive Order 57 (“Establishing a National Coast Watch System, Providing for its Structure and Defining the Roles and Responsibilities of Member Agencies in Providing Coordinated Inter-Agency Maritime Security Operations and for Other Purposes”) was promulgated in 2011, which led to the establishment of the National Coast Watch System (NCWS). The NCWS was envisioned to be the “central inter-agency mechanism for a coordinated and coherent approach on maritime issues and maritime security operations towards enhancing governance in the country’s maritime domain” (Republic of the Philippines 2011). However, it has been difficult for the NCWS to function according to its mandate because of the lack of a strong accountability mechanism in the face of overlapping functions and mandates, and pronounced ‘institutional ego’ or inter-service rivalry and ‘trust issues’ between primary agencies like the PN and PCG.

The diagram also notes that there are issues that should concern all agencies, such as maritime domain awareness and good order at sea. Maritime domain awareness is defined as the “knowledge obtained from the integrated collection, analysis and exchange of information that relates to the maritime environment, which is all used to support decision-making for governance, development and security undertakings” (Philippine Navy 2017, 15); while good order at sea “ensures free flow of seaborne trade and that nation can pursue their maritime interests and develop their marine resources in an ecologically sustainable and peaceful manner in accordance with international law” (Council for Security Cooperation in the Asia-Pacific 2013). As mentioned, if the NCWS is constrained by institutional issues, it would be very difficult for these two issues to be addressed in a coordinated manner.

Another challenge is the dissemination of policy from the top-level towards the agencies and local government units who are also major stakeholders of any maritime policy. As the recent review of the NMP noted, “lack of information transfers, sharing, and collaboration perpetuates the gaps within the progress of the policy and its programs”(Co, Gamboa, and Castillo 2015, 32). Issues related to proper implementation and overlaps between agencies could also be

attributed to the lack of an open and secured communication system.

Further, since Philippine agencies are still conducting maritime cooperation initiatives and programs without an inter-agency protocol, coordination in the inter-agency platform is still not fully operationalized. There is still room for improvement in terms of institutionalizing inter-agency exercises and dialogues to increase interoperability between the domestic maritime services themselves. Yet, there had been slow to no progress concerning staff-to-staff talks between the PN and the PCG, which could have been instrumental in harmonizing operations and coordination between both services. It is also important to note that most initiatives are also “personality-led,” leading to a lack of sustainability (Despi 2019, 16).

Philippine maritime agencies “lack proper assets and platforms for sustained participation in maritime security cooperation initiatives” (Despi 2019, 16). Despite national government efforts of late and several additions from partner countries, such as Japan and South Korea, the current fleet sizes and capabilities of the Philippine Navy, Philippine Coast Guard, and other maritime agencies are still too small for them to effectively patrol the country’s entire maritime domain from internal waters to the Exclusive Economic Zone (EEZ), much less contribute to international cooperative mechanisms. Fleet modernization is also an issue, considering that the maritime services still need to compete with each other and other agencies for the lion’s share of the national budget. The lack of a robust maintenance program, particularly for the PCG, has also led to early deterioration of their newly-acquired assets. Coupled with weak infrastructure, both physical and in information and communication technology, these challenges limit the capacity of the Philippines to engage in maritime domain awareness initiatives given the absence of coordinated, secure, and updated communication systems and information databases.

Corollary to this, with regard to fleet modernization, there needs to be a larger focus on the PN, especially considering the ‘trinity’ of their military, constabulary, and diplomatic roles. The PN serves as a strong backbone for several cooperative initiatives with neighboring states, particularly with the ASEAN, as it serves as the ‘international service’ that supports Philippine foreign policy and commitments to the its alliance and partnerships. Since US bases were removed in 1992, the PN was also left to protect and fulfill external defense duties despite its limited capabilities due to its dependence on the US Navy. However,

despite continuing modernization initiatives, assets remain insufficient and ill-equipped for the PN to fully accomplish its diplomatic and military role, and is often relegated to fulfilling constabulary duties. This is counterproductive, since the PN's capability package, particularly on training, is mostly centered on its warfighting and diplomatic roles and not on law enforcement. It will be more helpful if naval modernization is pursued in tandem with that of the coast guard and the maritime police, as these three agencies could focus more on their respective duties.

Lastly, there are other issues that hinder more proactive participation and initiative from the Philippines. These include small operating budgets, the lack of common doctrine and interoperability of equipment, and "widely varying stages of technological development" among neighboring states" (Valencia 2005). There is also a mismatch between the Philippines' priorities against those of its surrounding countries, partly due to asymmetric capabilities and requirements and the countries' respective maritime security objectives (Despi 2019, 17). As an example, the most urgent maritime security priorities for the Philippines include border security, addressing crimes at sea, and maritime counterterrorism, while high priorities for other countries, especially in the tri-border area of the Sulu-Sulawesi, include "mixed migration issues, and economic security for their coastal areas" (Despi 2019, 17). Further, given the country's limited resources and capabilities, there exist several constraints on the country's commitment to cooperate with other countries to address issues of lower priority for the Philippines. These constraints include maritime domain awareness and marine environmental protection against more pressing issues, such as piracy, smuggling, and maritime terrorism.

### **Policy Recommendations**

As the Southeast Asian maritime domain is the primary route of access to the economies of the Asia-Pacific, the maritime dimension of security is of utmost concern for the Philippines and all countries in the region. Critical to this is the realization that the commitment to enhancing national maritime security strengthens regional security. With the porosity of borders and free flow of goods, services, capital, and human resource, security then becomes a cooperative endeavor for respective national agencies and the larger international community surrounding the region.

A major point to consider for policy development is the importance of highlighting the Philippines' immutable geography in policymaking. As mentioned by a Philippine Navy chief in one of his speeches, the country has 7,000 unsinkable ships in the form of its islands—one only needs to consider policy initiatives that directly contribute to national security. There is a need to balance the country's challenging geographical features coupled with several largely inward, domestic stability, and safety concerns. The country's waters should be viewed as an opportunity to bridge islands and interests together, instead of the usual perception that these same waters serve as barriers and separators between landmasses.

With this in mind, this chapter posits a framework<sup>6</sup> for maritime security policymaking to strengthen coordination between agencies and promote greater inter-state cooperation. It focuses on three major elements: inclusivity, functionality, and sustainability considering that the development and enhancement of regional cooperative mechanisms often start with the identification of singular or multiple issues to address, moving towards agreement on the depth and breadth of involvement of the actors, and solidifying their commitment through institutional development.

### Functionality

The author posits that the first element to be considered in developing a strong maritime security policy framework is functionality, which is defined as the convergence of security priorities and state interests to address present, pressing, and persistent challenges. This includes identifying and working on issues that could be considered as “convergence points” between interest and priority. As observed with many current international cooperative mechanisms, such as the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP) between 20 countries in the Asia-Pacific and the Trilateral Cooperative Arrangement (TCA) between the Philippines, Indonesia, and Malaysia, initiatives with strong foundations on particular functional issues produce favorable results. It should be noted that territorial and maritime delimitation,

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6 This is an edited version of the original framework presented by the author in the APPFI Maritime Development and Security Research Paper Series 2019-01 entitled “Developing a Framework for Philippine Security Cooperation in a Changing Maritime Milieu”, incorporating some changes after validation with several maritime security stakeholders.

despite its utmost importance to states, is often a source of divergence between countries especially those that are claimants of a particular territory or maritime area. The key to functionality is “being able to set aside differences in order to pursue initiatives related to converging interests” (Despi 2019, 19).

Central to identifying which issues to collaborate and cooperate on is identifying the gaps that could not be addressed unilaterally by singular maritime agencies and inter-agency collaboration, and determining which issues overlap and which among them could be addressed by a single mechanism. This will help avoid overlaps and redundancies when it comes to participating in cooperative mechanisms. Based on the diagram earlier mentioned, some issues to consider for greater collaboration and cooperation include maritime domain awareness, trade and shipping security, coastal welfare, fisheries, transnational crimes and piracy, maritime terrorism, marine environmental protection, the rule of law and good order at sea, security of sea lines of communication, enhancing disaster response and resiliency, and energy security.

### **Inclusivity**

The element of inclusivity refers to the comprehensiveness and coherence of initiatives among national government agencies, between the public and private sector of the country, and between states.

First, inclusivity is best reflected in strong inter-agency coordination within each country. Despite the ad-hoc nature of some initiatives, one cannot do away with protocol in participating in cooperation initiatives, as this could result in inefficiency and ineffectiveness in the utilization of finite resources. There have been several efforts in the past related to developing an inter-agency operating protocol for the Philippine maritime services, which properly takes stock of all agency inputs to identify gaps and address the overlaps in mandate and redundancies in initiatives. However, the promulgation and implementation of such protocol have not been done due to several factors, such as lack of support from the strategic level decision-makers, inter-agency rivalry and lack of initiative to create avenues for dialogue and interoperability exercises, overlapping mandates, and the absence of assets for particular activities (Despi 2019, 20).

Second, as maritime issues affect everyone, inclusivity also refers to the involvement of the private sector and the local coastal

communities in considering initiatives, particularly those related to securing economic activity and environmental protection. Involving members of the shipping industry, fishing companies, and even the energy industry, especially in planning, research and development, and information gathering, would significantly improve their relations with national agencies and raise awareness in the government's current and future initiatives for the maritime economic sector. Constant dialogue between maritime agencies, non-governmental organizations, and coastal communities would also enhance the overall planning process for addressing maritime security concerns and enhance cooperation and collaboration at the local level. In this manner, it lends a sense of ownership to private citizens, thereby "increasing awareness and maximizing their participation in worthwhile initiatives" (Despi 2019, 20-21).

Lastly, given the transnationality of threats, inter-state inclusivity means the inclusion of all affected states in pursuing cooperative activities for the benefit of those involved and for surrounding states that make use of the sea (Despi 2019). However, one must note of the delicate diplomatic dynamics between the countries in the region, which raises the challenge of developing cooperation that transcends strategic differences. With this in mind, a pragmatic course of action is what John Bradford calls "operationalized" security cooperation, which is defined as "a specific type and degree of cooperation in which policies addressing common threats can be carried out by mid-level officials of the states involved without immediate or direct supervision from strategic-level authorities" (Bradford 2005, 64). Examples of operationalized maritime security cooperation include combined naval exercises and regularly scheduled combined law enforcement patrols.

### **Sustainability**

Finally, sustainability refers to the commitment to addressing security challenges through the development of cooperative frameworks. It is about developing and strengthening institutions that promote coordination and collaboration and safeguard the interests of the state.

This can be done by harmonizing laws and priorities and promoting a shared understanding about issues and how to resolve them. The Philippines' move to promulgate the Maritime Zones Act is a cornerstone to this, as it promotes the country's commitment to

upholding the international Law of the Sea Convention in its domestic policy. Communication is key in sustaining cooperation, and the development of international protocols and norms will definitely decrease the possibilities of miscommunication between states. This also promotes an appreciation for the rule of law, which is really the only way to level the playing field for all interested parties, and the best way to ensure the strategic value of a particular mechanism (Despi 2019, 21). It should be further noted that cooperation between states “in an area where there is a marked degree of asymmetry of capacity should always be encouraged, but [always] on the basis of mutual respect and regard for inalienable state rights” (Townsend-Gault 2012).

As transparency, accountability, and predictability are the hallmarks of a good international partnership, putting policies, implementing mechanisms, and evaluating bodies in place for the Philippine side will ensure stability and sustainability of the country’s participation in future cooperative initiatives. Sustainability also requires proper monitoring and evaluation processes for participation in cooperative mechanisms. The feedback of which will aid in prioritization and planning for resource management and capability and capacity development (Despi 2019).

## **Conclusion**

Given a vast maritime domain at the heart of one of the busiest and most vibrant regions in the world, the Philippines stands to gain from pursuing coordinated and cooperative maritime security initiatives with other states. Central to this is strengthening of domestic institutions and mechanisms first, because building a strong national mechanism largely contributes to a country’s capability to support and sustain its participation in regional security initiatives.

The current policy environment presents several opportunities to prioritize maritime security as a national strategic goal. However, there is still a need to further harmonize and operationalize tasks and mechanisms listed in the National Security Policy and Strategy. Several issues and challenges also continue to plague the national maritime services, which, in turn, constrain them from fully performing their mandated functions and cooperate with other nations in a coordinated manner.



In response to this, the author has put forward recommendations to consider when crafting future policies and strategies related to maritime security. The first is to focus on functionality, which refers to the convergence of security priorities and state interests to address present, pressing, and persistent challenges. This is in order to prioritize which **issues** are most important and urgent to address. The next element is *inclusivity*, or looking into the comprehensiveness and coherence of initiatives among national government agencies, between the public and private sector of the country, and between states. This element is concerned with the number and character of the **actors** to be involved in an activity. Finally, the last element is *sustainability*, which is the commitment to address security challenges through the development of **institutions** that promote coordination, cooperation, and collaboration.



# PROSPECTS FOR TRILATERAL COOPERATION: THE PHILIPPINES, AUSTRALIA, AND JAPAN

**Mark Bryan Manantan**

**Abstract:**

This paper explores the potential formation of trilateral cooperation between the Philippines, Australia, and Japan against the backdrop of waning multilateral cooperation, and a deepening US-China strategic rivalry. It argues that a trilateral arrangement can provide a viable approach for the three US allies who are at the crossfires of the spiraling great power contest to achieve “intra-spoke cooperation” grounded on common and shared priorities.

Adopting the Convergent Security Framework, this paper illustrates how the three spokes can fuse their respective bilateral linkages into a trilateral arrangement to promote regional order-building initiatives. This paper makes two significant contributions. First it refashions the asymmetrical roles of the spokes, affording them with more excellent agency and autonomy within the US-centric alliance structure. Second, it provides the empirical foundation to galvanize the proposed trilateral cooperation. As the upward trend of great power competition continues, the Philippines, Australia, and Japan must reinforce regional multilateral forums as the neutral diplomatic ground to diffuse tension and restart regional dialogue.

**Keywords:** Trilateral Cooperation, Philippines, Japan, Australia, Convergent Security

**Introduction**

American foreign policy under the Trump administration has been deeply polarizing. It has espoused an inward-looking posture by emphasizing equal burden-sharing among its allies and partners,

as well as receding from multilateral agreements such as the Trans-Pacific Partnership (TPP) and the Paris Climate Change Agreement.<sup>1</sup> It has primarily engaged in international politics based on a transactional view, which at times was designed to satisfy the optics of domestic and international audiences. Despite the unprecedented Trump-Kim summit, the negotiation failed to achieve any significant breakthrough regarding the complete and verifiable denuclearization of North Korea.<sup>2</sup> Meanwhile, the Middle East is on the brink of open conflict due to rising tensions with Iran following Trump's withdrawal from the nuclear trade deal.<sup>3</sup> These developments have far-reaching implications to American leadership in the region that has underpinned regional stability, security, and prosperity since the post-World War II era.

To its credit, the Trump administration has launched the Free and Open Indo-Pacific (FOIP) strategy and subsequently signed the Asia Reassurance Initiative Act (ARIA) in 2018.<sup>4</sup> Both policies were reassuring but lacked coherence and substantive strategic imperative in concrete operationalization and clarity to cement America's sustained engagement in the evolving Indo-Pacific landscape.<sup>5</sup> They exemplify the deep concerns regarding Trump's top-down transactional view of international relations. It fails to integrate various considerations among the United States' (US) allies and its partners in the long-term policy and strategic planning, coordination, and implementation. Thus, the Trump administration's unpredictability and fragmented

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1 Helena Legarda and Michael Fuchs, "As Trump withdraws America from the world, Xi's China takes advantage," Center for American Progress, 29 November 2017, <https://www.americanprogress.org/issues/security/reports/2017/11/29/443383/trump-withdraws-america-world-xis-china-takes-advantage/>.

2 Julian Borger, "The failed Trump-Kim summit: the story of a trainwreck foretold," *The Guardian*, 24 May 2018, <https://www.theguardian.com/world/2018/may/24/trump-kim-north-korea-summit-trainwreck-foretold>.

3 "Donald Trump says US will withdraw from rotten Iranian deal – while Iran agrees to stay but threatens further nuclear efforts if negotiations fail," Reuters, 9 May 2018, <https://www.scmp.com/news/world/united-states-canada/article/2145246/trump-tells-frances-macron-us-will-withdraw-iran>.

4 Michael Green, "Trump and Asia: Continuity, Change and Disruption," *Asan Forum*, 18 April 2019, <http://www.theasanforum.org/trump-and-asia-continuity-change-and-disruption/>.

5 Michael Swaine, "Creating an Unstable Asia: the U.S. 'Free and Open Indo-Pacific' Strategy," *Carnegie Endowment*, 2 March 2018, <https://carnegieendowment.org/2018/03/02/creating-unstable-asia-u.s.-free-and-open-indo-pacific-strategy-pub-75720>.

commitment in the Indo-Pacific poses a significant challenge, especially among its key allies and partners that are now confronted with a far more aggressive China determined to undercut the rules-based liberal order.

In recent years, China continues to aggravate regional stability through its projection of unilateral control in the South China Sea by deploying gray zone tactics in the form of maritime militias.<sup>6</sup> After establishing a near-permanent foothold in the contested waters with reclaimed islands installed with advanced weapon systems, China conducted its first missile testing in the contested waters, which further raised tensions in the region.<sup>7</sup>

As the Sino-American tit-for-tat trade tariffs continue to reach new heights marked by protracted charges and counter-charges, such as the possible ban of Chinese rare earth minerals to the US or denying Chinese access to key US technologies, one thing remains certain: the two largest economies are “decoupling” or reducing economic interdependence.<sup>8</sup> The global supply chain’s possible fragmentation is underway with various foreign companies pulling out their investments away from the mainland toward developing economies in Southeast Asia.<sup>9</sup> Meanwhile, China is now attempting to move from foreign acquisition to import substitution to produce its indigenous technologies.<sup>10</sup> The intensifying rivalry also unfolds as the world struggles from the devastating impact of COVID-19. With the absence of a coherent and robust global leadership to address the pandemic, the landscape of international politics sinks deeper into greater uncertainty.

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6 Laura Zhou, “US shift on South China Sea ‘grey zone’ aggression signals stronger response ahead,” *South China Morning Post*, 8 February 2019, <https://www.scmp.com/news/china/diplomacy/article/2185485/us-shift-south-china-sea-grey-zone-aggression-signals-stronger>.

7 Toru Takahashi, “What Beijing really wants from South China Sea code of conduct,” *Nikkei Asian Review*, 12 August 2019, <https://asia.nikkei.com/Spotlight/Comment/What-Beijing-really-wants-from-South-China-Sea-code-of-conduct>.

8 “China steps up threat to deprive U.S. of rare earths amid Huawei Row,” *Japan Times*, 30 May 2019, <https://www.japantimes.co.jp/news/2019/05/30/business/china-steps-threat-deprive-u-s-rare-earth-rows-amid-huawei-row/#.XYMgRZMzZ0s>.

9 Willy Shih, “The high price of breaking up global supply chains,” *Nikkei Asian Review*, 2 July 2019, <https://asia.nikkei.com/Opinion/The-high-price-of-breaking-up-global-supply-chains>.

10 Aneela Shahzad, “The US-China trade war,” *The Express Tribune*, 19 September 2019, <https://tribune.com.pk/story/2059616/6-us-china-trade-war/>.

Against the backdrop of an unpredictable US commitment, an increasingly assertive China further exacerbated by their ongoing geopolitical and geo-economic competition, and the negative externalities caused by COVID-19 is the regional multilateral framework draped in looming uncertainty. At the crossroads of such evolving instability are the Philippines, Australia, and Japan, who share the strategic imperative of maintaining the regional balance of power and the sustainability of the multilateral institutions, norms, and values that underpin the rules-based international order.

This chapter argues that the existing scope and breadth of the bilateral linkages between the Philippines, Australia, and Japan can be further developed into a trilateral cooperation to buttress the regional multilateral order. Rather than viewing the arrangement as threat-centric, the increased intra-cooperation among the “three spokes” will be instrumental in reinvigorating their roles within the US alliance system to engage in regional order-building initiatives. The implementation of this trilateral linkage can be achieved through the convergent security approach where the “spokes” merge their existing bilateral arrangements grounded on “mutuality” or shared interests.<sup>11</sup> This will bolster the spokes’ greater diplomatic autonomy to facilitate a more inclusive regional multilateral architecture without compromising their bilateral relationship with the US.<sup>12</sup> By enhancing their roles, they pursue a more proactive stance that can reinforce regional stability and prosperity that will continue to engage China and maintain active US commitment in the region.

This chapter is divided into four parts. After tracing some fundamental precepts, the subsequent section provides a conceptual overview of trilateral cooperation as a form of minilateralism achieved through the convergent security approach. The third section examines the three spokes mutual interest to maintain US presence, engage China, and buttress an inclusive regional multilateral architecture. The fourth section probes current bilateral cooperation areas that offer empirical evidence as initial pathways for trilateral cooperation. It pays particular attention to traditional and non-traditional areas

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11 William Tow and David Envall, “The US and Implementing Multilateral Security in the Asia-Pacific: Can Convergent Security Work?” *IFANS Review* 19, no. 2 (December 2011), [https://www.researchgate.net/publication/281590864\\_The\\_US\\_and\\_Implementing\\_Multilateral\\_Security\\_in\\_the\\_Asia-Pacific\\_Can\\_Convergent\\_Security\\_Work](https://www.researchgate.net/publication/281590864_The_US_and_Implementing_Multilateral_Security_in_the_Asia-Pacific_Can_Convergent_Security_Work).

12 Ibid.

of security cooperation. The final section concludes that forming trilateral cooperation presents the three countries the opportunity to transform their existing roles in the US “hub and spokes” system to undertake more proactive roles in a regional institutional building. To prove its viability, the concluding part offers key recommendations on potential areas of collaboration within the trilateral cooperation that will underpin its order-building initiatives.

### **Trilateral Cooperation as Minilateral Arrangement and the Convergent Security Approach**

To understand trilateral cooperation, this section sheds light on its relationship with a broader concept called minilateralism. From there, it discusses how the proposed trilateral linkage can be implemented using the convergent security approach. Over the past decade, minilateralism has gained traction in the Asia-Pacific, given its effectiveness and efficiency to achieve greater policy consensus and coordination.<sup>13</sup> Contrary to multilateralism trappings, which is characterized by formal treaty agreements and unencumbered multiple decision-makers, minilateralism is far more flexible.<sup>14</sup> It is an ad-hoc type of setup composed of three to four members working towards mutual interests within a specific timeframe.<sup>15</sup> As a targeted approach, it is capable of mitigating differences among numerous states that can impede progress by enjoining only a limited number of relevant parties to guarantee greater impact in solving specific issues at hand.<sup>16</sup>

Trilateralism sits comfortably between bilateral and multilateral arrangements. Bilateralism is exclusive between two states often bound by a formal treaty or an informal agreement to pursue mutual security interests, whereas a trilateral grouping is the most minimal type of multilateralism.<sup>17</sup> Meanwhile, quadrilateralism involves like-minded

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13 Victor Cha, “American alliances and Asia’s regional architecture,” in *Oxford Handbook of International Relations of Asia*, eds. Saadia M. Pekkanen et al., (Oxford: Oxford University Press, 2014), p. 737-757.

14 William Tow, “Minilateral security’s relevance to US strategy in the Indo-Pacific: challenges and prospects,” *The Pacific Review* 32, no. 2 (2019): 232-244.

15 Ibid.

16 Moises Naim, “Minilateralism,” *Foreign Policy*, 21 June 2009, <http://foreignpolicy.com/2009/06/21/minilateralism>.

17 Ryo Sahasi et al., “The case for US–ROK–Japan trilateralism: Strengths and limitations,” *NBR Special Report No. 70*, 21 February 2018, <https://www.nbr.org/publication/the-case-for-u-s-rok-japan-trilateralism-strengths-and-limitations>.

states bound by democratic values that aim to balance against a potential adversary or cooperate on military and non-military areas of cooperation.<sup>18</sup> Compared to a larger membership like a quadrilateral arrangement, trilateral cooperation presents the ideal number by getting the “balance right” and acts beyond a collective security arrangement.<sup>19</sup> It mitigates the dominance of a hostile hegemon while carving the path towards a stable regional-order building process.<sup>20</sup> The proliferation of bilateralism, trilateralism, and quadrilateral groupings reflects the value of informality prevalent in managing Asian security politics and symptomatic of the ongoing multilateral institution-building that is yet to be achieved.<sup>21</sup>

Critics of minilateralism posit that it does not promote inclusiveness as it precludes other states from participating.<sup>22</sup> It also has a very narrow or limited impact and raises the question of its sustainability.<sup>23</sup> Others assume that minilateral security arrangements are another form of enmeshing China using the American-led regional security alliance.<sup>24</sup> However, this paper argues that adopting such a limited view towards minilateralism, particularly through the prism of merely containing China, undermines the comprehensive collaboration that the network of US allies had established since the end of the Cold war. Such perceptions of containment or balancing strategy perpetuate a zero-sum game narrative that disregards the of the Philippines, Australia, and Japan’s contributions in the broader aspect of order-building.

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18 Kurt M. Campbell, et. al, “The power of balance: America in Asia,” Center for a New American Security, June 2008, <https://www.cnas.org/publications/reports/the-power-of-balance-america-in-iasia>.

19 Michael Green, “Strategic Asian triangles,” in *Oxford Handbook of International Relations of Asia*, eds. Saadia M. Pekkanen et al., (Oxford: Oxford University Press, 2014), p. 758-774.

20 Green, “Strategic Asian triangles.”

21 Cha, “American alliances and Asia’s regional architecture;” Green, “Strategic Asian triangles.”

22 Brahma Chellaney, “New Great Game: The US-India-Japan-Australia Quadrilateral Initiative,” *Asian Age*, 2 June 2007, <https://chellaney.net/2007/06/01/the-u-s-india-japan-australia-quadrilateral-initiative/>.

23 Prashanth Parameswaran, “The limits of minilateralism in ASEAN,” *Straits Times*, 15 February 2018, <https://www.straitstimes.com/opinion/the-limits-of-minilateralism-in-asean>.

24 Zhu Feng, “TSD – Euphemism for Multiple Alliance?” in *Assessing the Trilateral Strategic Dialogue*, eds. William T. Tow, et. al. (Seattle, WA and Washington, D.C.: National Bureau of Asian Research, 2008), <https://www.nbr.org/publication/the-trilateral-strategic-dialogue-facilitating-community-building-or-revisiting-containment/>.



Thus, a task-oriented minilateral grouping that involves middle power states presents a rather less threatening case of containment strategy but lends itself towards buttressing regional stability and prosperity.

Trilateral cooperation emerged as a viable form of minilateralism that has strengthened interdependence based on shared values and mutual trust in working towards a number of strategic interests.<sup>25</sup> In the aftermath of the Cold War, trilateral groupings like the Trilateral Security Dialogue (TSD) have permitted the US, Australia, and Japan to adopt a soft-balancing and cooperative security strategy towards China that eventually paved the way for genuine regional cooperation.<sup>26</sup> At the crux of forming a trilateral cooperation was Washington's aim to refashion its allies' asymmetrical roles in face of an evolving multipolar regional landscape.<sup>27</sup> Under Obama's rebalancing strategy in the Asia-Pacific, it also became a fundamental imperative to reconstitute the roles of the "spokes", or US bilateral allies, to enhance their capacity in responding not only to traditional threats of nuclear proliferation or maritime cooperation but also to emerging dangers in the realm of cybersecurity and humanitarian assistance and disaster relief.<sup>28</sup>

Moreover, the trilateral forum also collaborated with existing regional initiatives like the ASEAN Regional Forum (ARF) to support confidence-building measures and preventive diplomacy.<sup>29</sup> The capacity-building initiatives initiated by the "spokes," thus present a strong case for further order-building in the Asia-Pacific.<sup>30</sup> Thus,

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25 "The Trilateral Strategic Dialogue, Minilateralism, and Asia Pacific Order Building," in *US-Japan-Australia Security Cooperation*, ed. Yuki Tatsumi (Washington, DC: Stimson Center, 2015), <https://www.stimson.org/content/us-japan-australia-security-cooperation-prospects-and-challenges-1>.

26 William Tow, "The Trilateral Strategic Dialogue: Facilitating Community-Building or Revisiting Containment?" in *Assessing the Trilateral Strategic Dialogue*, eds. William T. Tow, et. al. (Seattle, WA and Washington, D.C.: National Bureau of Asian Research, 2008), <https://www.nbr.org/publication/the-trilateral-strategic-dialogue-facilitating-community-building-or-revisiting-containment/>.

27 "Quadrennial Defense Review," United States Department of Defense, 2014, [https://archive.defense.gov/pubs/2014\\_Quadrennial\\_Defense\\_Review.pdf](https://archive.defense.gov/pubs/2014_Quadrennial_Defense_Review.pdf).

28 Ibid.

29 Kuniko Ashisazwa, "Australia-Japan-US Trilateral Strategic Dialogue and the ARF: Extended Bilateralism or a New Minilateral Option?" in *Cooperative Security in the Asia-Pacific: The ASEAN Regional Forum*, eds. Noel M. Morada and Jürgen Haacke (Oxford and New York: Routledge, 2010), p. 758-774.

30 Ibid.

these developments shift the perception of trilateral cooperation from a threat-centric view into a more proactive and cooperative avenue geared towards institutional-building that complements or reinforces regional multilateralism.<sup>31</sup>

While the TSD exemplifies strong evidence of the viability of trilateralism, this paper asserts that the political and economic context of its formation was marked at a time of high-level US engagement. Given the ongoing impasse in US commitment in the region under Trump, the adoption of the “convergent security approach” presents a realistic pathway to the formation of the trilateral grouping. A convergent security approach advances a more “intra-spoke” cooperation where the “spokes” ‘diplomatic autonomy is emphasized without undermining the role of the hub.’<sup>32</sup> It exemplifies all the elements of trilateralism: the merger of existing bilateral alliances into an ad-hoc type of grouping to collaborate on specific policy objectives and to support the agenda of regional multilateral organizations. However, it pushes the envelope further by advancing a cooperative arrangement that situates the role of the “spokes” front and center.<sup>33</sup>

From the viewpoint of convergent security, the bedrock of forming the spokes-led trilateral arrangement lies on the condition of “mutuality” to achieve “more contemporary, symmetrical relationships [that reflect] cross-cutting interests” in an evolving geopolitical environment.” Thus, mutuality must be satisfied to achieve a policy equilibrium where the security relationship of the powerful and less powerful allies “have matured from distinctly asymmetrical to more evenly balanced sets of interests and interactions.”<sup>34</sup> The “spokes” adopt a linear and independent relationship through their grouping beyond the purview of traditional US-led alliance management but still maintain their bilateral relationships with Washington. They effectively transform their role as spokes to become increasingly agile and more egalitarian to coordinate policies on niche areas of cooperation, thus paving the way to achieving

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31 Thomas Wilkins, “Towards a ‘Trilateral Alliance’? Understanding the Role of Expediency and Values in American-Japanese-Australian Relations,” *Asian Security* 3, no. 3 (2007): 251-278.

32 Tow and Envall, “The US and Implementing Multilateral Security in the Asia-Pacific: Can Convergent Security Work?”

33 Ibid.

34 Ibid. p. 29.

a more open and inclusive regional architecture.<sup>35</sup>

Through the convergent security approach, the “spokes” can achieve “intra-spoke” cooperation to achieve greater policy consensus. It provides an alternative vision that breaks the conventional hub-and-spokes view where the US has enjoyed a central role. This is even more relevant today as Washington continues to illustrate a mercurial attitude towards the “spokes” in the region. They can now assume even proactive roles by leveraging on their unique capabilities to preserve the regional multilateral framework

### **The Impetus for Trilateral Cooperation: Mutual Interests**

The prospects of further developing the scope and breadth of existing bilateral cooperation among the Philippines, Australia, and Japan into a trilateral linkage is highly feasible. Using the convergent security approach, this section elaborates on the three factors that underpin the condition of mutuality in forming the trilateral cooperation: engaging China constructively, maintaining US commitment, and promoting an inclusive regional multilateral architecture. The confluence of these factors based on mutual interests and interactions will impact the trilateral arrangement pathway from ideation to fruition and ultimately shape the contours of its engagement in the region.

### **Engaging China Constructively**

Japan and the Philippines share deep concerns over China’s rise and the threat it poses to the status quo. Such mutual interest lies in both countries’ respective territorial disputes with Beijing in the East China Sea and the South China Sea.<sup>36</sup> Their proximity to the mainland brought the two archipelagic states closer, especially with China’s extensive reclamation and militarization of its artificial islands.<sup>37</sup> In 2016, both countries entered into a new defense agreement under their strategic partnership that facilitated technology transfers and capacity-

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35 Ibid.

36 “Philippine defense chief says China sea dispute still a challenge,” Reuters, 26 March 2018, <https://www.reuters.com/article/us-philippines-defence-japan/philippine-defense-chief-says-china-sea-dispute-still-a-challenge-idUSKBN1H20JJ>.

37 Brahma Chellaney, “Beijing’s South China Sea grab,” Japan Times, 18 December 2018, <https://www.japantimes.co.jp/opinion/2018/12/18/commentary/world-commentary/beijings-south-china-sea-grab/#.XYNAmZMzZ0s>.

building and interoperability in the area of maritime security.<sup>38</sup>

However, there is more nuance to Japan's and the Philippines' strategy toward China. Rather than relying on pure balancing, both countries are hedging against China.<sup>39</sup> For instance, the Philippines under President Rodrigo Duterte has pursued an independent foreign policy and built warmer ties with Beijing economically and diplomatically by downplaying its victory at the Permanent Court of Arbitration in 2016.<sup>40</sup> The Philippines has also welcomed China's Belt and Road Initiative (BRI), while Japan expressed its willingness to engage China's BRI through its Asian Development Bank.<sup>41</sup> At the same time, both countries have bolstered their defense ties with the US by embracing its Free and Open Indo-Pacific strategy.<sup>42</sup>

In contrast, while Australia is not embroiled in any territorial disputes with China, it is deeply alarmed with Beijing's unilateral actions in the resource-rich waters.<sup>43</sup> It also views China from a geo-economic standpoint. Australia may not be a party to the BRI, but its economy is highly intertwined with China.<sup>44</sup> Australia's balancing act between China and the US is exemplified by its neat characterization of the two superpowers: the former as the economic partner, the latter as

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38 Renato De Castro, "The Philippines and Japan Sign New Defense Agreement," Asia Maritime Transparency Initiative, 15 March 2016, <https://amti.csis.org/the-philippines-and-japan-sign-new-defense-agreement/>.

39 Abraham Denmark, "Japan Accelerates Its Hedging Strategy," Wilson Center, 6 November 2018, <https://www.wilsoncenter.org/blog-post/japan-accelerates-its-hedging-strategy>.

40 Mary Fides A. Quintos, "The Philippines: Hedging in Post-Arbitration South China Sea," *Asian Politics and Policy* 10, no. 2 (2018): 261-282.

41 Katerina Francisco, "Fast Facts: China's Belt and Road Initiative," Rappler, 20 November 2018, <https://www.rappler.com/newsbreak/iq/149535-china-belt-road-initiative>; Shiro Armstrong, "Japan joins to shape China's Belt and Road," *East Asia Forum*, 28 October 2018, <https://www.eastasiaforum.org/2018/10/28/japan-joins-to-shape-chinas-belt-and-road/>.

42 "Japan and Philippines agree to work toward free and open Indo-Pacific," *Japan Times*, 1 June 2019, <https://www.japantimes.co.jp/news/2019/06/01/national/politics-diplomacy/japan-philippines-agree-work-toward-free-open-indo-pacific/#.XYND7JMzZ0s>.

43 Rebecca Strating, "Australia's approach to the South China Sea disputes," *East West Center*, 24 July 2019, <https://www.eastwestcenter.org/publications/australia%E2%80%99s-approach-the-south-china-sea-disputes>.

44 Martin Fareer, "If China's economy crashes Australia will be hit hard, report says," *The Guardian*, 28 August 2019, <https://www.theguardian.com/world/2019/aug/29/coalition-must-give-up-dream-of-budget-surplus-if-china-crashes-report-says>.

its security guarantor.<sup>45</sup> Like the Philippines and Japan, it supports the US' Free and Open Indo-Pacific strategy and continues to participate in the Trilateral Security Dialogue with Japan and the US.<sup>46</sup>

The perception towards China varies among the three spokes, even though the geopolitical ramifications of China's transgression of the rules-based order based on its rapid militarization of the South China Sea is a collective strategic concern. Despite Beijing's policy pronouncements of preserving stability in the region, its concrete actions in the contested waters contradict its genuine intentions.<sup>47</sup> Therefore, it is in the spoke's mutual interest to promote a stable regional order that will encourage Beijing to exercise restraint and act as a responsible and cooperative regional power.<sup>48</sup> It will be counterproductive for the trilateral cooperation not to consider China's potential and its possible engagement in regional order-building. Thus, conceiving trilateral cooperation will provide parallel support to multilateral diplomacy in creating a common ground for norms, values, and the rule of law. This will enmesh China to continue its constructive dialogue in the region while mitigating the escalation of tension in the South China Sea that may lead to an outright confrontation.

### **Maintaining Active US Engagement**

The US remains a key plank across the spokes' security and defense policies. However, the credibility of the US under the Trump administration is beset with uncertainty. Trump's unequivocal demand for equal burden-sharing in the provision of international public goods, such as investments in global security, puts immense pressure among US allies to do more by upgrading their defense spending within the alliance relations.<sup>49</sup> Trump's withdrawal from the TPP and the Iran Nuclear

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45 John Powell, "Australia's balancing act between US and China will prove one of its greatest challenges," *South China Morning Post*, 27 December 2017, <https://www.scmp.com/comment/insight-opinion/article/2125701/australias-balancing-act-between-us-and-china-will-prove-one>.

46 "Ninth Japan-United States-Australia Trilateral Security Dialogue (TSD)," Ministry of Foreign Affairs Japan, 1 August 2019, [https://www.mofa.go.jp/a\\_o/ocn/page4e\\_001053.html](https://www.mofa.go.jp/a_o/ocn/page4e_001053.html).

47 Frances Mangosing, "Lorenzana admits China's bullying; says Beijing's peace 'rhetoric' just optics," *Inquirer*, 30 July 2019, <https://globalnation.inquirer.net/178403/lorenzana-admits-chinas-bullying-says-beijings-peace-rhetoric-just-optics>.

48 Yoichiro Sato, "Japan-Australia Security Cooperation: Jointly Cultivating the Trust of the Community," *Asian Affairs: An American Review* 35, no. 3 (2010): 152-172.

49 Nick Wadhams and Jennifer Jacobs, "President Trump Reportedly Wants Allies

Deal are ominous signs that threaten the continuing commitment of the US in regional-order building. A recent study conducted by the ISEAS-Yusof Ishak Institute reveals that most Southeast Asians are skeptical towards the Trump administration's capacity to continue America's role as the primary security guarantor.<sup>50</sup> Furthermore, as the US government casts China as a strategic competitor, Asian allies can also be forced to eventually choose between the two superpowers.<sup>51</sup> This zero-sum game approach can undermine the autonomy of US allies in the region concerning their economic and diplomatic dealings with China.

The enhancement of security cooperation among the spokes will facilitate the continuing commitment of the US in the region, while extenuating its unilateral tendencies, especially under the Trump administration. The cross-cutting interactions among the spokes from their trilateral cooperation can reinforce their bilateral links with the US and altogether deepen the forward deployment of US presence as a stabilizing force to China's increasing assertiveness in the region. Intra-spoke cooperation can likewise serve as a regional order-building initiative that can reinforce or fill in the absence of US participation in certain issue-areas in the region.

Contrary to the conventional US foreign policy that supports multilateral diplomacy, the Trump administration has resorted to unilateral approaches to resolving key issues that affect the region with little consideration of the implications to its allies. Thus, trilateral cooperation can also address the long-held vision of easing the asymmetrical differences between the US and its allies.<sup>52</sup> From the view of Manila, Canberra, and Tokyo, the overarching agenda is to convert their respective bilateral alliances to support a regional security architecture that will enmesh the US and temper its unilateral

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to Pay Full Cost of Hosting U.S. Troops Abroad 'Plus 50%', *Time*, 8 March 2019, <https://time.com/5548013/trump-allies-pay-cost-plus-50-troops/>.

50 Tang Siew Mun, et al., "The State of Southeast Asia," ISEAS Yusok Ishak Institute, 29 January 2019, [https://www.iseas.edu.sg/images/pdf/TheStateofSEASurveyReport\\_2019.pdf](https://www.iseas.edu.sg/images/pdf/TheStateofSEASurveyReport_2019.pdf).

51 John S. Van Oudenaren, "America's Asian Allies aren't ready for a Cold War with China," *National Interest*, 6 November 2018, <https://nationalinterest.org/feature/americas-asian-allies-arent-ready-cold-war-china-35332>.

52 Tow and Envall, "The US and Implementing Multilateral Security in the Asia-Pacific: Can Convergent Security Work?"

tendencies.<sup>53</sup> This will mitigate the disproportionate dominance of the US towards its bilateral politics by leveraging the Philippines, Japan, and Australia's collective agency in shaping the tendency of American unilateralism in the region.

### **Promoting an Inclusive Regional Multilateral Architecture**

The urgency of forming trilateral cooperation is warranted now more than ever. The heightened competition between the US and China and their ever-changing foreign policies make it more crucial to reconfigure new approaches in supporting the regional multilateral order. Thus, the trilateral linkage between the Philippines, Australia, and Japan can reinvigorate the multilateral framework as a neutral diplomatic space to engage the two superpowers and persuade them to arrive at a favorable compromise for the greater good of the entire region.

As China continues to alter the status quo through its de facto control in the South China Sea, and the US credibility under the Trump administration heads towards a sharp decline, it becomes imperative for the Philippines, Australia, and Japan to cooperate closely to strengthen the regional multilateral architecture. This will prevent the great-power tensions from becoming systemically adversarial, which will inflict irreparable damage to the stability and prosperity of regional and international systems.

However, the existing bulwark of regional multilateral architecture is also under intense pressure. ASEAN's inability to provide concrete and satisfactory responses to regional issues, such as the South China Sea disputes and the Rohingya crisis exposed the organization's growing limitations to address emerging concerns in the region.<sup>54</sup> Despite the broad vision of forging an ASEAN Community, it lacks the organizational capabilities and resources to achieve such commitment. The survival of ASEAN-led regional multilateralism will depend on the organization's capacity to conduct a deep soul-searching of its internal and external outlook in the context of a multipolar world

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53 Sato, "Japan-Australia Security Cooperation: Jointly Cultivating the Trust of the Community."

54 Mathew Davies, "ASEAN's South China Sea ulcer," *New Mandala*, 26 July 2016, <https://www.newmandala.org/aseans-south-china-sea-ulcer/>; Mathew Davies, "Is ASEAN a newfound voice for the Rohingya," *East Asia Forum*, 28 March 2017, <https://www.eastasiaforum.org/2017/03/28/rohingya-a-threat-to-asean-stability/>.

order.<sup>55</sup> Internally, it must be flexible to adapt informal or minilateral coalitions that will work on specific issues.<sup>56</sup> Externally, ASEAN must forge greater cooperation with its external dialogue partners grappling with similar transnational issues.<sup>57</sup> These arrangements will augment the organization's lack of resources while maintaining its role as the fulcrum of regional order amidst great power rivalry.

Thus, the trilateral cooperation can buttress ASEAN's continuing relevance. In particular, the order-building initiatives that can be implemented by the Philippines, Australia, and Japan can augment ASEAN's weakening capacity on fundamental issue areas. By working in parallel on the regional organization's key agendas, the trilateral cooperation can maintain ASEAN-led mechanisms such as the East Asia Summit (EAS) as the centerpiece for dialogue and cooperation to avoid miscalculations in the current geostrategic shift. Thus, it is a fundamental interest of the trilateral linkage to reinforce an inclusive regional security scaffolding that will breed greater diplomatic space.

In summary, the confluence of these mutual interests—engaging China constructively, deepening US commitment, and promoting an inclusive regional security architecture—sets the stage for the Philippines, Australia, and Japan to form trilateral cooperation. The time and circumstances are ripe for an innovative approach expanding geostrategic and geo-economic cooperation beyond the existing bilateral relationships that support regional institution building.

### Foundations of Trilateral Cooperation

To galvanize the trilateral cooperation from idea to implementation, it is critical to revisit the respective bilateral engagements among the Philippines, Australia, and Japan as the primary mechanisms upon which the grouping can further prosper. By recognizing that the US may no longer fully engage or dominate their respective bilateral security relations, trilateral cooperation will collaborate on several political, economic, and security initiatives that will support the broader regional multilateral agenda. A strategic partnership bounds the Philippines and Japan; Japan and Australia also share

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55 Amitav Acharya, "ASEAN: Coping with the Changing world order," East Asia Forum, 1 August 2017, <https://www.eastasiaforum.org/2017/08/01/can-asean-cope-with-the-changing-world-order/>.

56 Ibid.

57 Ibid.



a special strategic partnership; while the Philippines and Australia maintain their relationship at the comprehensive level. Through their long-standing shared values and mutual interests, the Philippines, Australia, and Japan can merge their existing bilateral partnerships into trilateral cooperation by focusing on key policy initiatives. This section highlights the existing complementarities and the capability gaps in each country's respective bilateral setting of one another as foundational elements for the trilateral arrangement.

According to the Lowy Institute's Asia Power Index 2019, Japan is considered the new leader of the liberal order in Asia.<sup>58</sup> As the US and China vie for dominance, Japan reigns within a distinct tier where it is positively shaping the region as a "quintessential smart power".<sup>59</sup> Despite its limited resources and capabilities, Japan has been strategically leveraging its defense, diplomatic, economic, and cultural influence in "setting regional standards and maintaining an inclusive multilateral architecture."<sup>60</sup> In the face of a mercurial Trump, Japanese Prime Minister Shinzo Abe has managed to resuscitate the US-led TPP in the current form of the CPTPP.<sup>61</sup> Japan also has its own infrastructure funding actively present in Southeast Asia. In fact, Japan's infrastructure investments in the region has been called a silent version of China's BRI with its low-key yet effective performance characterized by transparency and inclusivity of local perspectives from its host countries.<sup>62</sup>

The Philippines is one of Japan's leading partners in infrastructure and economic investments.<sup>63</sup> In 2018, Japan was the Philippines' largest source of overseas development assistance (ODA), accounting for 41.2% of the country's overall loans and grants.<sup>64</sup> The two countries

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58 Jesse Johnson, "Japan the new leader of the liberal order in Asia," Japan Times, 28 May 2019, [https://www.japantimes.co.jp/news/2019/05/28/national/japan-new-leader-liberal-order-asia-top-australian-think-tank-says/#.XXlgWpMzY\\_V](https://www.japantimes.co.jp/news/2019/05/28/national/japan-new-leader-liberal-order-asia-top-australian-think-tank-says/#.XXlgWpMzY_V).

59 "Lowy Institute Asia Power Index," Lowy Institute, 29 May 2019, <https://power.lowyinstitute.org/downloads/Lowy-Institute-Asia-Power-Index-2019-Key-Findings.pdf>.

60 Ibid.

61 Ibid.

62 Nyshka Chandran, "Japan, not China, may be winning Asia's infrastructure investment contest," CNBC, 23 January 2019, <https://www.cnbc.com/2019/01/23/belt-and-road-japan-not-china-may-be-winning-investment-contest.html>.

63 "Philippines, Japan line up more projects for funding," Business World, 23 November 2018, <https://www.bworldonline.com/philippines-japan-line-up-more-projects-for-funding/>.

64 Ben O. de Vera, "Japan still PH's No.1 source of ODA," Inquirer, 29 December 2019,

have established a Joint Committee on Infrastructure Development and Economic Cooperation. The said committee laid down a five-year plan that will coordinate the implementation of public and private-sector investment for various projects from subways, railways, to assistance to the Philippines' peace process in Mindanao.<sup>65</sup> The Philippines and Japan continue to have a productive strategic partnership under President Duterte and Prime Minister Abe. Amid Duterte's perceived contempt of the US and personal bias toward China, Japan continues to be an important economic and strategic partner.<sup>66</sup> The Philippines' maritime capability upgrade is also highly credited to Japan's transfer of technology and equipment under their "special" partnership. Under the 2015 defense cooperation memorandum, the two countries continue to deepen their high-level exchanges through regular visits among their armed forces and security officials.<sup>67</sup> In 2019, Japan and the Philippines met again for the 6th Philippines-Japan Vice-Ministers' Defense Dialogue.<sup>68</sup>

Japan's relationship with Australia is also heading towards an upward trend. In their 8th 2+2 foreign and defense ministerial conference, Australia and Japan reiterated their commitment to further deepen their special strategic partnership and enhance free trade and the rules-based international order.<sup>69</sup> The two countries have also been close partners in naval defense cooperation under their Memorandum of Defense Cooperation signed in 2008.<sup>70</sup> This presented an opportunity

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<https://business.inquirer.net/262865/japan-still-phs-no-1-source-of-oda>.

65 "8th Meeting of the Japan-Philippines Joint Committee on Infrastructure Development and Economic Cooperation," Ministry of Foreign Affairs, 18 June 2019, [https://www.mofa.go.jp/press/release/press1e\\_000129.html](https://www.mofa.go.jp/press/release/press1e_000129.html).

66 Mark Manantan, "China or Japan? The contest for Hanjin, the Philippines," *Philippine Star*, 10 May 2019, <https://www.philstar.com/other-sections/news-feature/2019/05/10/1916727/china-or-japan-contest-hanjin-philippines-largest-shipyard>.

67 "Japan, PH renew vow to strengthen maritime security cooperation," *Rappler*, 1 February 2015, <https://www.rappler.com/nation/82595-japan-philippines-defense-ministers-meeting>.

68 Ramon Talabong, "Lorenzana meets with Japan defense minister in Tokyo," *Rappler*, 18 April 2019, <https://www.rappler.com/nation/228489-lorenzana-meets-japan-defense-minister-tokyo-april-2019>.

69 "Joint Statement Eight Japan-Australia 2+2 Foreign and Defence Ministerial Consultations," Ministry of Foreign Affairs, 10 October 2018, <https://www.mofa.go.jp/files/000407228.pdf>.

70 "Memorandum on Defence Cooperation between Ministry of Defense, Japan and Department of Defence, Australia," Ministry of Defense Japan, 18 December 2008, <https://www>.

for the two US allies to explore any crossover within Australia's Indo-Pacific Endeavour task force and Japan's Anti-Submarine warfare drill.<sup>71</sup> Under the Australia-Japan cooperation agreement, two sub-regions were identified as the crucial umbrella of a Free and Open Indo-Pacific: Southeast Asia and the South Pacific or the Pacific Islands Countries.<sup>72</sup> In close coordination with ASEAN-led efforts, Japan and Australia are working in parallel with the Philippines, Indonesia, and Malaysia to provide capacity-building mechanisms through ODA programs and defense equipment and technology transfers.<sup>73</sup>

Japan and Australia are also currently in talks over the passage of the Reciprocal Access Agreement (RAA), a legal framework aimed to bolster the two countries' joint operations and exercises.<sup>74</sup> It will facilitate the logistics and policy coordination of military operations, equipment transfers, and intelligence sharing between the Australian Defense Force and Japan's Special Defense Force.<sup>75</sup> Recent developments within Australia-Japan relations also revived the possibility of Japan's involvement in the modernization of Australia's submarine fleet. After Japan failed to secure the production of Australia's new submarine fleet in 2016, a positive outlook is on the horizon as both states resume their engagement through the Bilateral Defense Industry Forum that commenced in 2017.

Despite their security alliance with the US, the Philippines and Australia have yet to elevate their comprehensive partnership to a strategic level. Nonetheless, the relationship between the two countries has remained stable and very productive, notwithstanding occasional friction caused by diverging views concerning human rights and the rule of law.<sup>76</sup> Through its middle power diplomacy, Australia has been

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[mod.go.jp/e/press/release/2008/12/18b.html](http://mod.go.jp/e/press/release/2008/12/18b.html).

71 David Scott, "Partnerships in the Indo-Pacific," Naval Institute, 14 July 2019, <https://navalinstitute.com.au/partnerships-in-the-indo-pacific/>.

72 Thomas Wilkins, "Defending a Rules-Based Regional Order: Australia and Japan's 'Free and Open Indo-Pacific,'" ISPI, 15 April 2019, <https://www.ispionline.it/en/publicazione/defending-rules-based-regional-order-australia-and-japans-free-and-open-indo-pacific-22861>.

73 Ibid.

74 Michael Macarthur Bosack, "Blazing the way forward in Japan-Australia security ties," Japan Times, 15 April 2019, <https://www.japantimes.co.jp/opinion/2019/04/15/commentary/japan-commentary/blazing-way-forward-japan-australia-security-ties/#.XXYZmJMzZ0s>.

75 Ibid.

76 Mark Manantan, "Can Australia and the Philippines Elevate their Partnership to a Strategic Level?" The Diplomat, 16 August 2019, <https://thediplomat.com/2019/08/can-the->

a reliable partner of the Philippines in the rehabilitation of Marawi City. To ensure sustainable peace and resiliency, Australia is closely coordinating with the Task Force Bangon Marawi, an interagency group formed by the Philippine government tasked to oversee the war-torn city's recovery. Under its humanitarian aid program, Australia has provided financial aid totaling AUD30 million to alleviate the conditions of almost 320,000 internally displaced Filipinos affected by the failed uprising.<sup>77</sup> In Australia's view the resurgence of ISIS-linked groups to establish a caliphate in the region is highly imminent.<sup>78</sup> Thus, in the aftermath of the conflict, Australia has engaged Filipino policymakers and stakeholders to undertake a whole-of-government post-conflict operations to review current operational procedures and proposed future tactical interventions.<sup>79</sup>

Like Japan, Australia's capacity-building efforts to bolster the Philippines' maritime capacity are moving positively. Austal, an Australian shipbuilding company, will provide the Philippine Navy with six offshore patrol vessels (OPVs).<sup>80</sup> Complete with a dedicated helicopter flight deck and latest naval technology, the vessels will be built locally by Austal's local subsidiary, Austal Philippines, to ensure long-term maintenance and technical support.

Based on these recent developments in their respective bilateral partnerships, various points of convergence in the area of capacity building, especially in maritime security cooperation or humanitarian and disaster relief, build a viable case for the Philippines, Australia, and Japan to upgrade their existing links. The next step is to further harness these collaborative partnerships under a broader and coordinated trilateral framework.

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philippines-and-australia-elevate-their-partnership-to-a-strategic-level/.

77 "Australia Announces Additional Support to Marawi Recovery," Australian Embassy in the Philippines, 16 July 2016, <https://philippines.embassy.gov.au/mnla/medrel20190716.html>.

78 Samuel J. Cox, "Australian assistance to the Philippines: beyond the here and now," *ASPI*, 2 May 2018, <https://www.aspistrategist.org.au/australian-assistance-philippines-beyond-now/>.

79 "Improving conditions for peace and stability in the Philippines," Department of Foreign Affairs and Trade, 19 September 2019, <https://dfat.gov.au/geo/philippines/development-assistance/Pages/improving-conditions-for-peace-and-stability-philippines.aspx>.

80 Prashanth Parameswaran, "Australia-Philippines Military Ties in Focus with Patrol Vessel Deal," *The Diplomat*, 18 August 2019, <https://thediplomat.com/2018/08/australia-philippines-military-ties-in-focus-with-patrol-vessels-deal/>.

## Areas of Collaboration for Trilateral Cooperation

To concretely demonstrate the feasibility of proposed trilateral cooperation, this section outlines functional areas of collaboration among the Philippines, Australia, and Japan. The fundamental aims are twofold: 1) establish how the trilateral cooperation will allow the three spokes to transcend their traditional and asymmetrical roles as mere triads with respect to the US-led San Francisco System, and 2) illustrate the prospects of various capacity-building initiatives that can support existing or lay the foundation for future efforts in regional order-building. Bound by mutual trust and shared strategic priorities, the key areas below highlight how the trilateral grouping can enhance coordination beyond the traditional security paradigm to include emerging and non-traditional security threats emanating from terrorism, violent extremism, cyberspace, and natural calamities or disasters.

### Maritime Security Cooperation through Capacity Building

Since 2016, the security cooperation between the Philippines, Australia, and Japan has stepped up in maritime domain awareness and capacity building. Initially, Australia's engagement revolves around counterterrorism and combating violent extremism while Japan concentrates on the South China Sea, but in recent times, a gradual focus has been invested in conducting joint military and naval exercises.

In addition to joint naval drills' strategic currency of the trilateral cooperation aims to connect the three countries and focus on bolstering interoperability through maritime capability-building. By capitalizing on Japan's leadership in the defense industry and technology transfer areas, there is an appetite for the three countries to push the momentum further into a cooperative framework. Japan has been responsible for boosting the Philippines' intelligence, surveillance, and reconnaissance capability in the maritime domain through its provision of sophisticated satellite and communications systems. Under its ODA, Japan provided the Philippine Coast Guard (PCG) with multirole response vehicles and aircraft units to improve the Philippine Navy's (PN) capacity to patrol the West Philippine Sea.<sup>81</sup> Meanwhile, after failing to secure the USD50 billion future submarine project from Australia in 2016,

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81 Manantan, "China or Japan."

Japan has recently signaled its intention to replace Australia's aging Collins Class fleet.<sup>82</sup> The revival of Japan's proposal resurfaces amidst the potential fallout between France and Australia due to protracted contract negotiations.<sup>83</sup> As the scale and speed of China's gray zone strategy envelop the South China Sea, the deployment of naval assets for intelligence-gathering becomes critical. It will afford the trilateral cooperation more pro-active coordination among its navy and coast guard through real-time information sharing.

To further cement enduring maritime security cooperation and capability-building, the trilateral cooperation can also secure a strategic maritime asset located in Subic Bay, Philippines, to allay fears of a potential Chinese takeover. After Hanjin Philippines plunged into bankruptcy, the Philippine government has been actively searching for potential partners to salvage the former US naval base. While an Australia-US tandem is in the works to bid for the economically important dockyard, there is also a strong case for a Philippine-Australia-Japan consortium.<sup>84</sup> Under the trilateral cooperation framework, such a venture becomes feasible, especially with Australian and Japanese companies in the local shipbuilding industry in the Philippines. The Philippines-Australia-Japan joint venture perfectly complements the major goal of the PN and PCG of securing the shipyard to maintain their naval assets and build their indigenous naval capabilities.

### Humanitarian Relief and Disaster Response

Despite its constitutional limitations, the Japan Self-Defense Forces (JSDF) plays an active role in international cooperation, especially in humanitarian assistance and disaster response (HA/DR). In 2015, the JSDF conducted training in airlift operations with the Philippine Air Force in the event of large-scale natural disasters.<sup>85</sup> As part of its

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82 Andrew Greene, "Japan offers to help build Australia's future submarine fleet if French deal falls through," ABC, 11 October 2018, <https://www.abc.net.au/news/2018-10-11/japan-offers-to-help-build-future-submarines/10364874>.

83 Ibid.

84 Amanda Hodge, "Aussie firm blocks Chinese bid for Philippine shipyard," *The Australian*, 15 August 2019, <https://business.inquirer.net/277194/aussie-firm-keen-on-hanjin-takeover>.

85 Takashi Kawamoto, "Public-private cooperation needed to boost Japanese HA/DR," *East Asia Forum*, 16 June 2016, <https://www.eastasiaforum.org/2016/06/16/public-private-cooperation-needed-to-boost-japanese-hadr/>.

Indo-Pacific Endeavor Task Group, the Australian Defence Force and Philippine Marine Corps also participated in a four-day intensive HA/DR training exercise in Subic Bay in 2017.<sup>86</sup> This joint exercise also coincided with joint maritime support and interdiction between the Royal Australian Navy and the Philippine Navy.

From their bilateral engagements, the proposed trilateral cooperation can incorporate their experiences to mold an HA/DR coordinating framework. In addition to amphibious landings, search and rescue, military medicine, and disaster relief, they can also incorporate air combat elements to large force employment training to increase readiness in times of environmental crisis. Aside from a government-to-government setup, the trilateral cooperation must also promote civilian capabilities through various training and seminars involving private companies and not-for-profit groups to meet the urgency of providing disaster relief.

### **Counterterrorism and Violent Extremism**

The Marawi siege in 2017 was a game-changer as to how states approach counterterrorism and the spread of radicalization and violent extremism in the region. After the defeat of the ISIS-linked Maute brothers, Australia and Japan had undertaken concrete engagements to address the war-torn city's rehabilitation from providing immediate relief efforts to long-term interventions. Japan has been a key partner in rebuilding Marawi through its infrastructure development, while Australia continues to provide livelihood opportunities as well as psychosocial programs among internally displaced families.<sup>87</sup> Simultaneously, Australia and Japan have also been very supportive of the Philippines' peace process in drafting the Bangsamoro Organic Law to end the decades-long of a protracted war in the restive south.

But even after the defeat of the Maute group, the re-emergence of ISIS continues to pose a serious threat to the region. To be effective, the participation of the Philippines, Australia, and Japan, under the trilateral cooperation framework, must neatly establish their roles in the overall counterterrorism and peacebuilding agenda. Japan's

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86 Brian Hartigan, "ADF and Philippine Marine Corps joint training," Contact Air Land and Sea, 20 September 2019, <https://www.contactairlandandsea.com/2017/10/18/adf-philippine-marine-corps-joint-training/>.

87 De Vera, "Japan still PH's No.1 source of ODA."

credibility in infrastructure development will be most helpful in the rehabilitation of war-torn sites. Japan fulfills an important role in laying the initial groundwork of transitioning internally displaced people from the condition of war to sustainable peace, while Australia can play an important role in training the Armed Forces of the Philippines in urban military warfare and improving civil-military relations. Likewise, the Philippines can share its tactical methods in defeating the Maute Group. It can emphasize its strategic use of soft power to counter the terrorists' propaganda machinery embedded through social media applications and messaging.

Furthermore, the tri-border corridor that involves overlapping parts of the Philippines, Indonesia and Malaysia remains a crucial backdoor that facilitates foreign fighters and possible ISIS recruits in Southeast Asia. This is an area where the Royal Australian Navy can join the Philippine Navy in patrolling and tightening border control. Altogether, the Philippines, Australia, and Japan can also cooperate in curbing the illicit transfer of financial support in the form of money laundering and other illegal means. The trilateral grouping can also share best practices in apprehending foreign terrorist fighters and potential recruits in their domestic courts as well as effective mediations in reintegrating former ISIS members in their local community.

### **Cybersecurity**

The emergence and evolution of risks, threats, and vulnerabilities in cyberspace have been unprecedented. It is an area where the technological expertise, confidence-building measures, and capacity-building initiatives of trilateral cooperation can focus on building more resilient cybersecurity. In this area, the primary goal is to craft a more predictive rather than reactive strategy to allow the Philippines, Australia, and Japan to detect, respond, and recover from cyberattacks in real-time.

As attribution remains a key challenge in cybersecurity, a joint threat intelligence framework among the Philippines, Australia, and Japan that involves key government agencies, military units, and the national Computer Emergency Response Team (CERT) will allow for effective exchange of information regarding the nature, techniques, procedures, and methods used by state-sponsored or non-state hackers. In addition to information sharing, regular cybersecurity drills are also vital as a preemptive strategy in any cyberattack to critical infrastructures.



The trilateral cooperation can also broaden its strategic reach in the cyber domain by investing in research and development and workforce training. This can engender knowledge- and talent-exchange from leading universities, think tanks, private companies, and civil society organizations. Through partnership building, trilateral cooperation can promote far more flexibility and creativity that can impact other cybersecurity aspects, from data privacy and protection to the advent of artificial intelligence, machine learning, robotics, and quantum technology.

In addition to their massive investments in their cyber capabilities, Australia and Japan are also exploring policy and legal frameworks for cyber-related crimes and data governance. Both countries are also promoting acceptable norms, rules, values and international law's overall application in the cyber arena in regional and international fora. While the Philippines is still at the nascent stage in bolstering its cyber capacity, its active involvement in similar multilateral agreements like the ASEAN Framework on Digital Data Governance is considered an important milestone in Southeast Asia.

## **Conclusion**

The international rules-based order that has underpinned global politics in the past seventy years is under intense pressure. As the rising power and incumbent power compete for dominance, states like the Philippines, Australia, and Japan that are bound by mutual trust and strategic interests cannot afford to stand idly. Instead, they must regroup, rethink, and refashion their existing roles as US allies to become vanguards of regional cooperation and dialogue.

This paper has endeavored to sketch a potential pathway for the Philippines, Australia, and Japan to illustrate the underexplored potential they can derive from harnessing their individual strengths into a collective force and constitute an “intra-spoke” cooperation. Using the convergent security approach as the mechanism for such trilateral linkage, the spokes achieve greater diplomatic autonomy to realize their mutual interests without undermining their relationship with the hub. Based on the spokes’ converging interests towards engaging China, deepening US commitment, and reinforcing an inclusive regional multilateral framework, this paper has demonstrated that the underlying principles and foundational mechanisms that set the stage for the trilateral linkage to materialize are present. The current pandemic also

presents another opportunity for the three spokes to integrate health security in their ongoing partnerships. COVID-19 and climate change serve as a critical reminder that international threats are evolving at an accelerated pace. Given the porous and borderless nature of these imminent risks, cooperation is paramount among the Philippines, Australia, and Japan, especially in sharing information and best practices to develop resilience in the face of a far more uncertain regional security landscape. Therefore, by merging their existing bilateral relationships into more comprehensive trilateral cooperation, the three countries can support order-building initiatives and can buttress regional stability and prosperity against the backdrop of an evolving multipolar world order.



# **POLITICAL ECONOMIC DEVELOPMENTS**



# CONSTRUCTING MAJOR POWER IDENTITY: CHINA'S DISCOURSES ON THE BELT AND ROAD INITIATIVE AND POLICY INSIGHTS FOR THE PHILIPPINES<sup>1</sup>

**Enrico V. Gloria**

**Abstract:**

What policy insights can be drawn from a systematic study of China's normative perceptions of state identity and global order, as reflected in its policy discourse of the Belt and Road Initiative (BRI)? This chapter presents policy insights from a discourse analysis of China's narratives of the BRI obtained from official documents and speeches. More specifically, the analysis presented in this chapter takes the crucial premise that a more persistent goal of presenting a distinct and positive identity as a major power complements China's obvious strategic objectives in pursuing the BRI.

In its official articulations of the BRI's purpose, China systematically adopts the discourses of *Shared Legacy* and *Silk Road Spirit* to claim a distinct in-group and argue for its peaceful identity by virtue of norms perceived to be unique vis-a-vis Western norms in international relations. As such, the BRI is appreciated from the perspective of forwarding a discourse of a preferred global order and engaging in status competition between major powers. Small powers such as the Philippines, which are touted as the main benefactors of this grand initiative, ought to consider these dynamics at play and include discourse studies in enriching current policy discussions.

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**Keywords:** Belt and Road Initiative, Silk Road Spirit, Chinese Foreign Policy, Policy Discourse, Social Identity Theory, Silk Road Spirit

### **Introduction: Focusing on Policy Discourse to Make Sense of the BRI**

While foreign policy discourse studies are often faced with the challenge of proving itself useful in terms of providing concrete policy recommendations, it is still imperative to examine prevalent policy discourses—which consist of official articulations, slogans, and explanations found in various documents - and therefore question taken for granted ways of understanding interstate power dynamics. In this light, this paper seeks to provide a nuanced explanation of how China’s foreign policy discourses seek to alter the structure of power relations in the region and how the Philippines ought to prepare. More specifically, it aims to discuss recommendations and possible trajectories for Philippines’ foreign policy making in light of China’s normative motivations for international relations, as represented by its policy discourse of the BRI. The underlying assumption is that to understand China’s foreign policy trajectory, one must focus on China’s emphasis on the BRI, which is an important yardstick for comprehending China’s current worldview.

In understanding the impact of the BRI on small powers in the region, the current literature tends to emphasize the strategic logic of pursuing economic statecraft as China’s main motivation for the grand initiative. In turn, current policy recommendations also adopt the mainstream perspective that BRI simply figures in China’s balance of power calculations in competing for greater influence if not absolute hegemony. For instance, Thomas Cavanna refers to the project as having the capability to “threaten the very foundations of Washington’s post-WWII hegemony.”<sup>2</sup> Or, simply put, the BRI is “geoeconomics with Chinese characteristics” meant to boost China’s relative power through more palatable economic means.<sup>3</sup> For this mainstream view on China’s BRI, the flagship project is still interpreted within the cold war logic of specifying that “the rivalry between the China-led and

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2 Thomas Cavanna, (2018). “What Does China’s Belt and Road Initiative Mean for US Grand Strategy?,” *The Diplomat*. <https://thediplomat.com/2018/06/what-does-chinas-belt-and-road-initiative-mean-for-us-grand-strategy/>.

3 Mark Beeson, “Geoeconomics with Chinese characteristics: the BRI

US-led bounded orders will involve both full-throated economic and military competition.”<sup>4</sup> These interpretations adopt the consequential assumption that China’s foreign policy is informed by a national interest to tip the global balance of power in its favor, but only this time around with the help of “gloeconomic leverages.”<sup>5</sup>

As such, well-meaning policy implications are drawn from current mainstream observations about the BRI also mirrors the strategic logic of major powers balancing against each other. For instance, Richard Heydarian warns about the possibility for China “to dominate the infrastructure landscape in poorer nations, gain influence over their foreign policies, and drive them into long-term debt” as small powers like the Philippines are lured into signing up for the grand initiative’s generous deals.<sup>6</sup> Balazs Ujvari, for his part, emphasized the need for members of the Association of Southeast Asian Nations (ASEAN) to also consider “alternative sources” of infrastructure development assistance, interpreting the BRI as part of an “unfolding contest between the ‘Big Neighbour’ and the United States in the Indo-Pacific.”<sup>7</sup> These recommendations draw from a reading of Philippine foreign policy behavior with respect to China’s BRI that situates the country’s agency within the greater phenomena of current power rebalancing in Asia.<sup>8</sup> As examined by Lucio Pitlo in his analysis of the Philippines’ media coverage of the BRI from 2014 to 2018, discussions in mainstream media also highlight concerns that “arise from tying

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and China’s evolving grand strategy,” *Economic and Political Studies* (2018) doi: 10.1080/20954816.2018.1498988

4 John Mearsheimer, “Bound to Fail: The Rise and Fall of the Liberal International Order,” *International Security* (2019) doi: [https://doi.org/10.1162/isec\\_a\\_00342](https://doi.org/10.1162/isec_a_00342)

5 Robert D. Blackwill and Jennifer M. Harris, *War by Other Means: Geoeconomics and Statecraft*. (2016). Harvard university press: 124. For other observations and analyses emphasizing similar points, refer to belonging to ; Jean-Marc Blanchard and Colin Flint, “The Geopolitics of China’s Maritime Silk Road Initiative,” *Geopolitics* 22, no. 2 (2017): 234, doi: 10.1080/14650045.2017.1291503; and Veysel Tekdal, “China’s Belt and Road Initiative: at the crossroads of challenges and ambitions,” *The Pacific Review* 31, no. 3 (2018): 376, doi: 10.1080/09512748.2017.1391864

6 Richard Heydarian, 2017. “Perils for Southeast Asia in Beijing’s Belt and Road scheme ” in *Nikkei Asia*. <https://asia.nikkei.com/Politics/Perils-for-Southeast-Asia-in-Beijing-s-Belt-and-Road-scheme>

7 Balazs Ujvari, 2019. “The Belt and Road Initiative—the ASEAN perspective”. Egmont-Royal Institute for International Relations. Security Policy Brief No. 107 March 2019: p. 04. <https://core.ac.uk/download/pdf/200288671.pdf>

8 Renato Cruz De Castro. *How Indo-Pacific Geopolitics Affects Foreign Policy: The Case*

up the BRI with geopolitics and China's hegemonic ambitions.”<sup>9</sup> Ultimately, these perspectives confirm and amplify the realist bias of current foreign policy discourses within smaller countries like the Philippines in dealing with more significant players in the system. As such, it is not surprising that the National Security Strategy (NSS) of the Philippines (2018) officially refers to major power rivalry between the United States (US) and China as the “most important long-term strategic concern” for the Asia-Pacific region.<sup>10</sup>

Strategic concerns pointing to objective realities on the ground deserve the utmost attention of any state, especially small powers caught in the middle of major power rivalries. Yet, a widening of perspective is needed beyond mainstream strategic interpretations to get the full picture of what is happening and, more specifically, a comprehensive understanding of China's foreign policy logic. This has been partly accomplished by analyses focusing on more concrete policy implications for small powers, focusing outside of simple balance of power perceptions. Aaron Jed Rabena claims that the BRI is indicative of China's “strategic goal to deepen complex interdependence with partner-states” in various dimensions, from economic relations to people-to-people connectivity.<sup>11</sup> For her part, Darlene Estrada emphasizes the ambiguities in the conceptualization of the project, as well as the current priorities of the Philippines under the Duterte administration, where both point to a focus on specific domestic policy implications beyond the balance of power logic.<sup>12</sup> These explanations do not directly dismiss the balance of power logic typically highlighted by the literature. Instead, they choose to nuance the mainstream interpretation with the necessary focus on the agency of the involved actors themselves.

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of the Philippines, 2010-2017. in *Rising Powers Quarterly*. Volume 3, issue 2, August 2018. <https://risingpowersproject.com/issue/the-indo-pacific-regional-dynamics-in-the-21st-century-s-new-geopolitical-center-of-gravity/>

9 Lucio Pitlo (2019). *Philippine Media Portrayal of China's Belt and Road Initiative*. *Asian Politics & Policy*, 11(1): 175. doi:10.1111/aspp.12443

10 National Security Council. “National Security Strategy: Security and Development for Transformational Change and Well-Being of the Filipino People”. 2018 .p. 23

11 Aaron Jed Rabena, “The Complex Interdependence of China's Belt and Road Initiative in the Philippines,” *Asia & the Pacific Policy Studies* (2018):10.1002/app5.257.

12 Darlene Estrada, March 2018. “China's Belt and Road Initiative: Implications for the Philippines,” *The Foreign Service Institute of the Philippines*. <https://www.fsi.gov.ph/chinas-belt-and-road-initiative-implications-for-the-philippines/>



The current literature on BRI suggests that observers have to recognize that the project is multifaceted to truly make sense of China's motivations and, therefore, draw more accurate policy implications and insights from the BRI. Cognizant of this realization, this paper seeks to contribute to this literature trajectory by focusing on a discourse analytical approach. Furthermore, the discourse analysis that will be presented here is guided by social identity theory (SIT), borrowed from social psychology, that seeks to uncover China's motivations to improve its state identity as embedded in political discourse. While it is undeniable that the BRI is a manifestation of the growing geoeconomic major power competition between China and the US, the BRI is also largely informed by the need to present a distinct and positive identity for China vis-à-vis its predecessor of major Western powers. Recognized as a positive image building project, the BRI and its corresponding policy discourse can gradually shape our existing normative assumptions about state power, global governance, and multilateral relations, which in turn have lasting impacts on the shape and form of balance of power dynamics on the ground. As existing policy discourse studies have emphasized, the "implicit logics" present in policy discourses can ultimately shape related trajectories, which can find its ways in the policy and practice of relevant actors.<sup>13</sup>

## Discussion and Analysis: China's *Shared Legacy* and *Silk Road Spirit*

### Discourses of the Belt and Road Initiative

How does China construct its discourse of the BRI? Furthermore, how is this specific discourse related to the main objective of presenting a positive and distinct identity for China? The analysis presented here based on SIT will focus on unpacking the socio-cognitive processes of *categorization* and *self-enhancement*, which, according to SIT, are crucial processes in achieving positive imaging of the 'Self.' SIT assumes that having a positive and distinct representation of identities is important for groups, like states or countries, especially in determining chances of conflict and cooperation between them.<sup>14</sup>

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13 Nicole Curato. 2018. A Discursive Trap?: The Power and Danger of the Middle-income Trap Discourse. *Philippine Journal of Public Policy: Interdisciplinary Development Perspectives*. 2018: 18.

14 Henri Tajfel and John Turner, "An Integrative Theory of Intergroup Conflict," in *The Social Psychology of Intergroup Relations*, ed. Stephen Worshel and William Austin (California:

For *categorization*, the process entails using positive and negative descriptive qualifiers or stereotypes for the ‘Self’ and the ‘Other.’ *Self-enhancement*, on the other hand, builds on this process by producing consequential comparisons of the assigned stereotypes between the two, which has the effect of describing the Self in a distinct yet positive manner compared to the Other.<sup>15</sup> China’s pursuit for a positive identity is uncovered by focusing on these two sociocognitive processes. As for the analysis of China’s image building within the BRI discourse, the paper looks for the most common and obvious themes by investigating specific “referential” and “argumentation” strategies articulated in its official documents.<sup>16</sup>

Referential strategies refer to the favorable and unfavorable stereotypes or descriptions attached to the in-groups and out-groups. It can be noticed that this discursive strategy naturally fits the *categorization* process of building one’s positive image. Moreover, as with process of *self-enhancement*, argumentation strategies appear to be a suitable counterpart as this discursive strategy focuses on explanations that effectively justify the descriptions or stereotypes for the ‘Self’ and ‘Other.’<sup>17</sup>

The discourse analysis of select official documents and state media coverage on the BRI reveals that China adopts a specific discourse of *shared legacy* among partner countries from Asia and the developing world, which constructs and presents China’s concrete in-group of like-minded nations. Likewise, China refers to the discourse of *Silk Road Spirit* to justify the positive uniqueness of the Belt and Road Initiative, and in turn, the norms and values that China presents to the world.

In constructing its unique in-group, China would often refer to perceived solidarity among partners and supporters of the BRI. While

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Brooks/Cole Publication, 1979): 38.

15 Michael A. Hogg, Deborah J. Terry, and Katherine M. White. “A Tale of Two Theories: A Critical Comparison of Identity Theory with Social Identity Theory,” *Social Psychology Quarterly* 58, no. 4, (1995): 260

16 Referential and argumentation strategies are two common discursive strategies identified by Ruth Wodak in doing discourse analysis to uncover implicit discrimination of the self and the other, see Ruth Wodak, “The Discourse-Historical Approach,” in *Methods of Critical Discourse Analysis*, ed. Ruth Wodak and Michael Meyer (London: Sage Publications, 2001), 72-74.

17 Ruth Wodak, “The Discourse-Historical Approach,” in *Methods of Critical Discourse Analysis*, ed. Ruth Wodak and Michael Meyer (London: Sage Publications, 2001), 74.

China has reassured its international audience that BRI membership is for everyone, it has also referred to certain immediate partners consisting of developing countries in Asia and some extent including those in Europe and Africa. For China, these neighboring countries all share common historical narratives of thriving together courtesy of their experience in the ancient Silk Road.<sup>18</sup>

It is not surprising that in the first edition of the compilation of speeches by Xi Jinping, speeches related to the BRI are situated under the common thematic heading of “neighborhood diplomacy.”<sup>19</sup> The debut speeches were also delivered to Asian audiences. As Xi has noted in his speech at the Dialogue on Strengthening Connectivity Partnership delivered in front of mostly Asian heads of state, he explicitly emphasized a strong in-group identification with its audience, saying that the ancient Silk Road experience gave “the people of Asia the well-deserved title of pioneers of connectivity.”<sup>20</sup> He continued emphasizing this ‘developing Asia’ in-group solidarity within the same speech:

*“The ‘Belt and Road’ trace their origin to Asia. They find support in Asia and bring benefit to Asia. ...The ‘Belt and Road’ initiative represents a joint undertaking by China and its Asian neighbors. China gives top priority to countries in the neighborhood in its foreign policy and pursues amity, sincerity, mutual-benefit and inclusiveness in growing relations with them.”<sup>21</sup>*

In this sense, Xi asserts that developing Asia is the inspiration for the unique values and norms that the BRI stands for, hence the region’s rightful place in China’s hierarchy of priorities. Industrialized countries are relegated as “third parties” in the BRI, contributing to the in-group-

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18 Jiechi Yang, “Jointly Build the 21st Century Maritime Silk Road By Deepening Mutual Trust and Enhancing Connectivity,” speech at the session of ‘Jointly Building the 21st Century Maritime Silk Road’, March 28, 2015, Ministry of Foreign Affairs of the People’s Republic of China, [https://www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/zyjh\\_665391/t1249761.shtml](https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zyjh_665391/t1249761.shtml).

19 Jinping, Xi. Xi Jinping: The Governance of China Volume I (Beijing: Foreign Languages Press, 2014).

20 Jinping Xi, 2014. “Connectivity Spearheads Development and Partnership Enables Cooperation,” Ministry of Foreign Affairs of the People’s Republic of China. [https://www.fmprc.gov.cn/mfa\\_eng/topics\\_665678/yjhzzdrscldrfzshyjsxghd/t1210466.shtml](https://www.fmprc.gov.cn/mfa_eng/topics_665678/yjhzzdrscldrfzshyjsxghd/t1210466.shtml)

21 Ibid.

out-group distinctions within China's BRI discourse.<sup>22</sup> While the BRI does include non-Asian countries, such as Europe and Latin America, in its membership, there is reason to believe that China underscores an hierarchy of area prioritization within the initiative itself, where Asian neighbors are relegated a unique in-group position. China has taken a more proactive approach in shaping its peripheral diplomacy and strategy, especially under the current leadership of Xi, which focuses on "institution building and integrating neighboring states under Chinese leadership via the 'Belt and Road Initiative'" to name a few.<sup>23</sup>

Indeed, China heavily relies on historical references and anecdotes scattered across its official speeches and policy documents to emphasize that the BRI symbolizes a coming together of like-minded neighboring countries who have always shared a distinct historical experience of ensuring connectivity and cooperation through the Silk Road. These vignettes and concrete sketches illuminate China's discursive construction of a solid in-group.<sup>24</sup> In addition to a persistent construction of China's in-group found in the documents, the narratives also point to discourses that effectively discriminates against the Other.

In his first speech in Kazakhstan unveiling the BRI, Xi said that "a neighbor is better than a distant relative," effectively implying a deep categorization between benign neighbors and a distant other.<sup>25</sup> It is interesting to note that this particular phrase can also be

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22 Office of the Leading Group for the Belt and Road Initiative, "Building the Belt and Road: Concept, Practice, and China's Contribution," 57; Office of the Leading Group for the Belt and Road Initiative, "The Belt and Road Initiative: Progress, Contributions, and Prospects," at Part 1, Sec. 6 (2019). [http://www.xinhuanet.com/english/2019-04/22/c\\_137998357.htm](http://www.xinhuanet.com/english/2019-04/22/c_137998357.htm).

23 Smith, Stephen. "Harmonizing the periphery: China's neighborhood strategy under Xi Jinping," *The Pacific Review*, 2019: 02. DOI: 10.1080/09512748.2019.1651383.

24 For the specific historical anecdotes employed, see the following documents: Jinping Xi, "Work Together to Build the Silk Road Economic Belt," in *Xi Jinping: The Governance of China Volume I* (Beijing: Foreign Languages Press, 2014): 315-319; Zhaoxing Li, "Building the Maritime Silk Road of the 21st Century with Open Mind and Bold Courage," speech at International Symposium on Maritime Silk Road of the 21st Century, February 12, 2015, MOFA PRC, [https://www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/zjh\\_665391/t1237173.shtml](https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zjh_665391/t1237173.shtml); : Jinping Xi, "Toast by H.E. Xi Jinping at the Welcoming Banquet in Honor of the Distinguished Guests Attending The Belt and Road Forum for International Cooperation," speech at the Belt and Road Forum for International Cooperation, May 14, 2017, Embassy of the People's Republic of China in Burundi, <http://bi.chineseembassy.org/fra/sgxw/t1466731.htm>

25 Jinping Xi, "Work Together to Build the Silk Road Economic Belt," in *Xi Jinping: The Governance of China Volume I* (Beijing: Foreign Languages Press, 2014): 316.

located in official speeches emphasizing other Chinese foreign policy slogans and broad initiatives. Expounding on China's concept of its "peaceful rise" in 2005, Zheng Bijian utilized the same discriminatory phrase to highlight the close relationship between China and its Asian neighbors.<sup>26</sup> This only stresses the point that China's implicit discrimination between an in-group and out-group informs its BRI agenda, and, therefore, its positive self-representation.

As for the justification of its positive and distinct self-image rooted in the BRI discourse, China refers to the idea of a "Silk Road Spirit", which broadly refers to China's preferred norms in international relations that the BRI also stand for. According to this expansive concept, the BRI promotes the norms of *peace, friendship, openness, inclusiveness, mutual learning, and mutual benefit*, which are in turn rooted in the historical legacies of the ancient Silk Road.<sup>27</sup> China consistently argues that these are norms coming from the "oriental wisdom" of the historically linked countries and are unique to its in-group.<sup>28</sup> The norms are often presented as a viable alternative to the outdated norms of today, perceived by China as having its origins from the Western out-group.

More specifically, China would refer to the norms of peace, friendship and cooperation, and mutual benefit or win-win as the antithesis of zero-sum politics and competition that it associates with the historical practice of Western major powers. It also refers to openness, mutual learning, and non-interference promoted by the BRI as the opposite of the Western practice of imposing the superiority of their values to much weaker and often undemocratic nations. Through the discourse of the *Silk Road Spirit*, China presents itself as a righteous major power that seeks to promote more benign norms

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26 Bijian Zheng. *China's Peaceful Rise: Speeches of Zheng Bijian 1997- 2005* (Washington: Brookings Institution Press, 2005). 19. Another document emphasizing this familiar rhetoric is Li Yuanchao's speech: Yuanchao Li, "Toward Win-win Cooperation Through Amity, Sincerity, Mutual Benefit and Inclusiveness," speech at the 3rd China-South Asia Expo, June 12, 2015, China-ASEAN Business Council, <http://www.china-aseanbusiness.org.cn/index.php?m=content&c=index&a=show&catid=37&id=16459>

27 Jinping Xi, "Promote the Silk Road Spirit, Strengthen China-Arab Cooperation," in Xi Jinping: The

Global Governance of China Volume. I. (Beijing: Foreign Languages Press, 2014): 344

28 Yi Wang, "Forge Ahead under the Guidance of General Secretary Xi Jinping's Thought on Diplomacy," MOFA PRC, May 14, 2017, [https://www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/zjh\\_665391/t1489143.shtml](https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zjh_665391/t1489143.shtml)

compared to the legacy of Western counterparts. At this point, these critical assumptions call for a more in-depth analysis of how China discursively argues for a positive image through an emphasis on the individual norms within the BRI's *Silk Road Spirit*.

The discourse of *Silk Road Spirit* presents the BRI as a prime example of a win-win approach in doing international relations. This is consistently juxtaposed against the Other's zero-sum politics China consistently associates with traditional major powers. The Silk Road Spirit discourse is essentially China's way of tacitly presenting its bias against the Western powers' failed legacy in long commanding the reins of the global order. For instance, in the official speeches and documents on the BRI, the grand project is often heralded as replacing the old mentality of pursuing individual national interests at the expense of weaker nations. Chinese Foreign Minister Wang Yi has clearly articulated this idea in a press conference on China's foreign policy during the Twelfth National People's congress:

*“By building a new type of international relations featuring win-win cooperation, we want to replace the old practice of “doing it alone” and reject the old mentality of “the winner takes all”. In short, in contrast to other major countries in history, China has already found a new path of peaceful development for itself. Now we would like to work with other countries to find a new path of win-win cooperation for the world.”*<sup>29</sup>

The above excerpt is clear in painting a narrative of an antithetical win-win approach. Indeed, this has been a common understanding within China's political elite to explain the country's purpose to the world. The win-win concept predates Xi's leadership as a staple narrative in Chinese foreign policy. In particular, win-win's emphasis on cooperation finds its roots from China's *Five Principles of Peaceful Coexistence*—a set of international relations principles promoted by the non-aligned movement during the Cold War.<sup>30</sup> These five principles are also imbued with the similar objective of delegitimizing Western

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29 Yi Wang, "Foreign Minister Wang Yi Meets the Press," MOFA PRC, March 08, 2015, [https://www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/zjyh\\_665391/t1243662.shtml](https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zjyh_665391/t1243662.shtml).

30 Brantly Womack, "Beyond win-win: rethinking China's international relationships in an era of economic uncertainty," *International Affairs* 89, no. 4, (2013):913

imperialism against the victimized Third World.<sup>31</sup> The win-win rhetoric is indeed often seen as harmless and almost insignificant given how other countries and international organizations have adopted the idea, and how China has persistently invoked it to support its foreign policy claims.

However, as observed, the legacy of this idea goes back to a more in-depth objective trying to present an alternative against an old Western order characterized by cold war politics. More recently, it is also notable how this narrative has been exploited by China to argue for its position in its trade dispute with the US. For instance, in its white paper on the issue, China explicitly described the US' actions as bringing the global economy "back to the old days of isolation and pursuing trade and investment protectionism", which was portrayed in contrast to a "win-win approach" that China stands for.<sup>32</sup> Indeed, the win-win approach within the Silk Road Spirit discourse of the BRI is a common theme defining China's foreign policy logic, and there is reason to believe that this is being touted as a normative replacement that could also distinguish China's image as a major power.

In addition to win-win, the discourse of *Silk Road Spirit* also qualifies the BRI as promoting peace and cooperation among nations. But what is unique in China's reference to these common norms is how China's articulations present the idea as specifically coming from China's history and a certain understanding of itself. This is where the common narrative of a 'non-colonizing China' is frequently being touted. The primary ambassador for this narrative is Zheng He and his experience during his voyages to various parts of the world:

*"In the early 15th century, Zheng He, the famous Chinese navigator in the Ming Dynasty, made seven voyages to the Western Seas, a feat which still is remembered today. These pioneers won their place in history not as conquerors with warships, guns or swords. Rather, they are remembered as friendly emissaries leading camel caravans and sailing treasure-loaded ships. Generation after*

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31 Shu Guang Zhang Shu, "Constructing 'Peaceful Coexistence': China's Diplomacy toward the Geneva and Bandung Conferences, 1954-55," *Cold War History* 7, No.4, (2007), 509.

32 State Council, "The Facts and China's Position on China-US Trade Friction," State Council Information Office, September 2018; p. 67

*generation, the silk routes travelers have built a bridge for peace and East-West cooperation.”*<sup>33</sup>

The above excerpt lends context to what China presents as an enduring legacy of being peaceful in its interactions with other sovereign entities. Similar official narratives on historicizing China's external relations points to this contrast on trade and commerce versus the swindling and conquering committed by European powers. Further to this emphasis on the positive attributions based on history, China also refers to the so-called Asian values as being naturally cooperative despite its collective experience of being victims of colonization.<sup>34</sup> High-ranking diplomat Yang Jiechi has justified in a speech that countries within the ancient Silk Road have collectively endured invasion from foreign powers and have continuously upheld their shared values.<sup>35</sup> Peace and cooperation, albeit norms valued by everyone in the world, are carefully qualified through a unique Asian context and experience. By doing so, China's objective of presenting itself positively and uniquely is achieved through its *Silk Road Spirit* discourse.

Lastly, the *Silk Road Spirit* discourse also focuses on the concept of mutual learning. This concept emphasizes respecting diversity to counter the narrative of confrontation and interference perceived to be established by China's out-group. The *Silk Road Spirit's* emphasis on this norm asserts that countries located along the ancient route have enabled the spread of important inventions and discoveries across civilizations through their respect for each other's diversity.<sup>36</sup> Through this narrative, China highlights the relatively peaceful nature of its developing country in-group, while promoting the idea that innovation is not an exclusive tradition of developed nations. It also

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33 Jinping Xi, "Work Together to build the Silk Road Economic Belt and the 21st Century Maritime Silk Road," speech at the Opening Ceremony of the Belt and Road Forum for International Cooperation, May 14, 2017, XinhuaNet, [http://www.xinhuanet.com/english/2017-05/14/c\\_136282982.htm](http://www.xinhuanet.com/english/2017-05/14/c_136282982.htm).

34 Jiechi Yang, "Jointly Undertake the Great Initiatives With Confidence and Mutual Trust," speech at the Boao Forum, April 10, 2014, MOFA PRC. [https://www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/zyjh\\_665391/t1145860.shtml](https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zyjh_665391/t1145860.shtml)

35 Ibid.

36 Jinping Xi, "Work Together to build the Silk Road Economic Belt and the 21st Century Maritime Silk Road," speech at the Opening Ceremony of the Belt and Road Forum for International Cooperation, May 14, 2017, XinhuaNet, [http://www.xinhuanet.com/english/2017-05/14/c\\_136282982.htm](http://www.xinhuanet.com/english/2017-05/14/c_136282982.htm).



refers to mutual learning as a direct replacement for arrogance and clashes or wars as practiced by Western colonizers. This discourse is perfectly represented in its most recent progress report:

*“In pursuing the Belt and Road Initiative, we should ensure that with regard to different civilizations, exchange will replace estrangement, mutual learning will replace clashes, and coexistence will replace a sense of superiority...The ancient Silk Road facilitated interactions between countries and between ethnic groups as well as advances in human civilization. The Belt and Road Initiative is rooted in profound civilizations and inclusive cultures.”<sup>37</sup>*

China’s emphasis on mutual learning, at the expense of Western interference, is also apparent across its overall foreign policy discourses beyond the BRI, thus showing the relative salience of this norm in China’s foreign policy logic. As a case in point, China would often criticize Western intervention in conflict areas to invoke dialogue and negotiation or peaceful settlement as China’s preferred way to go. When the United Nations Security Council (UNSC) deliberated on a resolution to impose an arms embargo and targeted sanctions against Syria in 2011, China, together with Russia, used its veto on the grounds of favoring dialogue and negotiation and respecting Syria’s sovereignty and territorial integrity. In explaining China’s vote on the Syrian crisis, the China’s Ministry of Foreign Affairs reiterated that its priority is to urge every involved political faction in Syria to construct their Syrian-led peace process, while also reiterating that it categorically opposes the intervention done by other powers using the “pretext” of humanitarian issues to push for regime change.<sup>38</sup>

China’s moral high-grounding, by emphasizing its position against Western interference, is also present in instances where it abstained on UNSC sanctions. When China abstained from the vote to impose sanctions against Eritrea, China’s Foreign Ministry particularly

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37 Office of the Leading Group for the Belt and Road Initiative, “The Belt and Road Initiative: Progress, Contributions, and Prospects,” (2019). [http://www.xinhuanet.com/english/2019-04/22/c\\_137998357.htm](http://www.xinhuanet.com/english/2019-04/22/c_137998357.htm).

38 MOFA PRC, “Foreign Ministry Spokesperson Liu Weimin’s Regular Press Conference on March 07, 2012”, Ministry of Foreign Affairs of the People’s Republic of China, March 07, 2012, <http://ca.china-embassy.org/eng/fyrth/t912593.htm>

reiterated that it supports the settlement of related disputes through “African ways by Africa.” The foreign ministry also elaborated that UN sanctions would only complicate the situation in the region and negatively affect the economic development of Africa.<sup>39</sup> This clear juxtaposition of China’s support for indigenous peace processes, as opposed to interventionist sanctions perceived as only worsening the situation, presents a narrative of how China has consistently positioned itself against unjust intervention by major powers which it perceives as being undertaken to foster regime change in target countries.

Similar to the previous norms within the Silk Road Spirit, China’s focus on non-interference traces its origins from the Five Principles of Peaceful Coexistence. The general sentiment of China’s focus on non-interference is captured by Deng Xiaoping when the former Chinese leader said that “it won’t work to require all the countries in the world to copy the patterns set by the United States, Britain and France.”<sup>40</sup> Likewise, succeeding Chinese leaders have maintained similar sentiments of resisting the dominance of a singular development model at the expense of mutual learning.<sup>41</sup>

Overall, the *Silk Road Spirit* discourse in China’s official policy documents on the BRI, remains consistent with its goal to present a positive and distinct representation of itself. China ensures a positive image for itself by highlighting normative prescriptions that seek to replace what it perceives as outdated legacies and practices associated with its outgroup. With this, the BRI can be interpreted

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39 Ministry of Foreign Affairs of the People’s Republic of China, “African issues should be settled in African ways by Africa: Chinese UN envoy,” Ministry of Foreign Affairs of the PRC, December 06, 2011, <http://www.focac.org/eng/zxxx/t884526.htm> (accessed February 15, 2018).

40 Xiaoping Deng, “China will Never Allow Other Countries to Interfere in Its Internal Affairs,” in *Selected Works of Deng Xiaoping Vol. 3*, Beijing: Foreign Languages Press, 2006): July 11, 1990.

41 See for instance the speeches of Jiang Zemin, Hu Jintao, and Xi Jinping containing similar sentiments on non-interference: Zemin Jiang, “Statement by President Jiang Zemin of the People’s Republic of China at the Millennium Summit of the United Nations 6 September 2000,” MOFA PRC, September 07, 2000. 17th Par. [https://www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/zjh\\_665391/t24962.shtml](https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zjh_665391/t24962.shtml); Jintao Hu, “Hu Jintao Delivers an Important Speech at the UN Summit,” MOFA PRC, September 6, 2005. 8th Par. <https://www.fmprc.gov.cn/ce/ceun/eng/zt/shnh60/t212614.htm>; Jinping Xi, “Promote the Silk Road Spirit and Deepening China-Arab Cooperation,” speech at the China-Arab States Cooperation Forum, China Internet Information Center, June 05, 2014: 8th Par. [http://www.china.org.cn/report/2014-07/14/content\\_32941818.htm](http://www.china.org.cn/report/2014-07/14/content_32941818.htm)

as a continuation of China's more persistent objective of promoting exclusive norms that present it as a peaceful major power.

### Specific Insights on Improving the Philippines' Policy Approach to the Belt and Road Initiative

What specific policy implications for the Philippines can be drawn from unpacking China's BRI policy discourse? How can the Philippines develop its specific foreign policy trajectories given the interpretation that China's motivations for the BRI are also informed by its pursuit for a positive and distinct identity? This final section offers modest insights on how policy discussions can move forward to reflect this understanding.

For one, small powers like the Philippines must understand that the wider impact of China's foreign policy on international norms and values can proceed from how China construct the official discourses of its multilateral initiatives, such as the Asian Infrastructure Investment Bank (AIIB) and the BRI. Looking at how China discursively promotes the BRI can also provide a more comprehensive understanding of Chinese foreign policy. Major power competition may manifest in both military and economic fronts and the normative front, where implications can be more lasting. Looking at the BRI in this way can provide valuable insights in terms of critically assessing the gap between the normative order it claims to envision and its actions on the ground.

Nevertheless, national security practitioners and policymakers alike ought to open broader policy discussions that also consider implications on how the world order, and more specifically on global and regional governance, can be affected by China's hard emphasis on its *Shared Legacy* and *Silk Road Spirit* discourses. While it is important to emphasize both optimism, as the initiative can further the country's infrastructure development projects, and caution, as this could also mean diving into a debt trap, current local policy discussions on the BRI must also entertain ideas on how the discourse and norms China tries hard to promote can affect the Philippines in the long run.<sup>42</sup>

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42 See for example existing foreign policy commentaries published by the Foreign Service Institute on the Belt and Road Initiative: (1) Lloyd Alexander M. Adducul, "Central Asia and the Belt and Road Initiative: Considerations for the Philippines," February 2018. <https://www.fsi.gov.ph/central-asia-and-the-belt-and-road-initiative-considerations-for-the-philippines/>; (2) Darlene V. Estrada, "China's Belt and Road Initiative: Implications for the Philippines," March 2018.

For example, small powers like the Philippines can benefit from the discursive emphasis that the project is a truly global initiative that welcomes other major players including its longstanding treaty ally. It can be argued that joining the BRI is in the particular interest of the country as it is consistent with the Philippines' National Security Policy (NSP) since it promotes "cooperative and harmonious relations with all countries", as well as boosting the Philippines' "global status and commitment to international obligations."<sup>43</sup>

As shown in the previous analysis, one of the major discursive emphasis of China within its BRI policy discourse is to focus on a particular in-group of like-minded developing countries, despite claims of inclusivity for Western powers as well. This inevitably promotes a vision of the global order that is ultimately divided into two separate camps based on China's perception of its in-group and out-group. However, by emphasizing the global nature of the project despite China's principal role in the initiative, neighboring countries can aim to balance China's dividing narrative as they are the primary focus of China to begin with.

In this sense, former Department of Foreign Affairs Secretary, Alan Peter Cayetano, may have been in the right track in promoting the narrative of a "global village" during his speech to the 2018 UN General Assembly as he called on the international community "to think more of ourselves as global citizens."<sup>44</sup> This global village discourse must be actively promoted and specifically reflected in the Philippines' official interpretations and pronouncements, such as speeches of high-level officials related to the BRI.

In addition, the Philippines also stands to benefit in invoking the natural connection between the specific objectives of the BRI and ASEAN in ensuring greater regional connectivity. The Philippines should continue to actively pursue the narrative of signing up for BRI

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<https://www.fsi.gov.ph/chinas-belt-and-road-initiative-implications-for-the-philippines/>

43 National Security Council. "National Security Policy For Change and Well-being of the Filipino People 2017-2022," p. 23

44 Alan Peter S. Cayetano. "Statement of Foreign Affairs Secretary Alan Peter S. Cayetano on the 73rd Session of the UN General Assembly, General Debate," speech at the UN General Assembly General Debate, September 29, 2018, Department of Foreign Affairs of the Republic of the Philippines, <https://www.dfa.gov.ph/authentication-functions/113-newsroom/public-advisory/18024-statement-of-foreign-affairs-secretary-alan-peter-s-cayetano-at-the-high-level-general-debate-73rd-session-of-the-un-general-assembly>

projects through the already present mechanisms within the ASEAN framework. As President Rodrigo Duterte has rightfully articulated, ASEAN centrality should remain as the premise of the Philippines' engagement with the BRI.<sup>45</sup>

It would certainly benefit the Philippines to concretely articulate this position in its NSS, specifically under the section on ASEAN and the country's external security environment. While the NSS, as well as the corresponding NSP, recognizes the ASEAN as "a regional bloc" that pursues "greater regional cooperation on common problems", this could also be an opportunity to further emphasize ASEAN centrality by precisely articulating that the regional organization will be the basis for the country's more specific engagements with major power initiatives sharing similar objectives. This could serve as an automatic check of aligning possible engagements under the BRI with the overall ASEAN framework, and also a persistent reminder that ASEAN centrality plays a stronger and closer categorization of the Philippines in its own in-group, rather than China's convenient discourse of shared legacy under the BRI.

Further related to China's categorization logic within the BRI discourse of shared historical legacies, China has consistently referred to perceived collective experiences of the developing world, including the Philippines, under colonialism and underdevelopment. As reflected in its BRI discourse, China has a strong tendency to collectively argue for the case of the developing world, but more so to solidify its in-group and out-group presentation. China's discourse clearly favors a particular presentation of Eurasian history to argue for its benign nature. For instance, in former Chinese ambassador to the Philippines Zhao Jianhua's *People's Daily* article expounding on the Philippines' role in the BRI, he adopted the same discourse of shared legacy in qualifying Philippine participation in the project. He said that, "since ancient times", the Philippines and China have shared a common history of "friendship and cooperation" thanks to the "geographical proximity, kinship amity and cultural affinity" of the two countries.<sup>46</sup>

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45 Rodrigo Duterte. "Speech of President Rodrigo Roa Duterte During the High-level Meeting, Session I of the Second Belt and Road Forum for International Cooperation," speech at the 2nd Belt and Road Forum, April 26, 2019, Presidential Communications Operations Office, <https://pcoo.gov.ph/presidential-speech/speech-of-president-rodrigo-roa-duterte-during-the-high-level-meeting-session-i-of-the-second-belt-and-road-forum-for-international-cooperation/>

46 Zhao Jianhua, "Chinese Ambassador to the Philippines Zhao Jianhua Published A

Policy practitioners in developing countries, such as the Philippines, must be aware of this proactive discourse that seeks to construct a particular narrative of Philippine-China relations. However, at a much more practical level, China's categorization logic indicates a discursive leverage that belongs to China's developing partners like the Philippines. The most direct evidence and legitimate basis for the benign nature of the BRI, and therefore China's positive identity, is highly dependent on our approval as part of China's in-group. The Philippines can certainly question China's narrative of being a benign power throughout history and balance China's discursive power in this arena. High-level officials, such as the President himself, need to continue adopting a more balanced approach in discursively portraying its relations with China. This involves a consistent effort to acknowledge China's valid achievement in certain areas, yet also to remain fair and firm in referencing and criticizing China's lapses and wrongdoings.

We can also trace a consistent narrative of presenting China as a peaceful and responsible major power within the BRI discourse, as well as within its overall foreign policy discourse, through norm entrepreneurship. This also stretches to Xi's predecessors where the *Five Principles of Peaceful Coexistence* continues to serve as a natural limitation within China's foreign policy logic on what articulations or norm and policy innovations can be deemed acceptable by its political elite.

Therefore, Filipino policymakers need to understand that major power competition also happens not only in the material realm but also in the realm of ideas, norms, and values. In terms of how small countries like the Philippines should respond to this reality, decision-makers can expect a certain level of consistency and predictability in China's foreign policy rhetoric and priorities, given the centrality of the *five principles* as a guiding framework of its overall foreign policy. Whatever slogan or type of innovative presentation of norms China adopts, we can expect this to be argumentatively and logically consistent with its firm commitment to the component norms and values of the *five principles*.

As such, the Philippines can treat China's official foreign policy discourses as a viable yardstick for China's prudence and integrity

in pursuing its stated external policy objectives. For instance, should China pursue specific policies that exhibit zero sum competition or interference in its neighbors' affairs, then small powers can benefit from shedding light to this hypocrisy and gap between China's rhetoric and practice. As for China, we may expect this to serve as a relevant impetus for it to behave in a more prudent and consistent manner. Relevant actors and stakeholders invested in the BRI, such as the Philippines, will certainly be more effective in framing their arguments and criticisms against China's grand initiative using the values and norms that China has tried so hard to sell to the world.





# ORGANIZED CRIME, ILLICIT ECONOMIES, AND THE PHILIPPINE-CHINA RELATIONS UNDER THE DUTERTE ADMINISTRATION<sup>1</sup>

**Marielle Y. Marcaida**

**Abstract:**

President Rodrigo Duterte's economically motivated rapprochement with China has inadvertently shepherded the proliferation of organized crime, as seen with the entry of illegal drugs and the threat of money laundering, among others. The Philippines' weak institutions, lax regulations, and its roles as consumer, producer, and transshipment points have served as conducive conditions for organized criminal activities. As a response to this, the bilateral economic, trade, and infrastructure cooperation of the Philippines and China has been accompanied by security cooperation to combat transnational organized crime.

This paper will describe and explore the changing state and nature of organized crime in the context of the Philippines-China relations under the Duterte administration. It will problematize how the bilateral relations have "greased the wheels" of organized criminal activities to the detriment of the country's economic, security, and political development. Furthermore, the study will examine how these threats have reflected security cooperation arrangements, strategies, and efforts between the Philippines and China, and the foreseeable successes or failures thereof.

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In terms of research design, the study is exploratory and will employ analysis of literature on the subject matter, such as newspaper articles, scholarly works, and government data. It aims to contribute to the relatively untouched issue area of organized crime in the Philippines, as well as the scant attention given to crime-state relations within the political science literature.

**Keywords:** organized crime, illicit economies, war on drugs, Duterte administration, Philippines-China relations

## Introduction

This research is an exploratory study which aims to describe the changing state and nature of organized crime in the context of the Philippines-China relations under the Duterte's administration. It problematizes how the bilateral relations have "greased the wheels" of organized criminal activities to the detriment of the country's economic, security, and political development. The analysis will be grounded on the policy framework ascribed to the *National Security Policy 2017-2022* (NSP 2017-2022)<sup>2</sup> and the *National Security Strategy 2018* (NSS 2018)<sup>3</sup> of the Duterte administration. In doing so, the study attempts to examine how the strategic directions and policy preferences have reflected the security cooperation arrangements, strategies, and efforts between the Philippines and China in addressing the threat of transnational organized crime (TOC), as well as the foreseeable successes or failures thereof. Finally, this study concludes with recommendations for policymakers in addressing the threats surveyed in this work and marks areas for future academic research to address the gaps in the study on TOC in the Philippines. In achieving these objectives, the following questions are raised:

- How has the Duterte administration perceived TOC as a threat in the NSP and NSS? What are the administration's strategic directions and policy preferences in addressing such a threat?
- How has the nature, extent, and influence of organized crime changed under the Philippines-China relations of the Duterte

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2 Philippine National Security Council, *National Security Policy 2017-2020*, Quezon City: Philippine National Security Council, Secretariat; hereafter referred to as "NSP."

3 Philippine National Security Council, *National Security Strategy 2018*, Quezon City: Philippine National Security Council Secretariat; hereafter referred to as "NSS."

administration?

- What are the security cooperation strategies and arrangements between China and the Philippines in combating organized crime? What are possible risks and challenges?
- What policy actions should be considered in addressing the pressing issues of TOC?

The paper primarily aims to argue that the Philippines' economic cooperation with China has led to the expansion of transnational criminal activities. Findings are drawn from analysis of secondary data from news articles, press releases, and reports and statistics of government agencies. Articles are chosen from major news outlets covering law enforcement activities, corruption investigations, and interviews with government officials, together with press releases, statistics, and reports from government agencies and international organizations involved in the combat against TOC, all of which from the beginning of the Duterte administration in 2016. The clandestine nature of organized crime and the lack of updated and reliable data from government agencies have served as major obstacles in producing studies on the phenomenon.<sup>4</sup> The analysis found in this paper is also limited to the pressing threats of TOC that surfaced from the review, such as the illegal drug trade, online gambling, and money laundering—areas of policy relevance that this work seeks to contribute to.

The discussion is outlined as follows: first, the background of the study and an examination of the national security framework found in the NSS and NSP; second, an overview of the changing nature and extent of organized crime in the Philippines; third, a review on Philippines-China cooperation strategies; fourth, an analysis of potential challenges and risks that the administration may face; and last, policy considerations to inform policymakers and a call for academic research to address the limited literature published about TOC in the Philippines.

### **Background of the Study**

Since the waging of the drug war in mid-2016, there has been no indication of its halt as the Duterte administration remains relentless in enforcing its “tough on crime” stance and continues to garner high

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4 See Luong (2020), p. 89

approval from the public. A recent public opinion survey showed a high satisfaction rate with the Duterte administration's drug war among 82 percent of adult Filipinos.<sup>5</sup> The excellent rating was derived primarily from the respondents' perception that there are fewer drug suspects, followed by the arrest of drug suspects and fewer crimes.

The anti-narcotics campaign has consistently enjoyed high approval for the past three years<sup>6</sup> despite deaths already reaching 27,000 as of July 2019 based on reports from the Human Rights Commission.<sup>7</sup> However, government agencies have presented lower and contradicting numbers: the Philippine National Police (PNP) reported 5,500 deaths, which is inconsistent with the 6,600 deaths counted by the Philippine Drug Enforcement Agency (PDEA).<sup>8</sup>

The extra-judicial killings, normalized by the war on drugs, have violated a multitude of human rights enshrined in the Philippine Constitution, such as the right to due process, equal protection of the laws, information, privacy, and health, as detailed by the Ateneo Human Rights Center.<sup>9</sup> The violence and the killings brought by the punitive policies of the Duterte administration have led to both outrage and support from members of the international community and human rights organizations.

The European Union pressured the Philippines to rethink its campaign by passing a resolution that temporarily withdrew the Generalized System of Preferences status of the country, which allowed it to enjoy tariff-free export of products.<sup>10</sup> The International Criminal Court (ICC) has also begun conducting a preliminary examination into the accusations of murder and crimes against humanity committed

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5 Social Weather Stations, 2019, "Second Quarter 2019 Social Weather Survey: Net satisfaction with anti-illegal drugs campaign at "Excellent" +70," September 2, <https://www.sws.org.ph/swsmain/artoldisppage/?artcsyscode=ART-20190922154614>.

6 Ibid.

7 Ted Regencia, 2019, "Philippine authorities contradict own death toll in drugs war," Al Jazeera, July 18, <https://www.aljazeera.com/news/2019/07/philippine-authorities-contradict-toll-figure-drugs-war-190718070849564.html>.

8 Ibid.

9 Michael Joe Delizo, 2019, "Know your rights: Ateneo study cites rights violated in 'Tokhang'," ABS-CBN News, April 26, <https://news.abs-cbn.com/spotlight/04/26/19/know-your-rights-ateneo-study-cites-rights-violated-in-tokhang>.

10 Business World, 2018, "PHL takes offense at resolution by European Parliament on GSP+, drug war," April 21, <https://www.bworldonline.com/phl-takes-offense-at-resolution-by-european-parliament-on-gsp-drug-war/>.

under the campaign,<sup>11</sup> in which the administration responded by officially withdrawing from the ICC.<sup>12</sup> One of the recent developments would be the passage of the Iceland-led resolution in the United Nations Human Rights Council (UNHRC) that sought investigation in the deaths caused by the war. Despite the pressures from the international community, the administration's campaign against drugs remains unshakeable as the president retaliated by suspending loan and grant agreements from countries that voted for the UN resolution<sup>13</sup> and barring any visits from rapporteurs looking into the drug-related deaths.<sup>14</sup>

Amid strong condemnation from the international community towards the country's anti-narcotics campaign, there are states which expressed support and cooperation for President Duterte's crackdown. Sri Lanka deemed the Philippine drug war a "success" and sought to replicate such a feat by hanging drug dealers.<sup>15</sup> US President Donald Trump commended the Philippine president's campaign calling it "the right way."<sup>16</sup> Furthermore, and most significantly, the administration found itself an ally in China, which has agreed to firmly support the country's controversial war against drugs and terrorism, and vowed to defend the country before the United Nations.<sup>17</sup>

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11 Daphne Galvez, 2019, "2 complaints vs Duterte on drug war under ICC preliminary examination, *Inquirer*, April 5, <https://globalnation.inquirer.net/174155/2-complaints-vs-duterte-on-drug-war-under-icc-preliminary-examination>.

12 Al Jazeera, 2019, "Philippines officially out of the International Criminal Court," March 18, <https://www.aljazeera.com/news/2019/03/philippines-officially-international-criminal-court-190317171005619.html>.

13 Pia Ranada, 2019, "Malacañang suspends talks on loans, grants from countries backing U.N. probe into drug war," *Rappler*, September 21, <https://www.rappler.com/nation/240669>.

14 Martin Petty, 2019, "'Not a chance' - Philippine minister says no access for U.N. drugs war probe," *Reuters*, September 11, <https://www.reuters.com/article/us-philippines-drugs/not-a-chance-philippine-minister-says-no-access-for-un-drugs-war-probe-idUSKCN1VW0JL>.

15 Agence France-Presse, 2018, "Sri Lanka to hang drug criminals, replicate Philippines 'success'," *ABS-CBN News*, July 11, <https://news.abs-cbn.com/overseas/07/11/18/sri-lanka-to-hang-drug-criminals-replicate-philippines-success>.

16 Katie Reilly, 2016, "Rodrigo Duterte: Donald Trump Endorsed Deadly War on Drugs as 'the Right Way,'" *Time*, December 3, <https://time.com/4589671/rodrigo-duterte-donald-trump-antidrug-campaign/>.

17 Eimor P. Santos, 2018, "China vows to defend Duterte's war vs. drugs, terrorism in UN," *CNN Philippines*, October 29, <https://cnnphilippines.com/news/2018/10/29/China-Duterte-drug-war-terrorism-United-Nations.html>.

This alliance stems from a broader global strategy of China, known as the Belt and Road Initiative (BRI), launched in 2013. The BRI aims to further the connectivity of Asian, African, and European continents through infrastructure development, investment and trade cooperation, financial integration, and policy coordination.<sup>18</sup> The initiative seeks to “promote the economic prosperity of the countries along the Belt and Road and regional economic cooperation, strengthen exchanges and mutual learning between different civilizations, and promote world peace and development.”<sup>19</sup>

While the BRI provides vast opportunities for the economic development of less-developed states, there are potential risks that can be severely detrimental to the security interests of the region, such as the threat of the expansion of organized crime. Dubow emphasized the problems attached to the BRI as he stated how “the more Eurasia integrates via the BRI, the easier it becomes for criminal entities to recruit additional members, acquire new clients, diversify their portfolios, and outsource their operations to less-developed areas with laxer laws.”<sup>20</sup> A similar concern has been raised by Yu, who argued that the project “may create conditions conducive to these [transnational criminal] activities, such as money laundering, and undermine the normal trade and economic ties between China and other countries with respect to healthy economic development.”<sup>21</sup>

While the discussion around China’s Belt and Road Initiative has revolved mainly on traditional security challenges, such as geopolitical competition and territorial disputes, other pressing concerns have not been given enough attention—the non-traditional security threats, specifically the expansion of organized crime and illicit economies facilitated by the initiative. China’s pressure towards regional economic integration has made developing countries vulnerable not only to debt traps but also to the expansion of transnational criminal activities.

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18 Belt and Road Portal, 2015, “Vision And Actions On Jointly Building Silk Road Economic Belt And 21st-Century Maritime Silk Road,” March 30, <https://eng.yidaiyilu.gov.cn/qwyw/qwfb/1084.html>.

19 Ibid.

20 Philip Dubow, 2017, “Is China’s Belt and Road Initiative Increasing Crime and Terrorism?” *The Diplomat*, November 7, <https://thediplomat.com/>

21 Yu Shiqing, 2018, “The Belt and Road Initiative (BRI) and its associated potential criminal risks,” *IALS Student Law Review* 5 (2): 68-75, 70

In the case of the Philippines, the rapidly changing nature of TOC is seemingly uncaptured by the current administration's national security strategies.

### Policy Framework

For the first time in the country, the Duterte administration released the *National Security Strategy 2018*, which “lays down the approaches and resources for implementing the NSP with a view to guarantee the security of the State and its people in a dynamic and constantly changing environment.”<sup>22</sup> The NSS stems from the *National Security Policy 2017-2022*, which “articulates the domestic and global interests of the Philippines that are vital to national security.”<sup>23</sup> Based on the national security paradigm of the Duterte administration found in these two documents, how is the threat of TOC perceived and approached as a national security interest?

Starting with the security priorities of the administration underlined in the NSP, the first national security challenge identified as an internal and external issue is illegal drugs. Similarly listed as the number one strategic objective is the launching of “holistic programs to combat illegal drugs, criminality, corruption, terrorism and transnational crimes” in strengthening public safety, law and order, and the administration of justice.<sup>24</sup> Transnational crime was also given focused attention and is specified as illegal trans-border activities, such as drug trafficking, human trafficking, illegal fishing/poaching, arms smuggling, and money laundering.

In addition to illegal drugs and transnational crime, the National Security Council recognizes the difficulty in bringing down the country's crime rate as it is caused by the “twin scourge of corruption and patronage politics plaguing law enforcement institutions and the government sector as a whole.”<sup>25</sup> The need to pursue crucial reforms to cleanse and strengthen the criminal justice system is of absolute importance in combating organized crime. Countries with corrupt institutions and weak law enforcement capacity only invite the entry of criminal networks and operations.

With regard to the global and regional geopolitical issues involving

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22 NSS, p. 5

23 Ibid.

24 NSP, p. 23

25 Ibid., p. 9

China, the scope of concern indicated in the NSP is limited to the territorial disputes in the West Philippine Sea. This presents scant attention being given to transnational crimes as a shared concern affecting both China and the Philippines. Moreover, this contrasts with the cooperation with the Association of Southeast Asian Nations (ASEAN) member-states which is linked to both territorial rivalries and mutual issues of piracy, smuggling, human trafficking, terrorism, and transnational crimes. Philippines-China security relations must involve the key interest in addressing TOC as an area of security and confidence-building.

In line with the goals and objectives presented in the NSP, the NSS articulates the roadmap of the courses of actions that the administration will undertake in resolving national security challenges. The NSS reiterates the protection of the public from criminality and illegal drugs as one of its national interests.<sup>26</sup> The drug problem is also further defined within a criminal perspective, as it is linked to “criminal activity involving drug abuse, heinous and violent crime, gang-related activities, money laundering, and the corruption of the criminal justice system,”<sup>27</sup> as well as with terrorism.<sup>28</sup> An aspect that is not present in the NSP is the attempt to approach drug addiction as a health-related threat, while at the same time arguing that “although the government acknowledges that the victims of drug addiction are health patients, it is inclined to treat the issue as a socio-political one requiring a more comprehensive government intervention.”<sup>29</sup> The key strategic actions in approaching illegal drug use as a health-related threat include enhancement of community-based rehabilitation, youth education on the ills of illegal drugs and substance abuse, education and livelihood programs to improve people’s socio-economic welfare, and the involvement of the religious sector, media, academia, and other non-government organization.<sup>30</sup>

In the aspect of TOC, the NSS names violence and corruption as the threat’s inherent elements, stating that “the rule of law enforced

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26 NSS, p. 18

27 Ibid., p. 10

28 As seen in the “Other legislations aimed at addressing terrorism and illegal drugs” of the NSS, p. 33.

29 Ibid., p. 47

30 Ibid., p. 49



by state authorities is met with violent and armed resistance while corruption of government officials further facilitates the illicit activities of TOCs.”<sup>31</sup> The key features of the strategic actions involve enhancing the capabilities of law enforcement agencies, integrating financial investigation in law enforcement operations, improving border management and security, information-sharing with foreign counterparts, and boosting international collaboration and cooperation with the public and private sectors.<sup>32</sup>

While the NSP and NSS attempt to approach the concept of national security holistically by deviating from the traditional focus on sovereignty and territorial interests, it fails to reflect on how the issues of transnational crime are tied to poor governance, corruption, poverty, and inequality.<sup>33</sup> Moreover, while the problem of illegal drugs has been briefly mentioned as part of the health security from the national security agenda, emphasis must be placed on the public health nature of the problem instead of the myopic understanding of drug use as a criminal activity, an idea where the war on drugs is heavily anchored. The drug war priority of the administration is also reflected in how illegal drugs are perceived as a separate subject with a targeted focus, distinct from other TOC issues. With such a particularistic approach, it is difficult to create strategies that would address the “transnational and trans-sectoral nature of criminal organizations,” especially since the illegal drug market is simply one of the multiple illegal markets that crime groups operate in.<sup>34</sup>

Finally, the issues concerning the Philippines-China relations described in both the NSP and NSS also fail in adopting a comprehensive take as these center solely on the tensions in the South China Sea. National security documents ought to serve as signposts for strategic directions informed by the current developments and potential changes in the terrain of national security, an area that is being rapidly transformed by the TOC facilitated by the deepening of ties between the two countries.

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31 Ibid., p. 43

32 Ibid., p. 44

33 See Ahmed (2017)

34 Global Commission on Drug Policy, 2020, Enforcement of Drug Laws: Refocusing on Organized Crime Elite, p. 7, <https://apo.org.au/sites/default/files/resource-files/2020-05/apo-nid303830.pdf>

## Changing Nature and Extent of Chinese Organized Crime in the Philippines

In the case of the Philippines, weak institutions, lax regulations, and its roles as consumer, producer, and transshipment points have served as conducive conditions for organized criminal activities. President Duterte's economically motivated rapprochement with China has inadvertently shepherded the proliferation of organized crime.

The seizure of PHP 6.4 billion worth of *shabu* (methamphetamine) from China in 2017 served as an indication of the gravity of the drug trade involving the two countries.<sup>35</sup> The fiasco delivered a massive blow to the administration's war on drugs as it exposed the extent of corruption and ineptitude of the customs bureau. President Duterte had accused China of harboring drug lords who smuggle illegal drugs into the Philippines. He asserted that China is the origin of most illicit drugs in the country and that several Chinese nationals have been arrested for drug-related activities.<sup>36</sup> The Philippine Drug Enforcement Agency (PDEA) identified three transnational drug trafficking organizations as the biggest source of meth in the country, namely: the United Bamboo Gang, 14k Triad, and the Sun Yee On Triad.<sup>37</sup> Aside from crystal meth, cocaine seizures from coastal areas have also indicated the entry of the Medellin Cartel, according to the president.<sup>38</sup> Moreover, PDEA reported the developing cooperation between Chinese syndicates and the Sinaloa cartel in smuggling of drugs into the country despite the arrest of its former number three leader, Horacio Herrera.<sup>39</sup>

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35 CNN Philippines. 2017. "LOOK: How 6.4B-worth of shabu was shipped from China to PH." September 8. <http://nine.cnnphilippines.com/news/2017/08/10/Shabu-from-China-Bureau-of-Customs.html>

36 The Strait Times, 2016, "China harbouring major drug lords, says Philippine President Duterte," July 28, <https://www.straitstimes.com/asia/se-asia/china-harbouring-major-drug-lords-says-philippine-president-duterte>.

37 Artemio Dumlao, 2017, "PDEA names triads behind shabu supply in Philippines," PhilStar Global, October 3, <https://www.philstar.com/headlines/2017/10/03/1745130/pdea-names-triads-behind-shabu-supply-philippines>

38 Philippine Daily Inquirer, 2019, "Duterte: Drugs found at sea sign of Colombia cartel in PH," February 27, <https://newsinfo.inquirer.net/1090170/duterte-drugs-found-at-sea-sign-of-colombia-cartel-in-ph>

39 ABS-CBN News, 2019, "Sinaloa cartel in cahoots with Chinese syndicates for Philippine ops – PDEA," February 13, <https://news.abs-cbn.com/news/02/13/19/sinaloa-cartel-in-cahoots-with-chinese-syndicates-for-philippine-ops-pdea>.

Apart from drugs, the illicit trade of other products has also expanded in the country. Excise taxes imposed on cigarettes have attracted the production of fake and counterfeit cigarettes. According to a United Nations Office on Drugs and Crime (UNODC) report, “the Philippines is a known source of illicit whites and the country showed the highest consumption of counterfeit cigarettes in Southeast Asia.”<sup>40</sup> Government officials note the changes in the illegal tobacco trade in the Philippines as it shifted from smuggling to manufacturing locally counterfeit brands with the use of such machines from China.<sup>41</sup> Such local policies transform the illicit economic milieu by providing more market incentives for organized crime groups to take advantage. The NSS described transnational criminal organizations as operating “like multinational companies and as such, profit-maximization is the primary objective.”<sup>42</sup>

The nature and extent of illegal work and trafficking of persons have also been affected by the Philippines’ pivot to China. The flourishing of the offshore gambling industry under the Duterte administration has shepherded the influx of undocumented Chinese workers. Reports from an interagency task force estimate around 138,000 Chinese nationals working in the Philippine offshore gaming operator (POGO) industry, but others estimate an even higher number closer to 400,000 due to overstaying foreigners with tourist visas.<sup>43</sup> Furthermore, corruption in the Bureau of Immigration (BI) has allegedly made the entry of Chinese POGO employees easier, as exposed in the *pastillas* scheme on immigration officers accepting bribery.<sup>44</sup> After granting visas-upon-arrival privilege for Chinese nationals in 2017, the government is now considering tightening its visa scheme due to overstaying tourists,

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40 United Nations Office on Drugs and Crime, 2019, “TOC in Southeast Asia: Evolution, Growth and Impact,” [https://www.unodc.org/documents/southeastasiaandpacific/Publications/2019/SEA\\_TOCTA\\_2019\\_web.pdf](https://www.unodc.org/documents/southeastasiaandpacific/Publications/2019/SEA_TOCTA_2019_web.pdf)

41 Department of Finance, 2019, “China to act vs smuggling of cigarette-making machines to PHL,” August 7, <https://www.dof.gov.ph/index.php/china-to-act-vs-smuggling-of-cigarette-making-machines-to-phl/>.

42 NSS, p. 43

43 Richard Heydarian, 2019, “Philippine online casino ban highlights Duterte’s unwise China policy,” *Nikkei Asian Review*, September 3, <https://asia.nikkei.com/Opinion/Philippine-online-casino-ban-highlights-Duterte-s-unwise-China-policy>.

44 Michelle Abad, 2020, “Magkano at hanggang kanino?: Hontiveros reveals bribery in entry of POGO workers”, *Rappler*, February 17, <https://rappler.com/nation/hontiveros-reveals-bribery-entry-pogo-workers>

security concerns, and pressures from Chinese authorities.<sup>45</sup> The influx of offshore gaming firms and Chinese nationals who are legally and illegally recruited into the industry raises more problems such as the exploitation of undocumented workers and sex trafficking.

Prostitution dens that cater to the burgeoning Chinese market in the Philippines have increased, involving Chinese nationals managing the illicit business and trafficking of both Chinese and Filipino women into the sex industry. An official from the National Bureau of Investigation (NBI) stated that such activities were only witnessed with the creation of POGOs.<sup>46</sup> Another BI official said that clients were POGO employees. Likewise, rescued foreign women neither had working visas nor passports.<sup>47</sup> Apart from prostitution, another POGO-related problem is the rise of casino-related kidnappings, the majority of which involve Chinese nationals as victims and as suspects; the police reported a 100 percent increase in documented kidnapping cases in 2019.<sup>48</sup>

The online gambling industry has also attracted the inflow of both legal and illegal funds, exacerbating the threat of money laundering. A 2020 Anti-Money Laundering Council (AMLC) report recognized the economic gains of the internet-based offshore gaming sector in terms of vast gross gaming revenues as well as property market and employment shares in the previous years.<sup>49</sup> However, the report brought attention to the high vulnerability of the sector to money laundering, contributed by the following factors: high level of cash-based transactions, weak anti-money laundering/countering the financing of terrorism regulations, the anonymity of customers and

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45 Pia Ranada and Sofia Tomacruz, 2019, "Duterte to study removal of 'visa on arrival' privilege for foreigners," Rappler, August 1, <https://www.rappler.com/nation/236828-duterte-to-study-removal-visa-on-arrival-privilege-chinese>.

46 CNN Philippines Staff, 2020, "Chinese POGO workers can now order prostitutes online, Senate panel reveals," January 28, <https://www.cnnphilippines.com/news/2020/1/28/Chinese-POGO-workers-online-prostitution-den.html>

47 Ibid.

48 Emmanuel Tupas, 2019, "Casino-related kidnappings up 100%", The Philippine Star, October 7, <https://www.philstar.com/nation/2019/10/07/1957944/casino-related-kidnappings-100>

49 Anti-Money Laundering Council, 2020, "Understanding the Internet-Based Casino Sector in the Philippines: A Risk Assessment," March, <http://www.amlc.gov.ph/images/PDFs/AMLC%20RISK%20ASSESSMENT%20ON%20INTERNET-BASED%20CASINO%20SECTOR%20IN%20THE%20PHILIPPINES.doc.pdf>

operators, and the use of professional intermediaries.<sup>50</sup> Furthermore, PHP 14 billion was reported by AMLC to be linked to “suspicious activities;” PHP 189 million of which is estimated to be connected to illegal drugs.<sup>51</sup>

As a response to these interrelated problems, the Chinese embassy in Manila has issued a statement regarding the necessity of cracking down on “cross-border online gambling problem” and the illegality of any form of gambling involving Chinese nationals overseas.<sup>52</sup> Chinese authorities have also raised concerns over the welfare of Chinese workers as the Philippine Amusement and Gaming Corporation (PAGCOR) initially planned to contain them into hubs.<sup>53</sup> While PAGCOR responded by suspending the granting of licenses to POGOs, President Duterte expressed disinclination in banning the business altogether.<sup>54</sup> Efforts to address the issue of POGOs have also been limited to crackdowns on tax-evading firms and service providers.<sup>55</sup>

As the two countries fail to see eye to eye in addressing the problems of the gambling industry on top of the territorial conflict in the West Philippine Sea, seeking solutions to security challenges brought by organized crime becomes even more difficult. Do the security cooperation arrangements between China and the Philippines fare well in its fight against organized crime?

### Philippines-China Cooperation in Combating Organized Crime

From the joint statement issued during the recent state visit of Chinese President Xi Jinping, the two countries sought to strengthen cooperation and communication in addressing transnational

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50 Ibid.

51 Ibid.

52 Bloomberg, Ellson Quismorio, and Bernie Cahiles-Magkilat, 2019, “China targets PH in offshore gambling crackdown,” Manila Bulletin, August 8, <https://news.mb.com.ph/2019/08/08/china-targets-ph-in-offshore-gambling-crackdown/>.

53 Philippine Daily Inquirer, 2019, “China: ‘Pogo hubs’ might violate rights of Sino workers,” August 9, <https://business.inquirer.net/276388/china-pogo-hubs-might-violate-rights-of-sino-workers>

54 Al Jazeera, 2019, “Duterte rejects China’s call to ban Philippine online gambling,” September 5, <https://www.aljazeera.com/news/2019/09/duterte-rejects-china-call-ban-philippine-online-gambling-190905030711621.html>

55 Aika Rey, 2020, “BIR shuts down POGO for failing to pay P114-million taxes,” Rappler, February 21, <https://rappler.com/business/bir-shuts-down-pogo-failure-pay-tax>

crimes which include illegal drugs and drug-related crimes, human trafficking, job-related crimes, cybercrimes, illegal online gambling, telecommunications fraud, and illegal wildlife trade.<sup>56</sup>

Two related documents were signed concerning the drug war and maritime cooperation: the Memorandum of Understanding (MOU) Protocol on Cooperation between the Philippine Drug Enforcement Agency (PDEA) and the Narcotics Control Bureau of the Ministry of Public Security of China and the controversial Joint Coast Guard Committee on Maritime Cooperation. In line with these agreements, the two countries agreed to cooperate in information sharing, intelligence exchange, drug crimes investigation, repatriation assistance, and training and exchange of narcotics investigators. China has contributed to the law enforcement capacities of the drug and customs bureaus through trainings and donation of equipment, such as the Liquid Mass Combination Instrument,<sup>57</sup> luggage inspection systems, and mobile X-ray container vehicle inspection systems.<sup>58</sup> In addition, both countries signed an agreement on the rehabilitation of drug abusers, handing over drug treatment facilities in Agusan del Norte and Sarangani provided through Chinese grants.<sup>59</sup>

In addressing gambling-related crimes such as kidnapping and casino loan shark operations involving Chinese nationals, the Chinese embassy sought the assistance of the PNP in setting up Chinese help desks in police stations.<sup>60</sup> Technical working groups from the Philippine and Chinese governments were also created to study the

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56 2016, "Joint Statement of the Republic of the Philippines and the People's Republic of China," Department of Foreign Affairs, October 21, <https://www.dfa.gov.ph/dfa-releases/10748-joint-statement-of-the-republic-of-the-philippines-and-the-people-s-republic-of-china>.

57 Philippine Drug Enforcement Agency, 2019, "PDEA Hosts 3rd PH-China Bilateral Meeting on Drug Control Cooperation," May 22, <http://pdea.gov.ph/images/PressRelease/2019PR/PR-141-PDEA-hosts-3rd-PH-China-bilateral-meeting-on-drug-control-cooperation.pdf>.

58 Mary Grace Padin, 2019, "Philippines China sign \$219 million loan for PNR project consultancy," *The Philippine Star*, August 31, <https://www.philstar.com/business/2019/08/31/1947742/philippines-china-sign-219-million-loan-pnr-project-consultancy>

59 Arjay Balinbin, 2019, "PHL, China sign investment, drug rehab deals in Beijing," *Business World*, April 25, <https://www.bworldonline.com/phl-china-sign-investment-drug-rehab-deals-in-beijing/>

60 Consuelo Marquez, 2020, "Chinese help desks during pandemic? PNP says these are old photos," *Philippine Daily Inquirer*, June 20, <https://newsinfo.inquirer.net/1294819/chinese-police-desks-during-pandemic-pnp-says-these-are-old-photos>

increase in crime incidents involving and targeting Chinese nationals.<sup>61</sup> Moreover, the PNP Anti-Kidnapping Group (PNP-ACKG) announced the sending of its members to China for Mandarin studies funded by the Chinese Government.<sup>62</sup> The difficult process of finding assistance from interpreters had been a cause of the delay of police operations in hot pursuit of kidnapping suspects.<sup>63</sup>

Both states have also begun to conduct negotiations regarding the proposed Treaty on the Transfer of Sentenced Persons (TTSP). An agreement on the transfer of prisoners shall allow convicts under foreign jurisdiction to be transferred to their respective countries. This will allow prisoners to serve their remaining sentence in their country and help in facilitating effective rehabilitation by bringing them closer to their friends and families who share the same culture and language.<sup>64</sup>

China has expressed their full support for Duterte's war on drugs and terrorism, vowing to speak up for the concerns of the president before multilateral institutions, international human rights bodies organizations, and the United Nations.<sup>65</sup> A reaffirmation of this support was seen from how Beijing backed Manila both in its withdrawal from the Rome Statute and during the Universal Periodic Review in 2017.<sup>66</sup>

The Sino-Philippines alliance, however, was much tested in the United Nations Human Rights Council (UNHRC) when China failed to deliver votes that would shut down the Iceland-proposed resolution on the investigation of the killings. Bello dubbed this as the "Philippines' worst diplomatic defeat ever."<sup>67</sup> He further stated

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61 Ibid.

62 Jeannette I. Andrade, 2019, "PH cops to be sent to China to study Mandarin," *Philippine Daily Inquirer*, August 27, <https://newsinfo.inquirer.net/1157883/ph-cops-to-be-sent-to-china-to-study-mandarin#ixzz6Pt0s7kV3>

63 Ibid.

64 Department of Justice, 2019, "RP AND PRC BEGIN TALKS ON THE PROPOSED TREATY ON TRANSFER OF SENTENCED PERSONS," Republic of the Philippines Department of Justice, July 9, [https://www.doj.gov.ph/news\\_article.html?newsid=630](https://www.doj.gov.ph/news_article.html?newsid=630).

65 Friston Lim, 2018, "China vows to speak up for PH war on drugs and terrorism at UN," *Philippine Daily Inquirer*, October 29, <https://globalnation.inquirer.net/170671/china-vows-to-speak-up-for-ph-war-on-drugs-and-terrorism-at-un>.

66 Gaea Katreena Cabico, 2018 "Duterte: Philippines, China partnering in combating drug trade, criminality," *Philstar Global*, April 10, <https://www.philstar.com/headlines/2018/04/10/1804601/duterte-philippines-china-partnering-combating-drug-trade-criminality>

67 Walden Bello, 2019, "A Major Diplomatic Defeat for Duterte – And His Allies in Beijing,"

how the vote revealed the limitations of China's diplomatic clout. Not only has the alliance failed to yield results in the international arena, but it also introduces both economic and security challenges to the Philippines.

### Potential Challenges and Risks

It has yet to be observed whether the cooperation strategies between China and the Philippines will be effective in battling organized crime. Mirasol stated how MOUs and declarations remain inadequate as these necessitate concrete short, medium, and long-term planning, as well as the provision of financial, material, and personal resources.<sup>68</sup>

As emphasized in both the NSS and NSP, corruption and lack of accountability are major concerns that hinder the effective implementation of such strategies and projects. A corrupt criminal justice system makes the government incapable of punishing drug lords. This has been revealed from the controversy on the Good Conduct Time Allowance Law, which grants reduction of sentence on the basis of good behavior. The law was abused to benefit high-profile convicts who committed heinous crimes and were released due to "good conduct." The issue exposed the anomalous release of five Chinese drug traffickers--among them suspected to be drug lords--during an election season, which was also a stark violation of election laws.<sup>69</sup>

Moreover, corrupt law enforcement personnel have taken advantage of the drug war by engaging in a drug-recycling scheme known as "*agaw-bato*" committed by "ninja cops." Allegations also described how corrupt cops accept payments for the release of arrested Chinese drug lords while arresting another Chinese national as a replacement, as confirmed by an ex-police chief.<sup>70</sup> Drug transactions were traced to

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Foreign Policy in Focus, July 22, <https://fpif.org/a-major-diplomatic-defeat-for-duterte-and-his-allies-in-beijing/>

68 Jeremy Dexter B. Mirasol, 2017, "Cooperation with China on the Philippines' War on Drugs," Center for International Relations & Strategic Studies, May, Vol IV, No. 10, <https://think-asia.org/bitstream/handle/11540/6927/Vol-IV-No-10.pdf?sequence=1>

69 Paolo Romero, 2019, "DOJ to stop deportation process for freed Chinese drug lords," PhilStar Global, September 4, <https://www.philstar.com/headlines/2019/09/04/1948922/doj-stop-deportation-process-freed-chinese-drug-lords>.

70 ABS-CBN News, 2019, "Ex-CIDG chief confirms 'agaw bato' scheme, will name cops



the inmates in the national penitentiary, which revealed that despite being detained, Chinese drug personalities were still able to control the drug trade in the country remotely.<sup>71</sup> The PDEA chief blamed the slow issuance of orders by courts to destroy drug seizures and noted that the oldest illicit drugs have spent nine years in government custody.<sup>72</sup>

Projects and grants between China and the Philippines also have failed to address the nature of the drug problem and the needs of the drug users to be rehabilitated. The massive 10,000-capacity drug rehabilitation facility in Nueva Ecija worth PHP 1.5 billion received a multitude of criticism as it was considered to be inappropriate in dealing with the nature of drug use of the surrenderees.<sup>73</sup> A former drug bureau chief stated that the money used to construct the center could have been used to fund community-based rehabilitation programs.<sup>74</sup> With the underutilized and unused facilities of the center, the military has taken over and used the facilities as offices, barracks, and temporary quarters.<sup>75</sup> The military spokesperson has noted that out of the 10,000 rooms of the facility, only a thousand have been utilized.<sup>76</sup>

Apart from the drug trade, the expansion of the POGO industry remains a pressing concern and a huge dilemma of the Duterte administration in relation to its alliance with China. While the sector has generated vast revenues in the previous years, various other issues have branched out from the industry, such as tax evasion and increase in property prices. Unpaid taxes hit PHP 50 billion as the majority of the

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in drug recycling," September 19, <https://news.abs-cbn.com/news/09/19/19/ex-cidg-chief-confirms-agaw-bato-scheme-will-name-cops-in-drug-recycling>.

71 Ibid.

72 Dharel Placido, 2019, "Corrupt cops still 'selling, recycling' illegal drugs: PDEA chief," ABS-CBN News, September 16, <https://news.abs-cbn.com/news/09/16/19/corrupt-cops-still-selling-recycling-illegal-drugs-pdea-chief>.

73 Jee Y. Geronimo, 2017, "No more 'mega' drug rehab centers after Nueva Ecija facility?", Rappler, April 8, <https://rappler.com/newsbreak/in-depth/mega-drug-rehabilitation-centers>

74 Nestor Corrales, 2017, "Dionisio Santiago quits chair of Dangerous Drugs Board," Philippine Daily Inquirer. November 8, <https://newsinfo.inquirer.net/943631/dionisio-santiago-quits-as-ddb-chief-report-ddb-dionisio-santiago-resign-rodrido-duterte-drugs>.

75 VJ Bacungan, 2017, "AFP to use part of Nueva Ecija mega drug rehab center as barracks, offices," CNN Philippines, November 26, <https://cnnphilippines.com/news/2017/11/26/afp-restituto-padilla-nueva-ecija-rehab.html>.

76 Ibid.

POGOs failed to settle their taxes in 2019.<sup>77</sup> POGO hubs have caused property prices to skyrocket, driving Filipinos out of their homes.<sup>78</sup>

As President Duterte continues to be unmoved from the pressures of Chinese authorities, the internet gambling industry will continue to flourish and sustain the demand for and supply of cheap and undocumented workers. The industry may bring about short-term benefits, but the long-term effects of the phenomenon ought to be anticipated. The incongruent law enforcement agenda of China and the Philippines presents a major hurdle in achieving effective bilateral cooperation.

Another challenge that the administration must face is the worsening anti-China sentiment among citizens. Trust of Filipinos in China has continued to plummet as indicated in Social Weather Stations survey results from “poor” (-27 net trust score) in December 2019 to “bad” (-36) in July 2020.<sup>79</sup> This rating has been the lowest since April 2016 (-37).<sup>80</sup> Since President Duterte assumed office, his warming of ties with China has been met with sustained negative trust ratings of Filipinos in China.<sup>81</sup>

While Duterte urged Filipinos to end xenophobia<sup>82</sup>, he failed to address the root causes that inflame anti-Chinese sentiments. The growing dissatisfaction of Filipinos and loss of trust in China may backfire against the administration as the promises of gains from the alliance might lead to peril instead.

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77 Christia Marie Ramos, 2020, “Majority of licensed Pogos failed to pay P50B in taxes in 2019,” *Philippine Daily Inquirer*, February 11, <https://newsinfo.inquirer.net/1227277/majority-of-licensed-pogos-failed-to-pay-p50b-in-taxes-in-2019-bir-official>

78 Timi Nubia, 2019, “How POGO’s are helping the economy but driving local homeowners out of their homes,” *ABS-CBN News*, October 27, <https://news.abs-cbn.com/ancx/culture/spotlight/10/27/19/how-pogos-are-helping-the-economy-but-driving-local-homeowners-out-of-their-homes>

79 Social Weather Stations, 2020, “SWS July 3-6, 2020 National Mobile Phone Survey – Report No. 4: Net trust of Filipinos is “Good” +42 for the United States, “Moderate” +27 for Australia, and “Bad” -36 for China,” July 9, <https://www.sws.org.ph/swsmain/artcldisppage/?artcsyscode=ART-20200719141007>

80 Ibid.

81 The SWS data on Dec 2016 (+9 net trust) and Dec 2017 (+7) are exceptions.

82 Karen Lema, 2020, “Philippines’ Duterte says xenophobia against Chinese must stop,” *Reuters*, February 3, <https://www.reuters.com/article/us-china-health-philippines/philippines-duterte-says-xenophobia-against-chinese-must-stop-idUSKBN1ZX21L>

## Policy Considerations

The security cooperation between the Philippines and China in combating organized crime has been constrained by incongruence in the security agenda and the Philippine's institutional weaknesses. Any form of cooperation in combating TOC requires a commitment of countries in addressing criminality within its own borders and people. Conflicting security priorities and weaknesses in institutional capacities readily welcome the displacement of organized crime from one country to another.

In the aspect of drug policy, the prohibitionist and punitive drug policy regimes shared by the two countries prevent the entry of alternative approaches to the drug problem. While Southeast Asia has long been dominated by policies geared towards waging war against drugs, there are countries, such as Thailand<sup>83</sup> and Malaysia,<sup>84</sup> that are making breakthroughs in health and human rights-based approaches in drug policy through the legalization of medicinal marijuana and the reduction of penalties in drug-related offenses. In the case of the Philippines, the Dangerous Drugs Board's (DDB) approval of the use of cannabidiol (CBD) for "treatment of certain rare forms of epilepsy"<sup>85</sup> is a step forward towards shifting the drug policy paradigm away from its prohibitionist and punitive nature.<sup>86</sup> Amendments to the Republic Act 9165, also known as the Comprehensive Dangerous Drugs Act of 2002, in terms of decriminalization of the possession and use of small quantities of drugs for personal use ought to be considered, following Malaysia's drug policy reform. In doing so, focus and efforts can be redirected away from targeting non-violent drug users and low-level offenders and towards disempowering criminal organizations and its kingpins, as emphasized in the Global Commission on Drug Policy (GCDP)

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83 The ASEAN POST, 2019, "Medical marijuana: Thailand leads the way," August 6, <https://theaseanpost.com/article/medical-marijuana-thailand-leads-way>

84 Al Jazeera News, 2019, "Malaysia to decriminalise drug use, says health minister," June 28, <https://www.aljazeera.com/news/2019/06/malaysia-decriminalise-drug-health-minister-190628060223845.html>

85 Dangerous Drugs Board, 2020, "DDB clarifies: CBD is not cannabis per se," February 17, <https://www.ddb.gov.ph/newsroom/456-ddb-clarifies-cbd-is-not-cannabis-per-se>

86 However, the production and cultivation of the marijuana is still prohibited under the RA 9165. Furthermore, DDB chief clarified in September 2020 that the importation of CBD is still prohibited (Tupas, 2020). DDB has still yet to make a firm stance on the legal use of medicinal marijuana.

2020 Report titled *Enforcement of Drug Laws: Refocusing on Organized Crime Elite*.<sup>87</sup> The report urged states to “acknowledge the negative consequences of repressive law enforcement approaches to drug policies and recognize that prohibition forges and strengthens criminal organizations.”<sup>88</sup> Rather than addressing TOC, the drug war simply worsened the violence of the drug trade, corruption of government institutions, and the mass incarceration and extra-judicial killings of innocents and non-violent users. In attempting to holistically address illegal drugs as a national security interest stated in the NSS and NSP, the health approach of the issue of drugs must not take a backseat. In addition, a comprehensive approach must be reflected in the NSS and NSP, and adopted to address the transnational and trans-sectoral nature of organized crime groups operating in multiple illegal markets, with the drug market only being one of those.<sup>89</sup>

The reluctance of the Duterte administration in cracking down problems related to the online gambling industry also presents more difficulty in battling human trafficking, undocumented workers, and money laundering. Despite China’s call for the Philippines to ban online gambling,<sup>90</sup> retention of the industry continues to be a priority of the government. Crackdowns have been limited only through the POGO application moratorium and closing of firms with unpaid taxes. Other countries like Cambodia have decided to turn their backs on the industry, as the country bowed to the pressures of China and banned online gambling in 2019 due to extortion committed by foreign criminals.<sup>91</sup> According to the Prime Minister, “Cambodia needed to develop the country based on natural and cultural heritage tourism but not based on income from online gambling.”<sup>92</sup> He noted how there were online gambling

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87 Global Commission on Drug Policy, 2020, *Enforcement of Drug Laws...*

88 *Ibid.*, p. 6

89 *Ibid.*, p. 7

90 2019, “Foreign Ministry Spokesperson Geng Shuang’s Regular Press Conference on August 20, 2019,” Embassy of the People’s Republic of China in the Republic of the Philippines, August 20, <http://ph.china-embassy.org/eng/fyrth/t1690301.htm>

91 Prak Chan Thul, 2019, “Cambodia to ban online gambling, cites threat to social order,” Reuters, August 18, <https://www.reuters.com/article/us-cambodia-china-gambling/cambodia-to-ban-online-gambling-cites-threat-to-social-order-idUSKCN1V8065>

92 Ben Sokhean, 2019, “Hun Sen issues ultimatum to end online gambling by end of the year,” Khmer Times, August 31, <https://www.khmertimeskh.com/638894/hun-sen-issues->

operations involved in rigging games and threatening individuals who cannot repay their debts.<sup>93</sup>

While the Philippines has benefitted from the displacement of online casinos from Cambodia, the government has yet to fully accept and face the dangers related to the industry, including the growing threat of money laundering and the surge of casino-related criminal activities. Camba, in his research on the corrosive effects of Chinese foreign direct investments (FDI) in both online gambling and energy industries, detailed the negative economic and societal externalities affecting Filipinos, such as the influx of illegal workers, rising real estate prices, tax evasion, and money laundering.<sup>94</sup> Due to PAGCOR's lack of regulatory oversight and transparency, he recommended the transfer of regulatory powers to other Philippine agencies through legislation, as well as a creation of an exclusive agency that will deal with Chinese FDI.<sup>95</sup> With regard to immigration controls, Camba suggested the removal of "advanced delegation" applications for tourist firms, the retention of the visa-on-arrival system, and the budget increase for the BI as measures to prevent the entry of illegal workers led by black-market organizations.<sup>96</sup>

The perennial issues of graft and corruption of the BI have also been amplified by the *pastillas* scheme. Accountability measures must go beyond reshuffling and relief orders; administrative and criminal charges must be filed against immigration officers and personnel involved in the scheme. Legislation must also be passed to update the 80-year old Commonwealth Act 61, also known as the Philippine Immigration Law of 1940. Currently, Senate Bill 1649 or the Bureau of Immigration Modernization Act of 2020 has been filed in Congress as a response to the *pastillas* scheme. The bill aims to upgrade the salary grades of the personnel and provide prescriptions of penal sanctions for those who violate immigration law and rules.<sup>97</sup> Furthermore, the

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ultimatum-to-end-online-gambling-by-end-of-the-year/

93 Ibid.

94 Alvin A. Camba, 2020, "Chinese FDI in the Philippines: An examination of Online Gambling and Energy," Mitigating Governance Risks From Investment in Southeast Asia, Center for International Private Enterprise, January. <https://www.researchgate.net/publication/342110406>

95 Ibid., p. 16

96 Ibid., p. 14

97 Senate of the Philippines, 2020, "Better immigration services pushed; Bong Go files BI

proposed law seeks to improve immigration services through the creation of a system of documentation, procedures, and requirements for the admission of immigrants and non-immigrants.<sup>98</sup>

In addressing the strategic deficiencies in the country's anti-money laundering efforts, AMLC called for reforms in the Republic Act No. 9160, also known as the Anti-Money Laundering Act (AMLA) of 2001, in the recent congressional hearings.<sup>99</sup> These reforms are especially crucial in preventing the country from being grey or blacklisted by the Financial Action Task Force (FATF) and in addressing the influx of illicit funds into the country. Reform recommendations raised by AMLC chief involve the inclusion of real estate developers as covered persons, including the council's expansion of investigative powers and the prohibition of an injunction against its freeze and forfeiture powers.<sup>100</sup> In Blanco's study on the country's anti-money laundering governance, he described that while AMLA extensively includes several financial institutions and agents as potential targets or accomplices in relation to money laundering, the law falls short in its exclusion of real estate brokers and gaming corporations.<sup>101</sup> Furthermore, he emphasized the weakness of the law as it "opposes transparency by seeking to protect and preserve the integrity and confidentiality of bank accounts, thereby endorsing the tradition of bank account secrecy."<sup>102</sup> Similar issues on the bank secrecy legislation and exclusion of real estate agents as covered persons were also raised in the Asia/Pacific Group on Money Laundering (APG) report on the Philippines in 2019, including the critical understaffing of the AMLC financial investigation sections.<sup>103</sup> Extending the reach of covered persons under the AMLA is

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modernization bill to help combat new and emerging threats," Press Release, 18th Congress, July 16, [http://legacy.senate.gov.ph/press\\_release/2020/0716\\_go1.asp](http://legacy.senate.gov.ph/press_release/2020/0716_go1.asp)

98 Ibid.

99 Filane Mikee Cervantes, 2020, "AMLC urges Congress to pass anti-money laundering reforms," Philippine News Agency, March 4, <https://www.pna.gov.ph/articles/1095580>

100 Ibid.

101 Dennis Vicencio Blanco, 2017, "Anti-money laundering governance in the Philippines: legal foundations, institutional dynamics and policy challenges," *Asia Pacific Journal of Public Administration*, 39:1, 52-62, DOI: 10.1080/23276665.2017.1290901

102 Ibid., p. 52

103 Asia/Pacific Group on Money Laundering, 2019, Anti-money laundering and counter-terrorist financing measures – Philippines, Third Round Mutual Evaluation Report, APG, Sydney, <http://www.apgml.org/includes/handlers/get-document.ashx?d=c0fe3714-bfcf-475e-8ff3-47e9c3cfe496>

an urgent need, as AMLC data show how criminals employ real estate transactions to launder money.<sup>104</sup> However, some legislators expressed opposition to requiring real estate professionals to report cash transactions of at least PHP 1 million, arguing the ‘sufficiency’ of post-transaction through the Register of Deeds.<sup>105</sup> Congress ought to see the urgency of such reforms in addressing the issue of money laundering and its intersection with the real estate boom, online gambling, and drug trafficking which expanded under the Duterte administration. Moreover, it is in the interest of the state to avoid being greylisted by the FATF; otherwise, stricter and costlier financial transactions would gravely affect cash remittances of overseas Filipino workers (OFWs).<sup>106</sup>

With the intent to allow offshore gaming operations in the Philippines, the Duterte administration must consider imposing strict regulations on gambling activities in order to maximize the socio-economic benefits of the industry while minimizing its potential harm to public safety and social order. According to the PAGCOR, around a quarter of those employed in the POGO firms are Filipinos, and an income over PHP 18 billion from 2016 to 2019 came from the application, processing, and regulatory fees of POGO operations.<sup>107</sup> Evidently, the administration saw the country’s socio-economic interest at stake in its position on the online gambling dilemma with the Chinese government. However, maximizing such gains will only be possible if the Philippine government becomes capable of imposing stricter regulation on gaming firms, deterring gambling-related crimes such as extortion, kidnapping, and sex trafficking, and ensuring the protection of both Filipino citizens and Chinese migrant workers alike.

## Conclusion

The cooperation between China and the Philippines is a complicated one, as the alliance is layered underneath with competing territorial claims, opposing views in Chinese online gambling, and

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104 Rex Remitio, 2020, “Criminals use real estate transactions in PH to wash dirty money—anti-money laundering body,” CNN Philippines, October 29, <https://www.cnn.ph/news/2020/10/29/anti-money-laundering-council-real-estate-dirty-money.html>

105 Ibid.

106 Ibid.

107 Daxim L. Lucas, 2020, “1/4 of registered POGO workers are Filipino, says Pagcor,” Philippine Daily Inquirer, March 12, <https://business.inquirer.net/292296/1-4-of-registered-pogo-workers-are-filipino-says-pagcor>

imbalanced power relations. The Philippines has more to lose from this “partnership,” especially when closer economic ties have failed to stop the aggression of China in the West Philippine Sea. Moreover, the administration’s myopic view on revenue blinds them from the adverse impacts caused by TOC, the expansion of which has flourished due to the closer ties between the two countries.

Baviera, the country’s foremost sinologist, befittingly described the Philippines-China relationship as one that will always be asymmetric, stating how “China can no more help being big and perceived with anxiety by smaller neighbors, than the Philippines can help living in the large shadow that China casts in the region.”<sup>108</sup> Given this condition, she emphasized the choice of viewing it as a liability or a strategic advantage that can be transformed through human agency. In determining the national interest of the country in its bilateral relations with China, she argued the need to develop a mutually respectful relationship with China in order to minimize risks and maximize advantages to our security and welfare. Furthermore, she emphasized that having China as an enemy or a patron are neither in the national interest of the Philippines.

The Duterte administration must give focused attention on TOC as one of its national security priorities. Security cooperation with China must deepen and encompass not only the issue of illegal drugs but also that of money-laundering, human and sex trafficking, and gambling-related crimes. A starting point can be the recalibration of TOC as a national security issue as indicated in the NSS and NSP by gearing it towards a more comprehensive approach which recognizes the “transnational and trans-sectoral nature of criminal organizations.”<sup>109</sup> A holistic perspective can guide interdepartmental cooperation and anti-organized crime strategies that would focus on the most critical factors in the criminal market.<sup>110</sup> Furthermore, this shared concern of securing the welfare of Chinese migrant workers and Filipino citizens from the dangers of TOC is an opportunity for security and confidence-

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108 Aileen San Pablo Baviera, 2017, “Debating the National Interest in Philippine Relations with China: Economic, Security, and Socio-cultural Dimensions,” National Security Review, Research and Special Studies Division (RSSD) of the National Defense College of the Philippines, pp. 163, <http://www.ndcp.edu.ph/wp-content/uploads/publications/Rethinking%20Philippine%20National%20Interest%20Towards%20Calibrating%20National%20Policies.pdf>

109 Global Commission on Drug Policy, 2020, *Enforcement of Drug Laws...*, p. 7

110 Ibid.



building amidst the tensions in the West Philippine Sea.

While this study aims to accomplish the task of presenting an overview of the state of TOC under the Duterte administration, further and substantive research needs to be conducted in order to fill the gaps in the very scant literature on organized crime and illicit economies in the Philippines. The experiences of the Chinese nationals and Filipinos affected by sex trafficking and prostitution catered to the Chinese market is a new development that ought to be explored. The impact of rising property prices on ordinary Filipinos in POGO hubs is also an important subject of research. Finally, the capacity of relevant government institutions tasked to contain the expansion of organized crime must also be investigated through research.





# **IMPACT OF DEVELOPMENTS IN SCIENCE AND TECHNOLOGY**



# COUNTERING THE COMMUNIST PARTY OF CHINA'S 'THREE WARFARES' A WHOLE-OF-NATION APPROACH

**Robin Lucas & Don Stanley Dalisay**

## **Abstract:**

Relations between the Philippines and China have remained mostly cordial for hundreds of years until disputes over the West Philippine Sea have introduced tensions into the relationship. The paper discusses the “Three Warfares” of the Chinese Communist Party (CCP) and how it is used by other nations to produce policies more in line with Chinese interests. The authors propose a framework on how the “Three Warfares”, if applied to the Philippines, can be countered by drawing lessons from the whole-of-nation approach already used by the government against insurgencies in the country.

**Keywords: West Philippine Sea, Spratlys, Three Warfares, China, Whole-of-Nation**

## **Introduction**

The Philippines’ relations with China predate the former’s recorded history.<sup>1</sup> However, the relations between the two countries have been dominated in recent times by the territorial disputes in the West Philippine Sea (WPS), beginning with the Chinese occupation of Panganiban (Mischief) Reef in 1995, the confrontation over Bajo de Masinloc in 2012, the continued encroachment of the Chinese in the exclusive economic zone (EEZ) of the Philippines, and the arbitration case filed by the Philippines against China in 2013.<sup>2</sup>

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1 Ocampo, Ambeth R. “A Relationship of 1,000 Years.” *Philippine Daily Inquirer*, October 26, 2016, sec. Opinion. <https://opinion.inquirer.net/98714/relationship-1000-years>.

2 Associated Press. “Timeline: The China-Philippines South China Sea Dispute.”

The tension in the relations is reflected by the very low trust rating given by Filipinos to China.<sup>3</sup> Other issues, such as the influx of Chinese employees for POGOs,<sup>4</sup> ramming of M/V Gem-Vir 1 and the abandonment of its crew,<sup>5</sup> the security concerns over DITO Telecommunity, which was supposed to be the third telco player in the country,<sup>6</sup> and loans from China,<sup>7</sup> may have contributed to the negative view of China among Filipinos.

Despite the disputes, China remains an important partner in international relations and trade. Even the Aquino administration, which had a very tumultuous relationship with the Communist Party of China (CCP), said that the West Philippine Sea issue is not the totality of the relationship with China.<sup>8</sup> This is echoed by President Rodrigo Duterte, who has publicly stated that the WPS issue requires a “delicate balancing act”.<sup>9</sup>

However, a balancing act requires that there be concrete guidelines on how every situation must be approached. The move to abandon the Visiting Forces Agreement (VFA) with the United States (US) and later

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INQUIRER.net, July 12, 2016. <https://globalnation.inquirer.net/140995/timeline-the-china-philippines-south-china-sea-dispute>.

3 “SWS July 3-6, 2020 National Mobile Phone Survey – Report No. 4: Net Trust of Filipinos Is ‘Good’ +42 for the United States, ‘Moderate’ +27 for Australia, and ‘Bad’ -36 for China.”

4 ABS-CBN News. “Rush of Chinese Workers in Philippines Sparks Worry, Call for Caution,” February 25, 2019. <https://news.abs-cbn.com/business/02/25/19/rush-of-chinese-workers-in-philippines-sparks-worry-call-for-caution>.

5 “Militia Vessel under Chinese Navy Command Rammed Filipino Fishing Boat: Carpio,” ABS-CBN News, June 15, 2019, <https://news.abs-cbn.com/news/06/15/19/carpio-chinese-militia-vessels-have-reinforced-steel-hulls-for-ramming-fishing-boats>.

6 Fenol, Jessica. “Third Telco DITO ‘leaning Heavily’ on Chinese Partner, Allays Cybersecurity Fears.” ABS CBN News, February 20, 2020. <https://news.abs-cbn.com/business/02/20/20/third-telco-dito-leaning-heavily-on-chinese-partner-allays-cybersecurity-fears>.

7 Ralf Rivas, “Made in China: Loan Terms with Waivers, Shrouded in Secrecy,” Rappler, March 27, 2019, <https://www.rappler.com/newsbreak/in-depth/226728-provisions-waivers-philippines-loan-agreements-with-china>.

8 Christian Esguerra, “PH, China Vow to Move On,” Philippine Daily Inquirer, April 9, 2019, sec. Second Front Page.

9 Venzon, Cliff, and Mikhail Flores. “Duterte Says South China Sea Dispute Is ‘Delicate Balancing Act.’” Nikkei Asian Review, July 22, 2019. <https://asia.nikkei.com/Politics/International-relations/Duterte-says-South-China-Sea-dispute-is-delicate-balancing-act>.

reversal,<sup>10</sup> and the controversy<sup>11</sup> over the ban to participate in drills in the West Philippine Sea<sup>12</sup> while at the same time making public the willingness to invoke the Mutual Defense Treaty,<sup>13</sup> seem to point to *ad hoc* decision making. This policymaking gap becomes more troubling given that seven out of 10 Filipinos want to assert Philippine rights over the WPS.<sup>14</sup>

The National Security Policy 2017-2022 (NSP), for instance, called the dispute over the WPS the foremost challenge to the Philippines' sovereignty and territorial integrity.<sup>15</sup> It also called the US a stabilizing influence in the region and that the Philippines would still seek to closely work with the US on significant security and economic issues,<sup>16</sup> which the ban on drills and the original intention to terminate the VFA seem to contradict. Also, there is no mention of the "Three Warfares" in the NSP, which implies that the Philippine government is unaware and unable to counter non-military actions that may ultimately be more harmful to the Philippine position.

The urgency of addressing this policymaking gap comes to the fore with the impending removal of the Philippine Navy (PN) from the Sangley Point Naval Base to make way for the Sangley Airport Development Project. The PN expressed concern with the involvement in the project of China Communications Construction Co. Inc. (CCCC), one of the Chinese companies recently banned by the US for its alleged role in the illegal construction of artificial islands on maritime features

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10 Sofia, Tomacruz. "Philippines Suspends VFA Termination for Now." Rappler, June 2, 2020. <https://rappler.com/nation/philippines-suspends-vfa-termination-for-now>.

11 Fonbuena, Carmela. "Balancing or Capitulation? Duterte Ban on West PH Sea Drills Leaves Gap in Global Move to Curb China." Rappler, August 5, 2020. <https://rappler.com/nation/duterte-ban-west-philippine-sea-drills-leaves-gap-global-move-curb-china>.

12 Talabong, Rambo. "Duterte Bans PH from Joint Maritime Drills in South China Sea." Rappler, August 4, 2020. <https://rappler.com/nation/duterte-ban-philippine-navy-joint-maritime-drills-south-china-sea>.

13 Robles, Alan. "If China Attacks Our Navy, We'll Call the United States": Philippines." South China Morning Post, August 26, 2020. <https://www.scmp.com/week-asia/politics/article/3098992/south-china-sea-if-china-attacks-our-navy-well-call-us>.

14 Nazario, Dhel. "Filipinos Want Gov't to Assert Rights over West Philippine Sea - SWS Survey." Manila Bulletin, July 14, 2020. <https://mb.com.ph/2020/07/14/filipinos-want-govt-to-assert-rights-over-west-philippine-sea-sws-survey/>.

15 National Security Policy 2017-2022 for Change and Well-Being of the Filipino People. p. 13

16 Op. cit. p. 13-14

in the South China Sea that are within the Philippines' exclusive economic zone.<sup>17</sup> In addition to the involvement of CCCC, closing the base will affect the PN's operations across the entire archipelago.<sup>18</sup>

On the other side, the CCP has very clear ideas on how to conduct its foreign policy and it has not been shy about making public its guiding policy, the Three Warfares, which its Central Military Commission (CMC) approved as the guiding force of the People's Liberation Army (PLA) in 2003.<sup>19</sup>

The Three Warfares policy came out of a book<sup>20</sup> published by two PLA colonels, who proposed new methods to counter the conventional superiority of the US. They proposed that China should use a host of methods, many of which lie out of the realm of conventional warfare. These methods include trade warfare, financial warfare, ecological warfare, psychological warfare, smuggling warfare, media warfare, drug warfare, network warfare, technological warfare, fabrication warfare, resource warfare, economic aid warfare, cultural warfare, and international law warfare, making it unrestricted warfare.<sup>21</sup>

Qiao, one of the authors, has been quoted as saying in an interview with the *Zhongguo Qingnian Bao*, the CCP's official youth daily, that "the first rule of unrestricted warfare is that there are no rules, with nothing forbidden."<sup>22</sup> This implies that the CCP, by approving the Three Warfares, is prepared to flout accepted rules of international relations as they exist in the status quo, requiring states to overhaul their own policies to counter the CCP initiative.

It is in this context that the scope of this paper shall be defined. The authors seek to counter the Three Warfares as it applies to the Philippine context. However, the authors do not seek to propose any specific

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17 Mangosing, Frances. "Amid Chinese Presence, Navy Wants to Stay in Sangley Point." *Philippine Daily Inquirer*, September 7, 2020, sec. Asia & Pacific. <https://globalnation.inquirer.net/190707/amid-chinese-presence-navy-wants-to-stay-in-sangley-point>.

18 Nepomuceno, Priam. "Navy Chief Cites Security Issues over Sangley Base Removal." *Philippine News Agency*, September 11, 2020. <https://www.pna.gov.ph/articles/1115094>.

19 Michael Raska, "China and the 'Three Warfares,'" *The Diplomat*, December 18, 2015, <https://thediplomat.com/2015/12/hybrid-warfare-with-chinese-characteristics-2/>.

20 Liang Chin and Xiangsui Wang, *Unrestricted Warfare* (Beijing: PLA Literature and Arts Publishing House, 1999).

21 "SOF Support to Political Warfare White Paper" (United States Army Special Operations Command, March 10, 2015). pp. 5-6.

22 Foreign Broadcast Information Service editor's note to the translated online version of the book, found at <https://www.c4i.org/unrestricted.pdf>.



policy or course of action vis-à-vis the CCP. Instead, this paper shall only cover a possible framework that would support the formulation of the necessary policy. Furthermore, this proposed framework will apply to the CCP and any other actor on the international stage with which the Philippines may have a dispute.

Any proposal for action would be limited to filling gaps in the National Security Strategy 2018 (NSS) and NSP, but stop short of recommendations that will fundamentally alter the specific policy, if any, adopted by the government in addressing Philippine-China relations.

Finally, references to policy within the People's Republic of China (PRC) in this paper is deliberately restricted to the CCP. It bears emphasizing that the PRC is a Leninist state, and, therefore, the state is merely the executor of the CCP's policies.<sup>23</sup> In fact, the PLA is commanded by the CCP and not the state apparatus of the (PRC).<sup>24</sup>

## The Three Warfares

### Background

The concept of the "Three Warfares" was first publicly introduced by the CCP, through its Central Committee and the Central Military Commission, in its 2003 version of the "Political Work Regulations of the Chinese People's Liberation Army."<sup>25</sup> Its development as a concept can be traced to an amalgamation of several influences: China's ancient strategic culture, its own modern revolutionary Marxist experience, and the lessons it learned from observing the US's conflicts in the 1990s.<sup>26</sup>

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23 Charles Parton, "China-UK Relations: Where to Draw the Border Between Influence and Interference?," Occasional Paper (Royal United Services Institute for Defense and Security Studies, February 2019), [https://rusi.org/sites/default/files/20190220\\_chinese\\_interference\\_parton\\_web.pdf](https://rusi.org/sites/default/files/20190220_chinese_interference_parton_web.pdf). p. 1.

24 "Xi Jinping Insists on PLA's Absolute Loyalty to Communist Party," *The Economic Times*, August 20, 2019, <https://economictimes.indiatimes.com/news/defence/xi-jinping-insists-on-plas-absolute-loyalty-to-communist-party/articleshow/65471728.cms?from=mdr>.

25 Du Changjun (杜长军), "China invests heavily on the development of asymmetric warfare (中国投入巨资发展不对称作战武器系统(图))" [http://mil.news.sina.com.cn/2009-03-27/0957546758\\_2.html](http://mil.news.sina.com.cn/2009-03-27/0957546758_2.html)

26 Sangkuk Lee, "China's 'Three Warfares': Origins, Applications, and Organizations," *Journal of Strategic Studies* 37, no. 2 (2014): 198-221, doi:10.1080/01402390.2013.870071. p. 200.

“Subduing the enemy without fighting,” as a famous military strategy quote attributed to the ancient scholar, Sun Tzu, is but one among several ancient Chinese military texts recognizing the importance of political work operations in warfare. In *The Romance of the Three Kingdoms*, one of the most popular classic novels in Chinese literature, influencing and manipulating the enemy’s mind is a well-celebrated strategy in defeating the enemy.<sup>27</sup> One of the novel’s strategies even inspired the 32nd strategy in the *Thirty Six Stratagems*, a Chinese essay featuring a collection of strategies focusing on the use of deception in the battlefield, including those from Sun Tzu. The famous strategy has been called the Empty Fort Strategy, involving the deception of the enemy into thinking that an empty location is a trap by presenting an aura of overconfidence on the part of the defenders, thus throwing off the potential attackers into thinking twice about proceeding with the offensive, eventually even deciding to retreat.

In his explanation of the strategy against the Kuomintang, Mao Zedong even borrowed a quote from the *Three Kingdoms* on how three inferior people can subdue a superior one if they combine their strengths. Likewise, during the anti-Japanese war and the liberation war, his guerrilla warfare stressed the importance of conducting propaganda, political mobilization, and psychological offensive to defeat economically and militarily stronger enemies. Successive leaders such as Deng Xiaoping up to Xi Jinping have also been known to allude to the classic novel in their political speeches.<sup>28</sup>

As China watched the US dominate with “shock and awe” in the First Gulf War and the Kosovo War, they took note of the crucial role that non-kinetic and non-military capabilities played in winning these wars and adopted these as their own. These lessons were distilled in the landmark publication of *Unrestricted Warfare* in 1999 by two PLA Air Force colonels introducing trans-military and non-military operations, such as psychological warfare, smuggling warfare, financial warfare, media warfare, and regulatory warfare.

The book was reportedly read by Jiang Zemin and much of the Chinese leadership, and that Jiang himself proposed the adoption of

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27 Stefan Halper, “China: The Three Warfares” (Washington DC: Office of Net Assessment, May 2013). p. 226

28 Lazarus, Leland. “The Three Kingdoms: Three Paths for China’s Future.” *The Diplomat*, April 7, 2016. <https://thediplomat.com/2016/04/the-three-kingdoms-three-paths-for-chinas-future/>.

Three Warfares after the book was validated by reports coming from the Second Gulf War in November 2003.<sup>29</sup> The revised version of the PLA Political Work Regulations appeared a month later in December 2003. It is important to remember this epistemological background to understand the nuance that Three Warfares and the selection of its components resulted from an attempt to coherently compress a broader spectrum of trans-military and non-military operations that characterized China's view of modern warfare.

In a commissioned report prepared for the US Department of Defense's Office of Net Assessments, Stefan Halper concluded that "if the object of war is to acquire resources, influence, and territory, and to project national will, China's 'Three Warfares' is war by other means."<sup>30</sup> The three components – psychological warfare, public opinion warfare, and legal warfare – are often lumped together in Chinese analyses because of their dynamic and mutually reinforcing relationship. Psychological warfare underpins public opinion and legal warfare; public opinion warfare is the battle for dominance in the venue for psychological and legal warfare; and legal warfare is seen as a key instrument for psychological and public opinion warfare.

Psychological warfare is targeted against the opponent's decision-making capability and includes diplomatic pressure, false narratives, and harassment to convey threats. It also seeks to create doubts, foment anti-leadership sentiment, deceive and diminish the will to fight among opponents through measures that involve the whole of government political, economic, and diplomatic components.<sup>31</sup> A retired US Army Lieutenant explained, "Political signals may be sent through (1) public or private diplomacy at international organizations, such as the United Nations [UN], or directly to other governments or persons; (2) the use of the Chinese and foreign media in official statements or 'opinion pieces' written by influential persons; (3) non-military actions, such as restrictions on travel or trade; or (4) by using military demonstrations, exercises, deployments, or tests, which do not involve the use of deadly force."<sup>32</sup>

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29 Sangkuk Lee, *China's 'Three Warfares'*, p. 202.

30 Stefan Halper, "China: The Three Warfares" (Washington DC: Office of Net Assessment, May 2013). p. 12

31 Ibid.

32 Timothy A. Walton, "China's Three Warfares," Delex Consulting, Studies and Analysis, January 18, 2012. p. 9

For public opinion warfare, the 2015 Science of Military Strategy published by China's National Defense University describes using public opinion as a weapon by propagandizing through various forms of media to "demoralize one's opponent by a show of strength and "create momentum to control the situation." It seeks to gain the initiative in the "public opinion battlefield" by being the first to release information and countering the opponent's own attempt to engage in similar warfare. It is aimed at influencing domestic and international public opinion to galvanize support for China's actions and deter adversaries from reacting against it.<sup>33</sup>

Legal warfare is about using legality to raise doubts about the adversary's actions, thereby diminishing political will and the latitude for the opposition's military activity. It is seen as a part of a more extensive military-public opinion warfare campaign and essentially provides material for the latter.<sup>34</sup> It uses international and domestic law to claim the legal high ground and assert Chinese interests by shaping the operational space and essentially restricting the adversary's own.<sup>35</sup>

While public opinion warfare and psychological warfare are practically already ingrained in the double helix of Chinese strategic thought, this last component has been greatly influenced by the US. In the Chinese view, the US is one of the leading practitioners of legal warfare. Chinese analysts took note of how the US obtained UN authorization for sanctions in the First Gulf War and how it was still able to argue consistency with the law when it entered the Kosovo conflict under the auspices of the North Atlantic Treaty Organization (NATO) despite the absence of UN authorization.<sup>36</sup>

This inspiration found fertile ground in Chinese political history and culture, with laws in imperial China viewed as secondary to more enduring moral and social arrangements and as a means for imposing societal control on the population. Similarly, Communist China considered the law as an instrument of politics and governance

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33 US Department of Defense. 2011 Annual Report to Congress on Military and Security Developments Involving the People's Republic of China

34 Dean Cheng, "Winning Without Fighting: Chinese Legal Warfare," Background, May 18, 2012.

35 Walton, "China's Three Warfares," p. 5.

36 Dean Cheng, *Winning Without Fighting: Chinese Legal Warfare*, The Heritage Foundation, May 18 2012.

rather than a constraint that applied to those who govern. This preexisting instrumental perception of the law defined the wide latitude by which the Chinese party-state weaponizes the law for their advantage.

In line with the ‘Three Warfares’ strategy, the CCP executes influence operations against political, social, and cultural institutions in other countries as well as international institutions to shape the strategic space in its favor. These influence operations are implemented at a high level and by agencies outside the PLA, such as the United Front Work Department, the Propaganda Ministry, and the Ministry of State Security.<sup>37</sup>

### International Damage and Response

While warnings on this new approach to warfare have reached high-level audiences as early as 2012 (with the publication of the Walton report), policymakers have yet to respond accordingly, leading Western states to be caught off-guard.

Australia is widely considered an excellent case study on Chinese political interference because of well-documented and substantiated reports of direct orders from Beijing to execute such operations. Chen Yonglin, the former Chinese diplomat in Sydney who defected and sought political asylum in Australia, revealed that as early as 2004, there were orders from the Central Committee to include Australia in China’s overall periphery.<sup>38</sup> This status meant that China had to devote special attention to Australia as a ‘border country’ that needs to be neutralized. As Chen would reveal, this was further crystallized when the Central Committee’s strategy of including Australia in its periphery was communicated to Canberra, involving a plan to secure Australia as a stable supply base for China’s economic growth and a long term plan to drive a wedge into the America-Australia alliance. The strategy essentially tasked senior diplomats in the Chinese embassy to execute what Chen called “comprehensive influence over Australia economically, politically, culturally, in all ways.” He further described it as involving a standard Chinese *modus operandi* of combining frequent meetings between senior leaders from both

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37 US Department of Defense. 2011 Annual Report to Congress on Military and Security Developments Involving the People’s Republic of China

38 Clive Hamilton, *Silent Invasion: China’s Influence in Australia*, Hardie Grant Publishing: 2018

sides to build personal friendships with threats of punishment, such as economic measures to force Australia to issue concessions on military affairs and human rights.<sup>39</sup>

Although considered one of the first countries to formulate a coherent policy response against Chinese political interference, it still commissioned a classified report on foreign interference only in 2016. This delay resulted in the lack of significant resistance to CCP efforts until 2018.<sup>40</sup> That year, China's Minister of Security Meng Jiangzhu was still able to leverage their influence and threatened Australia's Labor opposition leadership of electoral consequences should they fail to endorse the extradition treaty then being up for a vote in parliament.<sup>41</sup>

In June 2017, Australian media revealed that the Australian Security Intelligence Organization issued warnings to two major political parties that some of their donors have deep connections with the CCP.<sup>42</sup> One of its senators was observed to have recited Beijing's South China Sea talking points almost word-for-word after the Party-linked donor threatened to withdraw a AUD400,000 political donation. This shows the extent by which the Chinese party-state can prosecute its psychological and public opinion warfare.

By the end of that year, Australian Prime Minister Malcolm Turnbull introduced his administration's foreign counterinterference strategy accompanied by a sweeping bipartisan legislation package. The strategy contained the following four principles: 1) it targets activities of foreign states and not Australian-born Chinese as the diaspora is considered to be part of the solution; 2) it would be country-agnostic and not single out China; 3) it would distinguish between "covert, coercive, and corrupting" actions from legitimate state diplomacy; and 4) that it would be built upon the pillars of

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39 Ibid.

40 Larry Diamond and Orville Schell, *China's Influence and American Interests: Promoting Constructive Vigilance*, Hoover Institution November 23, 2018. Appendix II, p. 148

41 Primrose Riordan, "China's Veiled Threat to Bill Shorten on Extradition Treaty," *Australian* (New South Wales), December 4, 2017, <https://www.theaustralian.com.au/national-affairs/foreign-affairs/chinas-veiled-threat-to-bill-shorten-on-extradition-treaty/news-story/ad793a4366ad2f94694e89c92d52a978>

42 Ursula Malone, "Chinese businessman Huang Xiangmo's political donations revealed; parties too reliant," *ABC News*, December 12, 2017, accessed August 1, 2019, <https://www.abc.net.au/news/2017-12-12/huang-xiangmos-development-linked-to-greater-sydney-commission/9247860>

“sunlight, enforcement, deterrence, and capability.”<sup>43</sup> On the other hand, the legislation package included an expansion of the ban on foreign donations to cover for attempts to use local proxies, required disclosure for political operatives working on behalf of a foreign principal, and stricter political interference and espionage laws.<sup>44</sup>

Along with Australia, New Zealand is seen by China as the “weak link in the western camp” and an excellent petri dish for testing its new political interference tools.<sup>45</sup> New Zealand’s large number of Chinese immigrants amounts to around four percent of its population. Beijing continuously engages the diaspora in New Zealand through an Overseas Chinese Center established in 2014. One diaspora organization, the Peaceful Reunification Association of China in New Zealand, is controlled by the United Front Work Department and has reportedly encouraged bloc-voting of the Chinese community in New Zealand and raised funds for friendly ethnically Chinese candidates. One of its leaders, who moved to New Zealand in 1972, holds many leadership and honorary titles in Chinese mainland organizations for Overseas Chinese Affairs.

New Zealand’s media is also a key target of China’s influence operations.<sup>46</sup> Local Chinese-language outlets regularly attend media training in China, as well as host CCP propaganda officials in their offices and sometimes receive direct editorial instructions from CCP officials. Taiwanese programming was also removed from a Chinese-language channel. China Daily established partnerships with English-language newspapers and has been sponsoring regular travel of journalists to attend activities that promote China’s positive view.

With regard to politics, individuals with strong ties to United Front organizations have been documented to have made several million

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43 Larry Diamond and Orville Schell, *China’s Influence and American Interests: Promoting Constructive Vigilance*, Hoover Institution November 23, 2018. Appendix II, p. 148

44 Malcolm Turnbull, “Speech Introducing the National Security Legislation Amendment (Espionage and Foreign Interference) Bill 2017,” December 7, 2017, accessed August 3, 2019, <https://www.malcolmturnbull.com.au/media/speech-introducing-the-national-security-legislation-amendment-espionage-an>

45 Clive Hamilton, *Silent Invasion: China’s Influence in Australia*, Hardie Grant Publishing: 2018

46 Anne-Marie Brady, “Magic Weapons: China’s political influence activities under Xi Jinping,” Conference paper for “The corrosion of democracy under China’s global influence,” September 16, 2017. p. 38.

dollars of donations to politicians. Several politicians have been noted to serve in senior roles in Chinese companies and as board members to New Zealand affiliates of major Chinese banks. These wealthy donors simultaneously hold leadership positions in mainland Overseas Chinese associations that are known to be under the United Front.

Anne-Marie Brady has compiled much of this data on Chinese interference in New Zealand in her book, *Magic Weapons: China's Political Influence Activities Under Xi Jinping*. She has similarly written a more foundational text on the subject, *Making the Foreign Serve China: Managing Foreigners in the People's Republic*, where she draws on CCP policy documents to detail a unique element of Chinese foreign policy designed to exert influence and control on foreigners to serve the Communist Party's interests. Since speaking critically against China, Brady has reportedly experienced break-ins at her office and residence.

New Zealand has a range of legislation that could deal with some of the foreign influence activities mentioned, such as the Security Intelligence Act of 1969, which charges the Security Intelligence Service with “the protection of New Zealand from acts of espionage, sabotage, and subversion, whether or not they are directed from or intended to be committed within New Zealand; the identification of foreign capabilities, intentions, or activities within or relating to New Zealand that impact on New Zealand's international well-being or economic well-being... the protection of New Zealand from activities within or relating to New Zealand that are influenced by any foreign organisation or any foreign person....”<sup>47</sup>

## The Philippines: A Damage Assessment

### Psychological Warfare

Looking at the case studies in Australia and New Zealand, it becomes easy to understand why the US Department of Defense, in its latest report to Congress, identified the cornerstone of China's strategy as its appeal to overseas Chinese citizens or ethnic Chinese citizens of other countries to advance Party objectives through soft power. Accordingly, its foreign influence activities are centered on elite capture—cultivating power brokers within foreign governments who will promote policies and propagate pronouncements favorable to China's interests.

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47 Ibid., 41



The Philippines, who trails Australia and New Zealand in the latest Corruption Perceptions Index, is much more vulnerable to the same “covert, coercive, and corrupting” methods that succeeded with the latter countries’ leaders. The disparity, along with the rank of the Philippines (99th) versus Australia (13th) and New Zealand (2nd),<sup>48</sup> implies that such efforts would find more fertile ground in the country.

This becomes more alarming, as the CCP’s policies on official development assistance is one of the pillars for financing the Duterte administration’s Build, Build, Build (BBB) Program. Not only is the ambitious project a possible leverage for the Philippine government to submit to CCP’s wishes, but the massive amounts involved would undoubtedly attract a large number of corrupt individuals who may be willing to submit to CCP’s demands in exchange for money.

Even assuming benevolence of our politicians, the pernicious reach of psychological warfare cannot be understated. Central to the approach of Chinese influence operations on personalities is the effective interplay of reward and punishment. This is evident with the Chinese double-speak and persistent rhetoric calling for “shared benefits”, “mutual interest”, and “end to Cold War mindset”, while employing threats of harassment and violence. Constant and repeated exposure to these messaging themes are designed to degrade decisive action of adversaries. Consistent with propaganda theory, such actions create the illusion of the absence of middle ground and force even the incorruptible agents to simply resign into submission.

In psychological warfare, ambiguity is a weapon.<sup>49</sup> Michael Clarke traces the US’s failure to formulate a coherent response with China’s propagation of inconsistent messages regarding its view of the South China Sea as a “core interest.” While official Chinese pronouncements declared its willingness to defend its core interests, Clarke believes that China intentionally sent mixed signals through different formal and informal channels to obscure its real interpretation of the issue. In the same manner, China’s refusal to define the precise coordinates of its territorial claim regarding the “nine-dash” line creates the same ambiguity and confusion intended to prevent an adequate policy response.

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48 “Corruption Perceptions Index 2018,” Transparency International, n.d., <https://www.transparency.org/cpi2018>.

49 Michael Clarke, “China’s Application of the ‘Three Warfares’ in the South China Sea and Xinjiang,” Foreign Policy Research Institute, January 2019

## Public Opinion Warfare

From a cursory look, China's public opinion warfare, at least against the Philippines, is failing miserably. Anti-Chinese sentiment among the Filipino public is very high.<sup>50</sup> There is extensive vigilance in social media to the extent of tagging all Chinese sightings as malicious.

Despite this, there are growing signs of Chinese propaganda gaining a foothold in the Philippines' public opinion channels. During President Duterte's state visit to China in 2016, the Presidential Communications Operations Office entered a memorandum of agreement with China's State Council Information Office on "news and information exchange, training, and for other purposes."<sup>51</sup> This further materialized into more specific agreements between China's state-owned international radio broadcasting network, China Radio International (CRI), and of the Philippines' three state-owned media companies: PTV, Radyo ng Bayan, and the Philippine News Agency (PNA).

The agreements provided for visiting mechanisms and staff exchange programs geared towards "news-production related" training between the two parties. It also includes a promise of assistance to CRI in setting up their branch in the Philippines with the option of hiring Filipino staff members from the government news agencies. Notably, they accelerate information exchange and sharing between the Chinese and Filipino government media outlets by sharing content, conducting joint interviews, using each other's copyrighted material as long as it is acknowledged. This means that the Chinese party-state's official position on issues that would warrant reporting in the Philippines would always easily reach our airwaves free of charge and courtesy of our own government platforms. Interestingly, similar arrangements made by private media companies in New Zealand, as previously discussed, were flagged as potential channels for Chinese political interference. Here in the Philippines, they are government-sponsored endeavors. This free media mileage is on top of a broad effort in paid advertisements and sponsored news and editorials cultivating a China-friendly view among the Filipino audience.

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50 "Only 2 in 10 Filipinos Believe China Has Good Intentions for PH," Rappler, April 6, 2019, <https://www.rappler.com/nation/227520-filipinos-trust-china-sws-survey-december-2018>.

51 Ranada, Pia. "PCO, China Radio Int'l Ink Cooperation Deal." Rappler, February 15, 2017. <https://www.rappler.com/nation/pco-china-radio-international-agreement>.

Apart from state-media to state-media interactions, privately owned broadcast channels appear to have links with the Chinese party-state. Through Facebook's new feature, Page Transparency, the authors discovered that a current Facebook page for a Global Chinese media company for a Filipino audience was formerly the Facebook page of a local radio network. The name change happened in December 2017, a month after the local radio network created another Facebook page. This Chinese media company was flagged in a Reuters report on China's global propaganda machine that highlighted its use of proxy companies to hide its actual links to the CRI, owned by the Chinese party-state. One Facebook group named "*Mga Pinoy sa Tsina* (Filipinos in China)", with a membership of more than 600,000 and self-described as a page to showcase the narratives of Filipinos in China is interestingly managed and owned by a Chinese journalist who studied Filipino in Peking University and is currently employed by the CRI. The most optimistic view for this example is, of course, that the Philippines' very own public opinion warfare (if existent) has succeeded in the mainland that a Chinese journalist who simply studied our language felt the strong urge to identify as Filipino. However, such an interpretation has no basis in reality.

### **Legal Warfare**

As the US continued its call for parties to uphold the rules of international law and follow the results of the UN arbitration, China has persisted with its claim of de jure sovereignty by anchoring on two historical claims: de jure sovereignty through Admiral Zheng He's voyage during the Ming Dynasty, and the post-World War II recognition that Japan annexed China's claims and subsequently returned to China with Japan's defeat.

More importantly, however, China has sustained its attempts to change the facts on the ground to support its legal claims. It has elevated Sansha, a tropical islet south of the Chinese mainland, into a prefecture and has created a military garrison responsible for "national defense mobilization. . . guarding the city and supporting local emergency rescue and disaster relief and carrying out military missions." As of March 2019, the now city of Sansha, which centered on Woody Island, covers 10 square-kilometers and is increasingly becoming both a military and civilian basing and logistics hub,

according to Gregory Poling of the Asia Maritime Transparency Initiative.<sup>52</sup>

These developments were in response to a specific directive issued by Chairman Xi Jinping himself when he visited Hainan in April 2013. He underscored the importance of Sansha City and called for the development of a well-functioning government that will fulfill the Party's aims in the South China Sea: protection of rights and stability, preservation of the maritime environment, and development.<sup>53</sup>

To such ends, the Sansha government has made the area the hub of "military-police-civilian" coordination within the immediate maritime vicinity. With assistance from Hainan, it has developed surveillance and information networks that leverage the maritime militia to complement military surveillance equipment positioned in the Chinese-occupied features in the Paracels and Spratlys. Information-intensive facilities constructed by the Hainan Military District in militia outposts transmit intelligence information to the Military-Police-Civilian Coordination Center in Sansha. As early as 2014, the government has reportedly subsidized 90 percent of the cost of installing China's homegrown Beidou satellite system to connect more than 50,000 fishing boats to the coordination network.<sup>54</sup>

While much of the international vigilance in monitoring the area is focused on military developments, China's non-military measures are effectively allowing it to build a case that fits the demands of international law and degrades the case of other claimant states. According to an analysis from the Cambridge International Law Journal, the Permanent Court of Arbitration (PCA) considers such a display of authority in the area as an "effective administrative exercise."<sup>55</sup>

Consistent with the Three Warfares concept, this legal maneuver is being amplified by public opinion and psychological warfare targeted towards domestic and international channels. For instance, under the influence of a wealthy overseas Chinese that was mentioned earlier,

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52 Ralph Jennings, "Sansha Islet Key in Beijing's Plan to Control South China Sea," Voice of America News. March 29, 2019

53 Shinji Yamaguchi, "Creating Facts on the Sea: China's Plan to Establish Sansha City," Asia Maritime Transparency Initiative (accessed August 2, 2019), April 17, 2017

54 John Ruwitch, "Satellites and seafood: China keeps fishing fleet connected" Reuters, July 28, 2014

55 Ibid.

the Australian senator echoed China's claim of border integrity and called for respect for its thousands of years of history.<sup>56</sup> After the 2016 decision of the PCA junking China's "nine-dash line," State Councilor Dai Bingguo dismissed it as "nothing more than a piece of paper", while Vice Foreign Minister Lui Zhenmin accused the PCA of conspiring with the Philippines to cover up its illegal occupation of the Spratlys.<sup>57</sup> Reflecting its instrumental view of the law, it accused the West of using international law as a tool for imperialism and hegemony.<sup>58</sup>

Simultaneously, China is also quick to leverage the existing constitutional and legal frameworks in its target countries to shield itself from its prosecution of the Three Warfares. Whenever its actions are revealed and target countries attempt a censorship response, it can invoke the concept of freedom of expression and freedom of speech in target democratic countries to shield its propaganda machine abroad. They effectively accuse the target countries of going contrary to their democratic values without even blinking an eye because they are actively suppressing the same freedoms within their own borders.

### Shaping the Philippine Response

This paper has so far painted a bleak picture for the Philippines when it comes to resisting CCP efforts at unrestricted warfare. The fact of the matter is that both the NSP and NSS do not even mention the Three Warfares or any similar coordinated effort by a foreign power to compromise the Philippine government's decision-making and policymaking instruments.

However, there is still room for a solution to the problem. The Philippines, alone of the powers mentioned in this paper, has a long experience of dealing with an insurgency, which necessarily involved unconventional warfare. Defeating this insurgency requires legal, psychological, and media warfare to defeat, on top of concrete solutions to address the root causes of rebellion among the citizens.

This approach against the insurgency began as the Oplan Bayanihan under the Aquino administration. The whole-of-nation approach is now institutionalized by the Duterte administration

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56 Quentin McDermott, "Sam Dastiyari defended China's policy in South China Sea, secret recordings revealed," ABC News, November 29, 2017 (accessed August 2, 2019)

57 Michael Clarke, China's Application of the 'Three Warfares' in the South China Sea and Xinjiang," Foreign Policy Research Institute, January 2019

58 Ibid.

through Executive Order No. 70,<sup>59</sup> thus creating a national task force to end the insurgency and adopt a national policy framework.

The whole-of-nation approach addresses the root causes of insurgencies, internal disturbances and tensions, and other armed conflict and threats. This institutionalizes political warfare across the tenuous peace-crisis-war spectrum. In the words of George Kennan, it is the logical application of Clausewitz' doctrine in time of peace.<sup>60</sup> Accordingly, it involves the employment of all the means at a nation's command, short of war, to achieve its national objectives.

Political warfare enables leaders to undertake proactive strategic initiatives to shape environments, preempt conflicts, and significantly degrade adversaries' hybrid and asymmetric advantages. Furthermore, it is suited with the conduct of international relations characterized by continuously evolving combinations of collaboration, conciliation, confrontation, and conflict.<sup>61</sup> The question is how the Philippines can use the whole-of-nation approach, currently an internal policy, into an external policy.

## Background

Currently, the response to incidents vis-à-vis CCP policies is often handled by a particular department and subject to the department's immediate concerns. The Department of Foreign Affairs is naturally concerned mainly with diplomatic relations; the Department of National Defense is concerned with security implications; the Department of Finance with revenue matters, and so on. However, there is no overarching body that would determine how these areas of concern can be integrated into a national concern in the way that the National Task Force to End Local Communist Armed Conflict is tasked with institutionalizing the whole-of-nation approach to end insurgency. This is what this paper seeks to address – the creation of such a body and a system to support this body to provide national leaders with the complete information to craft the right policy.

Such an approach is consistent with the spirit of the expanded definition of national security from the NSS, which states that

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59 Executive Order No. 70, series of 2018.

60 George Kennan. Declassified Memorandum on "The Inauguration of Organized Political Warfare," April 30, 1948

61 "SOF Support to Political Warfare White Paper" (United States Army Special Operations Command, March 10, 2015). p. 1.

national security now goes beyond the traditional notions of national defense and regime survival. To the phrase, "...but also to the overall well-being of the citizens, the promotion of economic development, and the protection of the environment and natural resources", we must add "the protection of the integrity of the decision-making and policymaking process."

National security is challenged by economics, social climate, and coordinated attacks by an external party to advance its interests within the political framework of the target state. Thus, any proposal for an integrated response must consider the necessary ingredients for success in dealing with the Three Warfares or something similar, whether from the CCP or another country in the future.

Charles Parton in his paper, *China–UK Relations: Where to Draw the Border Between Influence and Interference?*, makes a distinction between influence and interference, and also defined what is needed to counter interference. These are 1) knowledge (of the other country and how it works), 2) transparency (particularly to the flow of money), 3) publicity (particularly of unacceptable activities), 4) unity/solidarity (within the government and with allies, if any), and 5) reciprocity (if the ruling elite in the other nation allows equivalent actions/interference in their own country).<sup>62</sup> However, to determine if there is interference by other nations in the country's policymaking process, there is a requirement for more information than what would seem available in the country as of present.

## Recommendations

To address the lack of comprehensive information on the conduct of the Three Warfares in the country and to arm the Philippine government with the necessary tools to identify and respond to similar approaches in the future, the authors prepared specific proposals for the short- and medium-terms:

### Short term recommendations

- Full implementation of Executive Order No. 608, s. 2007,

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• Charles Parton, "China–UK Relations: Where to Draw the Border Between Influence and Interference?," Occasional Paper (Royal United Services Institute for Defense and Security Studies, February 2019), [https://rusi.org/sites/default/files/20190220\\_chinese\\_interference\\_parton\\_web.pdf](https://rusi.org/sites/default/files/20190220_chinese_interference_parton_web.pdf). p. v, 30-31

which establishes a national security clearance system for government personnel with access to classified matters;

- Inclusion of the Governor of the Bangko Sentral ng Pilipinas and other financial officials in the National Security Council (NSC). The inclusion of financial officials shall provide a more holistic picture given that CCP attempts at elite capture often have a money trail<sup>63</sup>;
- The formulation of a long-term research and intelligence collection plan for the NSC and the National Intelligence Coordinating Agency which specifies information that national government agencies and local government units must submit;
- The creation of guidelines by the NSC for the sharing of relevant information by national government agencies and local government units on:
  - Activities of foreign citizens or entities within their purview which may affect national security;
  - Interactions of public officers with foreign citizens or entities, and their representatives, with clear standards on what information is needed by the NSC and when such information must be shared; and
  - Identify what information should not be shared.

### Long term recommendations

- Updating the law on espionage, which currently dates back to the Commonwealth period,<sup>64</sup> to include political and commercial information which may be used to damage Philippine interests at home and abroad;
- The passage of the Official Secrets Act, which will provide for:
  - The creation of a system for classifying sensitive information, the protocols for their protection, the protocols for their dissemination, storage, and destruction, and penalties for violations of these provisions; and
  - The institutionalization by law of a national security clearance system, determining the levels of clearance and the

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63 Parton, China-UK, p. 30.

64 Commonwealth Act 616



standards needed to be given a certain level of clearance, as well as protocols for revoking clearances, updating Executive Order No. 608, s. 2007.

The objective of the proposal is to foster within the government and among the citizenry an atmosphere of vigilance. The information collected will provide the government and its instrumentalities to have the means to decipher which acts may be considered a form of interference and determine any target of such interference and act accordingly.

### Implications

The breadth of information demanded by the proposal may raise concerns about data privacy and individual rights. However, given the dynamic and all-encompassing nature of the Three Warfares, the clear and present danger it poses to the state justifies the collection of the information. As the CCP tends to modify its behavior when faced with pushback, just the formulation of such a policy may benefit the country.<sup>65</sup>

It is common for a nation-state to try and influence the actions of another nation-state. We must also be clear that individuals, even large numbers of citizens of one country, do not necessarily represent an action by the state. One example is a large number of Filipino immigrants in the US. Their emigration was not conducted in support of Philippine foreign policy, and neither does the Philippines make use of their presence to influence US politics.

However, we must be aware that the very normality of immigrants of a certain nationality or financial transactions between citizens of different countries in this age of globalization can be weaponized. The challenge is preventing the government and the public from giving in to hysteria that may accompany discussions about relations with a country of concern. Irrationality can be defeated with information.

The proposal fulfills the requirement for **knowledge** through the collection and analysis of information that will be sufficient to discern if there is a pattern of interference. **Transparency** in financial matters is provided by reports on transactions among companies and individuals. **Publicity** is satisfied by the requirement of making the recommendations public. **Unity and solidarity** are fostered by the linkage of national

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65 Parton, China-UK, p. 29.

government agencies, local government units, and private citizens in making them aware of how they can be manipulated into forwarding the interests of a foreign powers, even when it is not their intention to do so. Finally, **reciprocity** can be the litmus test against which a country of concern can be defined. Do the actions of their agents and citizens constitute interference? Would they allow the same to be done to them by the government of the Philippines and Filipinos?

In this fashion, the NSC may determine the course of action that would maximize the effective use of national power to protect the Philippines' security and uphold its core interests.



# **DEVELOPMENT OF MILITARY INDUSTRIES IN DEVELOPING NATIONS**



# EXPLORING THE PHILIPPINE-JAPAN DEFENSE INDUSTRY AND TECHNOLOGY PARTNERSHIP : PROSPECTS AND CHALLENGES<sup>1</sup>

**Santiago Juditho Emmanuel L. Castillo**

**Abstract:**

This chapter looks into the possible challenges to and opportunities for the defense industry and technology partnership between the Philippines and Japan. Specifically, this research puts attention to the domestic issues that push for that nature of partnership while also identifying the factors that could hinder this form of bilateral cooperation. The article looks into the domestic issues that could promote or obstruct deeper defense industry and technology cooperation between the Philippines and Japan. This chapter argues that while defense ties between Japan and the Philippines can facilitate deeper defense industry and technology partnership, there are salient domestic issues that need to be addressed before any effective form of such cooperation can transpire.

**Keywords:** Defense industries, military capabilities, defense partnerships, Japan-Philippines defense diplomacy

## **Introduction**

The Philippines has been in the process of modernizing its military capabilities. As a developing nation, the Philippines has looked to foreign defense exporters while also trying to improve the capacity of its own defense industries in order to meet the capability needs of the Armed Forces of the Philippines (AFP), particularly in the area of external

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<sup>1</sup> Disclaimer: The views expressed are the author's alone and do not reflect the official position of the NSC.

defense capabilities. The motivation towards external defense capability development is mostly attributed to the rapid growth and development of the military capabilities of the People's Republic of China (PRC), seen since the administration of President Benigno Aquino III. Around the same period, Japan lifted its self-imposed ban on exporting defense equipment and materiel in 2015. This was an unprecedented policy decision as Japan maintained a pacifist attitude with regard to regional security issues. As Panda noted, "lifting the ban on arms exports won't in the short-term change the fact that Japan is still banned from acquiring any sort of offensive hardware of its own. However, if the LDP-New Komeito coalition approves the changes to the ban and manages to successfully push the changes through the Diet, it might create a new normal for Japanese public opinion".<sup>2</sup> Both the Philippines and Japan maintain cordial diplomatic ties and there have been a number defense diplomacy engagements between the two nations.

The Philippines under the administration of President Rodrigo Duterte has been in the process of further modernizing and improving the country's military capabilities, with an increase in the national budget allocated to defense spending in line with the AFP Modernization Act of 1995. This was further strengthened in June 2018 when President Duterte approved the acquisition list under Horizon 2 of the AFP's modernization program with a budget of about PHP300 billion for acquiring new military equipment. Horizon 3 of the plan is being prepared under careful consideration. It should be noted that part of the list of defense equipment of the AFP's Horizon 2 and 3 phases are advanced weapon platforms, such as guided missile frigates, missile corvettes, multirole combat jet aircraft, air defense systems, and missile systems, among others. A challenge for Philippine defense industries is if they can keep up with the growing defense needs of the country as most of these defense companies are new players in the field. While the country's local defense industries have proven themselves to be competent in the areas of small arms and light weapons (SALW), and to a certain degree shipbuilding and aeronautics, they are still relatively new when it comes to advanced integrated defense technology and equipment production.

This provides an opportunity for Japan, which has lifted its decades

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2 Ankit Panda, "Japan Mulling Lifting Defense Export Ban: 'Proactive Pacifism' In Action?" *The Diplomat*. February 13, 2014. <https://thediplomat.com/2014/02/japan-mulling-lifting-defense-export-ban-proactive-pacifism-in-action/>

long self-imposed ban on exporting military equipment and technology in 2015. Japanese defense companies have been producing and manufacturing advanced weapon systems and platforms for the Japan Self Defense Forces (JSDF) with technology formally acquired from the United States (US). However, Japanese defense companies have been selling their military equipment solely to the JSDF and have yet to make any major export of its defense equipment. Nevertheless, this provides an opportunity for both the Philippines and Japan. The Philippines is looking for more partners to help in its military modernization program, while Japan is looking to bolster its economy by exporting its defense equipment and technology. Hence, there are prospects for a mutually beneficial defense partnership between both nations in the area of military industries and capability development.

Despite the close diplomatic ties and defense partnership between Japan and the Philippines, there has been little leeway in defense industry and technology partnerships. Nevertheless, setbacks and obstacles faced by Japan's defense industries could serve as a lesson and a way to challenge itself in expanding its opportunities in Southeast Asia. In fact, Japan already made some diplomatic headways with the Philippines. At the same time, the stable and warm ties between Japan and the Philippines could serve as an opportunity for the defense industries of both countries. With its need to quickly catch up and modernize the country's armed forces, Philippine defense industries could partner with Japan's defense companies in order to learn how to produce more advanced defense equipment. For Japan, the Philippines can be a market for its defense equipment and technology, and a partnership would not only mean economic benefits but also improving defense ties between both countries.

This raises two distinct issues. First, the AFP is still sorely lacking in its external defense capabilities despite the Philippines being an archipelagic nation with over a decade old maritime disputes with the PRC. The second issue is that despite lifting its self-imposed ban on exporting defense equipment, Japan has not been able to make such big ticket defense sales or deep defense industry and technology partnerships.

The first part of this chapter provides the context on the recent defense capability development of the Philippines in relation to the security and geopolitical environment in Southeast Asia and its issues, particularly with regard to the maritime disputes in the South China Sea. Afterwards,

it discusses the principles behind Japan's self-imposed defense export ban and the rationale for lifting it. The next part of the chapter focuses on the rationale for the Philippines-Japan defense industry and technology partnership, and the areas where such a partnership could contribute to both countries' particular interests. It then analyzes the obstacles faced by both the Philippines and Japan to have a deeper defense industry and technology partnership, particularly at their varying domestic contexts that possibly make such bilateral cooperation difficult. This chapter concludes by providing recommendations to address these challenges and obstacles.

### **Philippines-Japan defense relations: A platform for defense industry and technology partnership**

Defense relations come in a wide range of arrangements, such as defense or security alliance agreements, military training and exercises, and defense or security consultations, among others. For this section, the focus will be on the aspect of defense industry and technology partnership between the Philippines and Japan as it is timely yet not as widely discussed as it should. This could be attributed to the fact that Japan only decided to lift its self-imposed ban on defense exports in 2015, in a world where defense exports are largely the turf of major global powers like the US, Russia, France, UK, Germany, and Israel.

Even within East Asia, nations like South Korea and China have already established their presence in the defense market, while new players, such as Singapore and Indonesia, are beginning to gain further exposure. For the Philippines, such a partnership with Japan could be beneficial given its long-delayed process of military capability development. Aside from acquiring new defense capabilities, there is a need for the Philippines' homegrown defense industries to develop and diversify in order to achieve some level of self-sufficiency.

To that effect, the growing defense diplomatic ties between the Philippines and Japan have been noticed by experts in Japan foreign policy as well as security analysts. For the most part, Japan's growing security outreach in the region can be attributed to Prime Minister Shinzo Abe's agenda for the country to play a greater role in international security. This was highlighted in his keynote address during the 2014 Shangri-La Dialogue:



*“Proactive Contribution to Peace” -- the new banner for such “new Japanese” -- is nothing other than an expression of Japan’s determination to spare no effort or trouble for the sake of the peace, security, and prosperity of Asia and the Pacific, at even greater levels than before.”<sup>3</sup>*

What followed after were a number of key defense diplomacy agreements between Japan and the Philippines. Both countries “signed an agreement that will significantly boost defense cooperation between the two countries, including a new framework for the supply of military hardware and technology as well as provisions for joint research and development projects” (Stefan-Gady, 2016).<sup>4</sup> This was followed by goodwill visits by three Japan Maritime Self-Defense Force (JMSDF) vessels in 2016, specifically one training submarine and two guided missile destroyers at Subic Bay.

This was considered a step up in the relation between both countries as Japan was beginning to show signs of shedding its passive pacifist stance on defense and security issues, and elevated the ties between them towards a strengthened strategic partnership. Moreover, Japan has been strengthening its security relations with the Duterte administration through periodic consultations and buttressing the maritime domain awareness capabilities of the Philippine Navy (PN) and the Philippine Coast Guard (PCG).<sup>5</sup>

Overall, enhancing Philippines-Japan defense relations could be seen as strategically essential for both respective as well as shared reasons. “The Philippines has to leverage its alliances and defense engagements with foreign militaries to rectify the deplorable state of the AFP and its inadequacy to respond to security threats, while Japan needs to assist Southeast Asian countries in active dispute with

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3 Shinzo Abe, “Peace and prosperity in Asia, forevermore: Japan for the rule of law, Asia for the rule of law, and the rule of law for all of us” (speech, Singapore City, 30 May 2014), 13th IISS Asian Security Summit “Shangri-La Dialogue”, [https://www.mofa.go.jp/fp/nsp/page18e\\_000087.html](https://www.mofa.go.jp/fp/nsp/page18e_000087.html)

4 Franz Stefan-Gady. “Japan and Philippines Sign Defense Agreement Amid Growing Tensions in South China Sea.” *The Diplomat*, March 01, 2016, <https://thediplomat.com/2016/03/japan-and-philippines-sign-defense-agreement-amid-growing-tensions-in-south-china-sea/>

5 Renato de Castro. “The Role of Middle Powers in the Modernization of the Armed Forces of the Philippines (AFP): The Case of the Philippines and the Special Japan-Australia Strategic Partnership.” NIDS Visiting Scholar Paper Series, August 08, 2018, No.3, p.28

China over the South China Sea since China would adopt a similar assertive attitude and actions against Japan in the East China Sea”.<sup>6</sup> Both countries have to contend with the same geostrategic challenge in the form of China, and this has been the core feature of their defense diplomacy and security cooperation.

There is still a long way to go for Philippine-Japan defense partnerships and Galang argued that “the future of the Philippines-Japan strategic partnership is by no means a foregone conclusion, and changes in the international and domestic political equation, as well bureaucratic politics, could present challenges to the strategic partnership.”<sup>7</sup> Nevertheless, while external security challenges due to China’s military build-up present a motivating factor for deepening defense industry and technology partnerships between Japan and the Philippines, both nations have their own constraining issues. These will be discussed further in the body of this article.

### **Philippine defense capability development: Delayed progress?**

Increased defense spending is a rationale to make up for self-sufficient military capability limitations in many Southeast Asian countries by addressing particular needs for contemporary and/or emerging defense challenges in the region. It should be noted that most Southeast Asian states geared their military capabilities for domestic security problems like counter-insurgency and counter-terrorism operations. As a result, their defense budgets and defense industries were limited in the development of military capabilities that were meant for comprehensive territorial defense, particularly blue-water naval capabilities and air superiority and defense. However, in the case of the Philippines, military modernization has largely been a staggering challenge. As Wezeman noted:

*“The Philippines has one of the most outdated inventories of major weapons of any South East Asian state. Only recently has the Philippines resumed modernization efforts, as the country faces*

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6 Renato de Castro. “21st Century Japan–Philippines Strategic Partnership: Constraining China’s Expansion in the South China Sea.” *Asian Affairs: An American Review*, May 12, 2017, 44(2): p.42

7 Mico Galang. “A Decade of Philippines–Japan Strategic Partnership.” *The Diplomat*, April 26, 2019, <https://thediplomat.com/2019/04/a-decade-of-philippines-japan-strategic-partnership/>

*pressure from China in the South China Sea, continuing internal conflicts with the CPP/NPA and the Moro Islamic Liberation Front, and a growing conflict with Abu Sayyaf. Funding restrictions have prevented the Philippines from acquiring large volumes of new equipment. Instead, it has acquired small volumes of new or second-hand weapons and modernized some of its older equipment in small batches.”<sup>8</sup>*

Since 1995, the AFP’s modernization program has made incremental progress despite budget constraints and bureaucratic challenges. For example, the Philippine Air Force (PAF) acquired a dozen Korean Aerospace Industries (KAI) FA-50 light fighter jets from South Korea for around PHP18.9 billion since 2012.<sup>9</sup> The PN also is in the process of acquiring new modern frigates from South Korea. Important items that were considered as priority in the AFP Modernization Plan (AFPMP) focused on the country’s external or territorial defense capabilities. It was proposed that the PAF would procure two squads of multirole combat aircrafts and integrated anti-air defense systems. The PN was also looking into acquiring three frigates, six corvettes, 12 offshore patrol vessels and 12 missile-carrying fast boats, nine helicopters and six fixed-wing aircraft maritime patrol, surveillance and anti-submarine warfare, and also a handful of diesel-electric attack submarines. The proposal to acquire these weapon systems can be considered timely due to the on-going maritime issues in the West Philippine Sea over China’s Nine-Dash Line claims. However, while defense acquisitions of new and high-tech weapon systems are good and arguably essential, simply procuring new weapons alone to bolster military capabilities is a short to mid-term solution. There needs to be a highly developed local defense industrial base that can produce such equipment as well.

The development of the Philippines’ military capabilities as well as building the country’s defense industries are aligned with the National Security Strategy (NSS) and National Security Policy (NSP) of the Duterte Administration. The NSS stated that developing credible defense capability would be a key priority of this administration, while at the same time strengthening and pursuing comprehensive and strategic

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8 Siemon Wezeman. “Arms Flows to South East Asia.” SIPRI. December 2019. P.35

9 Alexis Romero. “Palace OKs payment scheme for S. Korean fighter jets.” Philippine Star, February 21, 2014, <http://www.philstar.com/headlines/2014/02/21/1292810/palace-oks-payment-scheme-s.-korean-fighter-jets>

alliances or cooperation with our friends and partners in the international community.<sup>10</sup> Likewise, the NSP indicated that developing a credible defense and law enforcement is a crucial cornerstone of national security and an intrinsic goal of AFP and the Philippine National Police (PNP).<sup>11</sup> In addition, strategic industries vital to sustained economic growth and national security should be given renewed emphasis.<sup>12,13</sup>

The opportunity presented itself for the Philippines during the closing years of the administration of President Benigno Aquino III. The country's economy experienced some exceptional growth. As Lucas observes, "over the six years of the Aquino administration, economic growth averaged 6.2 percent yearly, even peaking at 7.2 percent in 2013 when the country was the second fastest growing economy in Asia after China".<sup>14</sup> Consequently, this gave the Duterte administration added funding for defense spending and to move forward with the AFP's modernization program. The Philippine defense budget was USD3.8 billion in 2018, 9 percent of total spending in the Association for Southeast Asian Nations (ASEAN) region and defense expenditure grew at twice the ASEAN rate from 2017 to 2018, at 3.8 percent.<sup>15</sup>

*"Since 1935, the Philippine Army (PA) has dominated the entire defense establishment. Though other factors helped establish the PA's leading responsibility, particularly the communist insurgency, secessionist Moro rebels, and now terrorism, it is essential to*

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10 National Security Council, National Security Strategy, (Metro Manila: National Security Council, 2018), p.10

11 National Security Council, National Security Policy 2017-2022, (Metro Manila: National Security Council, 2017), p.27

12 National Security Council, National Security Policy 2017-2022, p.27

13 It was specifically pointed out in the National Security Policy of 2017-2022 that there are certain strategic projects under Public-Private Partnership or as National Security Industries and Flagship Projects which the country needs to focus related to defense capability development such as the aircraft industry, electronics industry, land combat system and munitions industry, robotics industry, information and communications technology industry, shipbuilding industry, and satellite systems and space industry.

14 Daxim Lucas, "The Aquino legacy: solid macroeconomy, healthy finances." Philippine Inquirer, June 20, 2016, <https://business.inquirer.net/211205/aquino-legacy-solid-macroeconomy-healthy-finances>

15 Zachary Abuza, "Philippine defense spending in 2018: What data tells us." Rappler, July 12, 2019, <https://www.rappler.com/voices/thought-leaders/analysis-philippine-defense-spending-2018-sipri-data-tells-us>

*highlight that the PA bore nearly the entire burden of national defense since the establishment of the AFP” (Tarriela, 2020).<sup>16</sup> Tarriela adds that “when the geopolitical dynamics shifted after the Cold War, the US bases were no longer permitted to stay in the Philippines. When the Americans left, it revealed the Philippines’ poor external defense capability, particularly with regards to the PN and the PAF”.<sup>17</sup>*

There is some indication of a shift towards external defense as more funding was allocated to the PN and PAF during the Duterte administration. According to sources, the PHP300 billion (USD5.6 billion) budget for the Horizon 2 of the AFP modernization program “will be split into USD890 million for the Army, USD1.44 billion for the Navy and USD2.61 billion for the Air Force, with the rest of the budget going to the military’s General Headquarters and the government’s arsenal” (Yeo, 2018).<sup>18</sup>

Nevertheless, while acquiring new defense equipment would be beneficial to the country’s military modernization and capability development, it would only be good in the short-term if the means to sustain and maintain advanced weapon platforms or provisions for them to function effectively are not established. It is for that reason that the Philippines needs to improve its own defense industry and defense technology base, and that could be possible through partnerships with more advanced countries that also maintain cordial diplomatic relations.

### **Japan Defense Arms Exporting: Stepping outside the ban**

The more developed economies in Asia enjoyed tremendous growth in their local defense industrial sector. In particular, Japan has a strong defense industry base and some of its own defense companies are part of the world’s 100 top defense companies,

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<sup>16</sup> Jay Tristan Tarriela, “Why the Philippines Needs to Revise Its National Defense Act.” The Diplomat. September 24, 2020, <https://thediplomat.com/2020/09/why-the-philippines-needs-to-revise-its-national-defense-act/>

<sup>17</sup> Tarriela, “Why the Philippines Needs to Revise Its National Defense Act.”

<sup>18</sup> Mike Yeo. “Here’s the Philippine military’s wish list for its newly approved modernization phase.” Defense News, June 21, 2018, <https://www.defensenews.com/global/asia-pacific/2018/06/21/heres-the-philippine-militarys-wish-list-for-its-newly-approved-modernization-phase/>

according to a study made by the Stockholm International Peace Research Institute.<sup>19</sup> Japan's defense capabilities are mostly produced by Japanese companies, while certain high-tech capabilities or components are provided by the US. To anyone familiar with military technology and weaponry, a significant number of Japan's defense equipment and weapon platforms are actually from the US, which were eventually made by Japanese defense companies ever since they were given the license to manufacture them. This is evident with essential weapon platforms of the Japan Self-Defense Forces's (JSDF), particularly with their air and naval capabilities. As a result, Japan's defense industries can produce military equipment ranging from basic SALWs and munitions to high-tech weapons and defense platforms, as well as their advanced integrated systems.

Nevertheless, Japan's defense industries have only catered primarily to the JSDF and its defense spending has mostly been a modest allocation from their budget with at least 1.5 percent as of 2019. This was due to Japan's post-war pacifist politics that constrained Japan from developing offensive military capabilities and also restricted the country from exporting its defense equipment abroad. Due to its enduring pacifist norms, Japan formed the Policies on the Control of Arms Exports in 1967 to set the guidelines for the country's future defense export activities.<sup>20</sup> Under this, the Three Principles on Arms Exports stated the following countries or regions shall not be permitted to acquire Japanese defense equipment and technology (Ministry of Foreign Affairs – Japan)<sup>21</sup>:

1. Communist bloc countries,
2. Countries subject to “arms” exports embargo under the United Nations Security Council's resolutions, and
3. Countries involved in or likely to be involved in international conflicts.

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19 Stockholm International Peace Research Institute. “Arms Industry Database.” <https://www.sipri.org/databases/armsindustry>

20 Ministry of Foreign Affairs (Japan). “Japan's Policies on the Control of Arms Exports.”

21 Ministry of Foreign Affairs (Japan). “Japan's Policies on the Control of Arms Exports.”

In addition, it was also stated under Japan's arms export policies that, based on other relevant laws, the Government of Japan also deals strictly with (Ministry of Foreign Affairs – Japan)<sup>22</sup>:

1. Direct overseas investment for the purpose of manufacturing “arms” abroad, and
2. Participation in the overseas construction projects of military facilities.

However, in 2015, the Japanese government lifted its self-imposed ban on exporting defense equipment and technology to other nations. The Three Principles on Arms Exports of 1967 were then revised and became the Three Principles on Transfer of Defense Equipment and Technology, which are the following (Ministry of Foreign Affairs – Japan)<sup>23</sup>:

1. First Principle: Cases where transfers are prohibited (clarification of standards).
  - Cases where the transfer violates obligations under treaties and other international agreements that Japan has concluded.  
\*Chemical Weapons Convention, Convention on Cluster Munitions, the Anti-Personnel Mines Ban Treaty (Ottawa Treaty), and the Arms Trade Treaty, etc.
  - Cases where the transfer violates obligations under UN Security Council resolutions.
  - Cases where the defense equipment and technology are destined for a country party to a conflict (a country against which the UN Security Council is taking measures to maintain or restore international peace and security in the event of an armed attack).
2. Second Principle: Limitation to cases where transfers may be permitted (securing transparency and conducting strict examination).

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22 Ministry of Foreign Affairs (Japan). “Japan's Policies on the Control of Arms Exports.”

23 Ministry of Foreign Affairs (Japan). “The Three Principles on Transfer of Defense Equipment and Technology.”

- Cases where the transfer contributes to active promotion of peace contribution and international cooperation.
  - Cases where the transfer contributes to Japan's security.
3. Third Principle: Limitation to cases where appropriate control regarding extra-purpose use and transfer to third parties is ensured.

It should be noted that despite this sharp change of policy, the stipulations stated in the Three Principles on Transfer of Defense Equipment and Technology are necessary for two reasons. First, the Japanese government is still mindful of the strong pacifist attitudes of contemporary Japanese society and its aversion to any policy that is perceived to promote militarism. The lifting of the self-imposed ban would have been difficult to implement if it did not take that into consideration, and an outraged Japanese public is something Japanese statesmen and defense companies are not keen on facing. Second, it ensures Japan's compliance with international security commitments, specifically ensuring the non-proliferation of certain types of conventional weapons and weapons of mass destruction. This also applies to third-party agreements with other countries that will be involved in Japan's defense exports and technology transfer.

Broadly speaking, this sudden shift in Japan's defense norms and policy is both economic and security-oriented. The decision to lift Japan's self-imposed arms export ban, as Fackler noted, "was partly aimed at opening new markets for Japanese defense companies at a time when Japan's own military spending, while up for the first time in a decade, remained severely constrained by ballooning budget deficits".<sup>24</sup> This comes at a time when Japan's defense industry is in its biggest slump since the country began to rearm in the 1950s, with military expenditures declining for at least a decade—from JPY4939 billion in 2002 to JPY4701 billion (USD50.4 billion or SGD70 billion) in 2010 (Bitzinger, 2010).<sup>25</sup> In addition, the allocated funding of the defense budget that was meant

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24 Martin Fackler. "Japan Ends Decades-Long Ban on Export of Weapons." *New York Times*, April 1, 2014, <https://www.nytimes.com/2014/04/02/world/asia/japan-ends-half-century-ban-on-weapons-exports.html>

25 Richard Bitzinger. "Japan: Sidestepping the Arms Export Ban?" RSIS Publications, November 19, 2010, <https://www.rsis.edu.sg/rsis-publication/rsis/1441-japan-sidestepping-the-arms-e/#.XUgil9JMRPZ>



for weapons acquisitions declined, with defense spending mostly going to maintenance of current equipment and military bases.

This is further complicated by the continued stagnant state of the Japanese economy. Pandey noted that “the Japanese economy is in recession, having shrunk for three consecutive quarters, inflation remains well below the two percent target set in 2013, and domestic demand is struggling to grow amid sluggish wage growth and Japanese government debt is at a record high of more than 250 percent of Gross Domestic Product”.<sup>26</sup> Interestingly, this did not reduce the defense spending or the defense industry activities of Japan. The country’s Defense Ministry requested JPY5.32 trillion for fiscal 2020, receiving JPY5.31 trillion in the initial budget and “it has gotten about JPY40 billion less a year on average than it has sought since fiscal 2015” (Kobara and Miki, 2020).<sup>27</sup> As a result, the state of Japanese defense industries remains relatively afloat, and their production operations will continue as long as the technical needs of the JSDF are met. With a number of JSDF equipment being on the list for retirement, such as combat aircraft and ground combat vehicles, Japanese defense companies are preparing to service newer weapon platforms and systems.

Another reason is that the Japanese government is looking to increase its strategic influence by providing high-tech military equipment to nations in the Asia-Pacific that are in the process of improving their defense capabilities. Despite this policy development, Japan has yet to establish itself strongly in the defense export market. While Japan’s defense industries are very well developed, it still lacks the experience and exposure despite being at competitive levels with many Western defense industries. In comparison, South Korea has established a stronger defense export presence than Japan in the Asia-Pacific as evidenced by its successful sale of its Chang-Bogo class diesel-electric submarines to Indonesia.<sup>28</sup>

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26 Ashutosh Pandey, “Japan: Shinzo Abe’s checkered economic legacy.” Deutsche Welle News, August 28, 2020. <https://www.dw.com/en/japan-shinzo-abe-abenomics-covid-19-japanese-economy/a-54729730#:~:text=In%202013%2C%20Japan's%20new%20Prime,strategy%20to%20boost%20domestic%20growth>.

27 Junnosuke Kobara and Rieko Miki, “Japan’s Defense Ministry eyes record \$51.6bn in spending under Suga.” Nikkei Asia, September 21, 2020. <https://asia.nikkei.com/Politics/Japan-after-Abe/Japan-s-Defense-Ministry-eyes-record-51.6bn-in-spending-under-Suga>

28 Franz-Stefan Gady. “South Korea Launches First Indonesian Stealth Submarine.”

With Japan retiring a number of its defense equipment, while also trying to sell new serial productions, it is possible for them to sell to countries like the Philippines who are in critical need of weapons systems to bolster its external defense capabilities. At the same time, to ensure that these defense systems and equipment can still have the sustainability to operate and remain effectively serviceable. This would also give Japanese defense companies the prospect of establishing partnerships with Philippine companies in order to have a production line for the needed components and facilities for servicing, and also consider activities for research and development (R&D).

### Opportunities for a Philippines-Japan Defense Industry and Defense Technology Partnership

The Second and Third Horizon phases of the AFP Modernization Program have a number of priority acquisitions that are considered paramount for the Philippine military's defense capability needs. With the maritime issues in the South China Sea still ongoing and active remnants of local terrorists and insurgents still present, an important allocation of the budget would be poured into acquiring heavy and advanced military weapon platforms that can address both territorial defense and internal security. Some of these weapons platforms in the AFP's wish-list for the Second Horizon phase set from 2018 to 2022 include the following items<sup>29</sup>:

<b>Philippine Army</b>	<b>Philippine Air Force</b>	<b>Philippine Navy</b>
155mm Howitzers (Towed and Self-Propelled)	Air Surveillance Radar System	Amphibious Assault Vehicles
Armored Recovery Vehicles (Wheeled)	Ground-based Air Defense System	Anti-Submarine Helicopters

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The Diplomat. March 29, 2016. <http://thediplomat.com/2016/03/south-korea-launches-first-indonesian-stealth-submarine/>

29 Frances Mangosing. "Duterte OKs AFP modernization shopping list for Horizon 2." Inquirer.net, June 20, 2018, <https://newsinfo.inquirer.net/1002560/duterte-oks-afp-modernization-shopping-list-for-horizon-2>

Crew-Served Weapons	Heavy Lift Helicopters	Attack Crafts
Fire Support Vehicles	Helicopters (Attack and Combat Utility)	Corvettes
Ground Mobility Equipment (Light, Medium and Heavy)	Light Utility Aircraft	Frigates
Individual Weapons	Medium Lift Aircraft	Landing Dock
Light Tanks	Multi-role Fighter Aircraft	Medium Lift Naval Helicopter
Missile Systems (Short and Medium Range)	Special Mission and Long-Range Patrol Aircraft	Multi-Purpose Medium Lift Helicopter
Multiple Launch Rocket System	Trainer Aircraft (Basic and Primary)	Offshore Patrol Vessels
Night Fighting System	Unmanned Aerial Vehicles (Level 1, Level 2 and Level 3)	Diesel-Electric Attack Submarines
Tactical Radios (5W, 20W, 50W, 100W, 150W)		

Most, if not all, of these military equipment will be acquired from foreign suppliers who have a long record of making advanced weapon systems. This is because the Philippines' local defense industrial capability and capacity are still not fully developed in creating or manufacturing a number of high-tech weapon platforms or their management systems. A simple example would be guided missiles. A single missile has at least three major components: the propulsion system, guidance system, and the warhead. All these components require state-of-the-art electronics for the guidance and rocket engineering for the propulsion. This also goes for any kind of precision-guided munitions. Such sophisticated weapon systems require a highly developed local technological base and exceptionally skilled manpower.

This is not to say that the Philippines' local defense industry is completely behind its regional neighbors. There are several local defense companies that have provided military equipment for the AFP, ranging from SALWs with its munitions to maritime patrol vessels. The Philippine government-owned defense company, Government Arsenal, produces different kinds of US-patterned rifles and their respective ammunition, and Philippine private firearms company, Armscor, produces small arms from US and Italian patterns as well as ammunition for them.<sup>3031</sup> With regard to heavier weapon platforms, the Philippines have decent local maritime/naval companies that produce surface vessels for maritime security tasks. The Philippine marine company, Propmech Corporation, produces multi-role patrol boats and small vessels, while Austal Philippines produces trimaran type offshore defense/security vessels.<sup>3233</sup>

It should also be noted that the Philippines is among the top ship-producing nations in the world. It was found that the Philippines is actually the fourth largest ship producer based on gross tons, and was responsible for 2.8 percent of world ship completions based on gross tons and 1.3 percent of ship exports in 2015.<sup>34</sup> The Philippines' strong shipbuilding base can be greatly attributed to the country's archipelagic geography, which provides easily accessible coastlines for establishing large ports and drydocks.

Nevertheless, the country's local defense industry is still in the process of further developing its own technological base and capacity, particularly when it comes to producing its own advanced weapon systems. It is for that reason that while the Philippines can produce good quality SALWs and potentially decent naval vessels, its local defense companies are still not fully capable of producing more sophisticated weapons platforms and systems like submarines,

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30 Francis Wakefield. "Gov't Arsenal to soon manufacture 5.56MM magazines, Force Protection Equipment." Manila Bulletin, April 5, 2019, <https://news.mb.com.ph/2019/04/05/govt-arsenal-to-soon-manufacture-5-56mm-magazines-force-protection-equipment/>

31 Priam Nepomuceno. "DND, ARMSCOR to manufacture 50K .45-caliber pistols." Philippine News Agency, November 22, 2018, <https://www.pna.gov.ph/articles/1054594>

32 Priam Nepomuceno. "PH Navy needs 42 multi-purpose assault craft: Empedrad." Philippine News Agency, November 22, 2018, <https://www.pna.gov.ph/articles/1054596>

33 Dale Israel. "Austal tapped to build PH Navy ships." Inquirer.net, July 26, 2019, <https://business.inquirer.net/275478/austal-tapped-to-build-ph-navy-ships>

34 "The Philippines' role in shipbuilding global value chain." Business World, April 25, 2018, <https://www.bworldonline.com/the-philippines-role-in-shipbuilding-global-value-chain/>

modern armored fighting/fire support vehicles, and guided missile systems.

These gaps could serve as an opportunity for Japan and its own defense industries as they are also considering exporting to friendly nations in the region. The close and cordial diplomatic relations between the Philippines and Japan serve as an avenue for further deepening defense partnerships. Along with Prime Minister Abe's pledges of more grants and investment, the lease of the TC-90 reconnaissance aircraft to the PN was part of Tokyo's efforts in assisting the Philippines economically and militarily to counter China's growing influence on the Duterte administration. Japan's transfer of these reconnaissance planes to the PN also showed that maritime security cooperation between Japan and the Philippines is developing smoothly despite the Sino-Philippine entente.<sup>35</sup>

As Japan is seeking to improve its strategic standing in Southeast Asia, this provides the prospect for increased partnership between Philippine and Japanese defense industries. Aside from potentially providing certain defense equipment as needed by the AFP's Modernization Program, Japan can also assist Philippine defense companies in further developing their technological and industrial capabilities and capacities. This is particularly essential when it comes to developing naval and aerospace military technology because Japanese defense companies, like Mitsubishi, Kawasaki and Komatsu, to name a few, have both the technical experience and expertise in manufacturing advanced weapon platforms and systems.

At the same time, the prospects of exporting its defense technology and equipment to the Philippines could help Japan's industry gain more experience in foreign arms export, and also allow options for expanded production operations in the Philippines if proper arrangements or agreements are made. For example, "the PN is also eyeing the purchase of two conventional diesel-electric submarines. The submarines included under consideration are from France, South Korea, Germany, and Russia—although Secretary Lorenza recently revealed that President Rodrigo Duterte has a preference for the latter. This can be the case for the AFP's plan in acquiring diesel-electric

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35 Renato De Castro. "Japan: The Philippines' most reliable and important security partner." *Business World*, November 29, 2017, <https://www.bworldonline.com/japan-philippines-reliable-important-security-partner/>

submarines. Since 2015, the PN has operated a submarine program office that is in the process of reviewing contemporary submarine designs and drawing up concepts for its operational use” (De Castro, 2018).<sup>36</sup>

Japan has been producing diesel-electric attack submarines, with its Soryu-class submarines being one of the stealthiest vessels of its kind, which are produced by Mitsubishi Heavy Industries and Kawasaki Shipbuilding Corporation.<sup>37</sup> If the Philippines does consider acquiring a few Soryu-class submarines from Japan, the friendly relations between both nations could make sustaining and maintaining those vessels possible. This can also be the case with other naval equipment that the Philippines is looking for, such as fast attack vessels and maritime patrol aircrafts.

Likewise, Japanese aerospace/aeronautical expertise can help Philippine aerospace companies develop their technological base to gain the capability of manufacturing important components for combat aircraft production. Japanese defense companies have been able to manufacture US-designed combat aircraft and its advanced electronic systems, like radar, avionics, and sensors. This can also cover important weapon systems for combat aircraft, such as guided missiles and precision strike munitions. The reproduction technology of such advanced weaponry can be learned by Filipino technical and engineering experts from the Japanese, thus pushing for further development of the country’s aerospace defense industry and the potential startup for the Philippines’ own advanced weapons and systems for combat aircrafts.

For this area of capability development, Japanese defense companies could help the Philippines with its need for attack helicopters. Japan produces mostly US-designed attack helicopters under license. In particular, the AH-1S Cobra attack helicopter produced in Japan by the Subaru Corporation (formerly known as Fuji Heavy Industries) could be a good option for the AFP’s modernization plan. This is also timely as the Philippines is about to receive two AH-1S Cobra attack helicopters donated by the Kingdom of Jordan, along with a training

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36 Renato De Castro. “Is the Philippine Navy About to Leapfrog into the Twenty-First Century?” Asia Maritime Transparency Initiative, September 11, 2018, <https://amti.csis.org/philippine-navy-leapfrog-twenty-first-century/>

37 “SS Soryu Class Submarines.” Naval Technology, <https://www.naval-technology.com/projects/ssoryuclasssubmarin/>

program for its pilots and maintenance crew.<sup>38</sup> If the Philippines decides to acquire more Cobra attack helicopters from Japan, there would already be some experienced technical crew for the aircraft. Philippine aerospace companies could also learn how to manufacture parts for the helicopters if an agreement is made.

Lastly, a similar arrangement could be made for the modernization of AFP's ground forces. Japan also produces a number of its own armored combat vehicles ranging from modern main battle tanks to self-propelled howitzers. Part of the mentioned AFP wish list is the need for fire support vehicles that can adapt to the rough jungle terrain of the country and are also highly mobile and amphibious for rapid deployment. The recent experience of the AFP in the Battle of Marawi showed that there was a need for a combat vehicle that can provide heavy direct fire support against highly entrenched guerrilla forces. The PA had to make do with their M113 APCs, which were armed with .50 caliber heavy machine guns, and Simba armored cars, which were armed with either a .50 caliber heavy machine gun or a 25mm autocannon for direct fire support for its infantry units.<sup>39</sup>

The Philippines could consider acquiring the Type 16 Maneuver Combat Vehicle (MCV) from Japan produced by Mitsubishi Heavy Industries. The Type 16 MCV is an 8-wheeled heavy armored car that is highly mobile and armed with a 105mm cannon. It was designed for rapid deployment in the event of armed military confrontation since main battle tanks would take more time to be mobilized. Philippine local defense companies could partner with Japan in this regard by learning how to maintain the Type 16 MCV and how to produce spare parts for it as a start. It is also possible that Philippine local defense companies can learn how to produce the Type 16 MCV, or create a combat vehicle similar to it, through such a partnership with Japan.

Of course, if the Philippines makes clear its intention to purchase advanced Japanese defense equipment for its security needs, it would be essential for the country to also further develop its own defense industry and technology capacity and capabilities. Japanese defense companies can help the Philippines establish facilities that could

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38 Prashanth Parameswaran. "Where Is the New Jordan-Philippines Attack Helicopter Deal?" *The Diplomat*, July 31, 2019, <https://thediplomat.com/2019/07/where-is-the-new-jordan-philippines-attack-helicopter-deal/>

39 Jose Antonio Custodio. "Shopping for tanks." *Business World*. December 31, 2017, <https://www.bworldonline.com/shopping-for-tanks/>

produce the material and parts needed for acquired defense equipment. Cooperation and partnership between the defense industry of both countries will be needed to jumpstart or push further this specific area for innovation and development in the Philippines.

There are several other options and opportunities where Japan can assist the Philippines in developing its local defense industry while also providing for its defense needs. At the same time, such ventures could further establish Japan in Southeast Asia as a viable supplier for defense equipment, as long as it is within the defense export guidelines.

But before jumping to these potential prospects, there are concerns regarding this specific area of Japan-Philippines relations that could hamper or prevent a solid defense industry and technology partnership between the two nations.

### Challenges for a Japan–Philippine Defense Industry and Defense Technology Partnership

Despite having long cordial ties, there are two underlying issues that pose as salient obstacles for a defense industry partnership between the Philippines and Japan. The first underlying issue is that Japan is a newcomer in an industry where other economically developed countries have been exporting all kinds of advanced defense equipment and technology for decades, therefore highlighting a lack of awareness, exposure, and experience on the part of Japan's defense industries.

Japan has never developed weapons with an eye on export and instead focused on their suitability for domestic forces. This has isolated its arms industry from the needs of other countries, hindering the appeal of Japanese weaponry with overseas clients.<sup>40</sup> This brings several problems on the side of Japanese defense companies when it comes to defense exports and technology partnership. One problem is that the Japanese government—and not international markets—set the prices for Japanese arms. Another problem has to do with Japan's lack of experience in defense exports which, consequently, has led to a lack of market discipline in the industry, with Japan's defense sector being like “a world of its own, with their own rules”.<sup>41</sup> The defense demands of the JSDF are also not

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40 Masaya Kato. "Japan's defense industry still lacks bang overseas." *Nikkei Asian Review*, May 23, 2019, <https://asia.nikkei.com/Politics/International-relations/Japan-s-defense-industry-still-lacks-bang-overseas2>

41 Mina Pollman. "The Trouble with Japan's Defense Exports." *The Diplomat*. October 2, 2015, <https://thediplomat.com/2015/10/the-truth-about-japans-defense-exports/>



large in terms of scale due to its strictly limited defense budget. As a result, Japanese defense companies price their products based on that scale of production without really considering the market environment outside Japan. These challenges are reflected in two particular cases.

The first case is Japan's failed bid to sell its submarines to Australia. In 2014, the Australian government was looking for a replacement for its aging Collins-class diesel-electric submarines. Three countries placed their interest in selling their own submarines. France was offering a diesel-electric version of its Barracuda-class submarine made by the French companies DCNS (Now the Naval Group) and Thales; Germany offered its Type-214 diesel-electric submarine made by Howaldtswerke-Deutsche Werft under ThyssenKrupp; and Japan offered its Soryu-class diesel-electric submarines made by Mitsubishi Heavy Industries and Kawasaki Shipbuilding Corporation. Initially, the Japanese submarines received a more favorable reception from then-Australian Prime Minister Tony Abbott, but there were concerns that ultimately led to Japan losing the bid. The Soryu-class design needed to be substantially modified for Australia's needs and "Japan's proposed sub was at a disadvantage due to its relatively shorter patrol range and lower transit speed. These drawbacks offset the Japanese underwater craft's acknowledged quietness and very deep-diving capability" (McDonald, 2016).<sup>42</sup> At the same time, more transparent Japanese bid might have helped reassure the Australian public that Tokyo was capable of doing the job. As Simpson pointed out "Tokyo's personality-driven, government-to-government sales channel seemed slow to catch up to Australia's changing political environment".<sup>43</sup> In addition, the Japanese government wanted to have the Soryus made and tested in Japan since it had no experience on offshore production of its submarines. The French were willing to allow 70 percent of the construction to be done in Australia, and they were willing to modify one of their own classes of nuclear-powered submarines to a diesel-electric variant. In the end, the French modified Barracuda-class submarine called the Attack-class won the bidding against Japan's Soryu-class submarines.

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42 Hamish McDonald. "Why Japan lost the Australian sub deal to France." *Nikkei Asian Review*, May 5, 2016, <https://asia.nikkei.com/Politics/Why-Japan-lost-the-Australian-sub-deal-to-France>

43 James Simpson. "Why Doesn't Australia Want Japan's Submarines? (Some of Best in the World)." *The National Interest*, May 9, 2016, <https://nationalinterest.org/blog/the-buzz/why-doesnt-australia-want-japans-submarines-some-best-the-16100>

The second case was Japan's failed attempt to sell its medium transport plane and maritime patrol aircraft to New Zealand. In 2017, New Zealand announced that they needed fast transport planes as well as maritime patrol aircraft. The Japanese government offered C-2 transport planes and P-1 maritime patrol aircrafts—both produced by Kawasaki Aerospace Company. In this case, there were no requirements for the aircrafts to conduct operations on short or poorly prepared airstrips, and New Zealand is seeking airlifters that can handle such conditions for both strategic and tactical airlift missions.<sup>44</sup> This problem was extended to the P-1 aircrafts. It appeared to the New Zealand government that the Japanese offer did not have much room for flexibility to cater to its specific operational requirements. As a result, the sale was instead given to the US which offered its P-8A Poseidon maritime patrol aircrafts and the C-130J-30 Super Hercules transport planes. It showed that despite their undoubted quality, Japanese defense offers were usually mired in the export market by the client market's need for custom-made requirements.

In relation to this, Japan's defense industry remains to be a small sector in the country's total manufacturing output despite making and providing military equipment to one of the region's capable and high-tech armed forces. This was due to the fact that since the Cold War, Japan's defense capabilities were provided or imported mostly from the US. As a result, Japan's defense industries initially lacked dedicated research and development for its own innovations, and focused mainly on civilian industries.

One of the hurdles affecting Japan's drive toward industrial autonomy is the cost of acquisition and sustainment of indigenous products, which is higher due to Japan's small, niche defense market and its unique requirements.<sup>45</sup> In the US, private companies like Raytheon, Lockheed Martin, and General Dynamics spend most of their economic and research and development activities on military equipment and technology and defense exporting engagements. This is with the support and cooperation of the US Department of Defense. In Russia, most

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44 Mike Yeo. "Japan at a crossroads: What's keeping its defense industry from growing?" Defense News, November 26, 2018, <https://www.defensenews.com/industry/2018/11/26/japan-at-a-crossroads-whats-keeping-its-defense-industry-from-growing/>

45 Mike Yeo. "Japan's defense industry continues to grow. But is it in for rough seas?" Defense News, August 15, 2018, <https://www.defensenews.com/top-100/2018/08/15/japans-defense-industry-continues-to-grow-but-is-it-in-for-rough-seas/>

defense companies have joint ownership with the Russian government (Ministry of Defense) and are also focused mainly in developing and producing weapons and equipment for the Russian military and for exporting.

In Japan, however, defense innovation and development has been a secondary activity for Japanese companies. For example, three major aircraft manufacturers—Mitsubishi Heavy Industries, Kawasaki Heavy Industries, and Fuji Heavy Industries—supply airplanes to MOD; while Mitsubishi Heavy Industries, Mitsubishi Electric Corporation, and Toshiba Corporation, which supply surface-to-air missiles and air-to-air missiles, rely on the defense sector for less than 10 percent of their total sales.<sup>46</sup> This makes Japanese defense equipment and materials noticeably expensive and sophisticated despite being of high quality. It would then be a challenge for a junior partner in a defense industry and technology agreement to work with such particular standards.

At the same time, the Philippines has its own issues to tackle if deeper defense industry and technology partnership with Japan are to push forward. One challenge is the long-winded bureaucratic process, which has led to inefficiencies in the country's procurement system. This is manifested in the bidding process under Republic Act 9184 (RA 9184), or the Philippines' Procurement Law, which has long been viewed as time-consuming and too constraining. Bidders are required to provide several requirements in order for them to meet the prerequisites of the bidding process. The awardee, which is usually the one who made the lowest offer, still needs to submit another set of requirements for the post-qualification step in order to verify the authenticity of the required documents and, if needed, will also make a review of all the bidder's facilities.

The application of this law to guarantee transparency and accountability would deny efficiency in the procurement for the AFP's military modernization program. The length of time it takes to fulfill this process would make the initial cost estimates and budget allocations unsatisfactory to cover the actual purchase cost of the defense equipment and technology because prices of materials or items do change in time. To that effect, re-negotiations between buyer

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46 Masanori Ono. "Japan's Initiatives for Deepening Cooperation with Other Countries in the Areas of Defense Equipment and Technology." INSS Publications. December 01, 2015, <https://inss.ndu.edu/Portals/82/Documents/visiting-fellows/Masanori-Ono.pdf>. p.3

and supplier will ensue and likely delay any procurement deals or even cancel them. That is not to say that RA 9184 is the problem itself, as the law was meant to ensure that the acquisition of items purchased using government funds are subjected to a thorough and proper process. However, RA 9184 follows a one-size-fits-all approach to procurement with civilian business or corporate activities in mind. This could be more problematic for defense acquisitions, as well as provisions for defense industrial materiel and equipment given that the length of time for clearing and bidding will likely be a long and drawn-out procedure.

The next challenge for the Philippines is a question on the focus of the country's political and military leadership towards a serious implementation of a capable external defense posture. While the AFP has formed plans to address external defense issues, it remains unclear on how to approach it. This can be attributed to its institutional experience that has largely been based on army leadership rather than from the navy and air Force. For more than a decade, the AFP has been predominantly led by military officers from the PA due their actual combat experience. However, their experience has been shaped mostly by counter-insurgency and counter-terrorism operations. Very few Filipino PAF commanders became Chief of Staff of the AFP, and, if the PN is to be considered, the candidate should come from the Philippine Marines Corps. In addition, higher posts of military leadership are considered political appointments. Military officers aspiring to be Chief of Staffs of the AFP should not only have a distinguished combat record, but also toe the line of the country's political leadership.

That being said, with the Duterte administration's inclination towards closer ties with China, military officials are likely to follow the same tune and downplay external defense capability development and focus on internal security operations instead. This could also raise some concerns from the side of Japan due to its ongoing maritime territorial disputes with China. If the Philippine government maintains or pursues closer diplomatic ties with China, it could make Japan more cautious to pursue deeper defense ties with the Philippines given the possibility that their defense technology could be passed to a regional rival power.

Hence, to have a strong defense industry and technology partnership with Japan, the Philippines needs to assure the latter that it can protect its important defense-related technology. This is a key gap in the Philippines, where information security is more vulnerable

as it is still developing its own industrial and cybersecurity capabilities. Unless the Philippines can protect information and technology provided by Japanese defense companies, the level of defense partnership and exchange would not be as wide-ranging. At most, Japan may be willing to sell limited types of defense equipment with limited sophisticated systems. It may also provide the Philippines with basic defense equipment and munitions, like SALWs, and could allow Philippine local defense companies to produce them—but nothing as technologically advanced. This could lessen the Philippines' options in acquiring and learning how to sustain or produce advanced Japanese weapon platforms and systems.

The last underlying issue is if the Philippines can ensure proper handling and protection of highly sensitive information about Japanese defense technology. The Japanese government's concern on regulation and monitoring of where its defense equipment and technology would end up can be considered another hurdle for its partnership with the Philippines. This includes making certain that their defense equipment and technology are exported in strict accordance with the Three Principles on Transfer of Defense Equipment and Technology to ensure that Japanese defense equipment and technology will not be used for aggressive warfare or stolen by other nations.

Failure to comply or negligence to the Three Principles would put the Japanese government and its defense industry in an unfavorable position to the Japanese public. Due to the largely pacifist and anti-militarist stance of their society, large Japanese defense companies, such as ShinMaywa, Mitsubishi, Kawasaki, Hitachi, and Toshiba, do not want to be labeled "merchants of death".<sup>47</sup> These entities fear the loss of public confidence especially because their business shares and ventures are largely civilian and commercial—such as automobiles, household appliances, and electronics. It would be the bane of these Japanese companies if their defense export products end up being misused or even having their intellectual property violated.

## Conclusions and Recommendations

The prospect for a Philippine-Japan defense industry and technology partnership is a challenging but not impossible venture. The challenges faced by both Japan and the Philippines can serve as lessons and areas

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47 Pollman. "The Trouble with Japan's Defense Exports."

to work on, respectively. While it may take a little more time and serious effort, this type of partnership will likely be very beneficial for both countries in the long-run in terms of the economic, political, defense, and technological aspects of their relations.

While Japan's failure to sell its defense equipment to Australia and New Zealand proved to be a painful experience, they also serve as valuable lessons for future prospects for defense exports and partnerships with other countries like the Philippines. Perhaps what the Japanese government and its defense companies should take note is that the defense export realm also has its own rules, and a more flexible and accommodating approach to the needs of a particular client country is essential in this line of business. Japanese manufacturers of defense equipment and technology, while without a doubt of good quality, should also make some leeway to adjust for prospective clients.

In fact, Japan could learn from its bidding rival France when it came to the sale of submarines to Australia. The French shipbuilder, DCNS, outflanked the Japanese bid by responding to Australia's needs and engaging the media since Tokyo and Canberra largely kept the Soryu offer under wraps, creating the impression of underhandedness and aloofness.<sup>48</sup> If a serious defense partnership with the Philippines pushes further, Japan can become more engaged and transparent in the whole process of selling its defense equipment and transfer of technology.

At the same time, the experience of Japanese defense companies from their attempts to sell defense equipment to Australia, New Zealand, and the United Arab Emirates provides two valuable lessons. First, the Japanese defense industry may need to adjust its defense export services and production methods in order to cater to an international market with diverse defense needs. This means having to produce defense equipment based on a potential client's specific needs for its armed forces, even if that results in changing original designs of Japanese made weapons platforms or systems. Second, Japan's defense companies should either scale up their activities in production and R&D or form their own private corporations dedicated to defense production and innovation. This also means that defense-focused subsidiary companies of major Japanese corporations may have to establish themselves as their own

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48 James Simpson. "Why Doesn't Australia Want Japan's Submarines? (Some of Best in the World)." *The National Interest*, May 9, 2016, <https://nationalinterest.org/blog/the-buzz/why-doesnt-australia-want-japans-submarines-some-best-the-16100>

private corporate entities or more direct facilitation of activities with foreign counterparts.

For its part, the Philippines should consider improving its means of safeguarding the intellectual property and sensitive information about Japanese defense technology if this level of defense partnership is to be seriously pursued. Japan can also help the Philippines develop further its cybersecurity capabilities as part of the defense industry and technological agreements between the two nations. This can help solidify ties between Philippine and Japanese defense companies and better facilitate activities between them, as a secured line of information exchange can help build trust and confidence that classified Japanese defense technology information will be protected.

There should also be a review of RA 9184 with regard to its public nature. The law “covers all procurement undertaken by various agencies and instrumentalities, and opens to the public nearly everything for monitoring. This ‘general public participation,’ instead of congressional oversight, compromises the confidential nature of certain goods and services lined up for procurement. Thus, crafting new rules and regulations to govern the purchase of major and highly classified defense articles will enhance national security” (Marayag, 2016).<sup>49</sup> Amending provisions under RA 9184 is recommended to facilitate speedier and easier processing of defense-related acquisitions with respect to their cost and timing from the moment prospective suppliers have won the bidding. Alternatively, a special law could be made that could grant defense-related acquisitions in support of defense industry and technology partnerships quicker to facilitate.

Efforts to establish defense ties between Japan and the Philippines are underway. Both countries have entered into an agreement where Japan will provide helicopter spare parts to the Philippines after receiving TC-90s trainer aircrafts. A defense agreement was also signed by both parties in 2016 to allow the transfer of defense equipment and technology from Japan to the Philippines. Attention should also be given to other recent defense partnerships to help further facilitate cooperation on defense industry and technology.

In March 2019, Japan and the Philippines finally completed a new agreement that saw Manila acquire helicopter spare parts donated from

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49 Emilio Marayag. “Philippine Defense Procurement: Issues and Prospects.” *The Maritime Review*, July 12, 2016, <https://maritimereview.ph/2016/07/12/1043/>

Tokyo worth about JPY5.3 billion (USD46 million). This consisted of items like airframe structures, dynamic power, control, rotor, hydraulic, electrical, and instrument systems for the AFP's UH-1H Huey helicopters.<sup>50</sup> While this donation has little to do with directly pushing both countries' defense industries together, it does help in improving defense diplomatic relations and provides an opportunity to assess the compatibility of parts and materiel made in Japan with Philippine defense equipment.

More relevant was the first Philippines-Japan Defense Industry Forum hosted by the international cooperation division of the Japan defense ministry's Acquisition, Technology & Logistics Agency (ATLA) in Taguig City, Philippines, in October 2019 which saw the attendance of a range of defense industry and government stakeholders from the two countries, with the objective of discussing options and sharing experiences about policies and procedures on the procurement and export of defense equipment and technologies" (Parameswaran, 2019).<sup>51</sup> The forum itself could be considered the first formal engagement among defense industry and government stakeholders from both countries in getting to know their experiences, policies, and process of doing business.

One key result of this event was the Philippines' acquisition of new radars from Japan in 2020: "Mitsubishi Electric will supply warning and control radar systems to the Philippines, in what would be Japan's first export of finished defense equipment since it lifted a ban on such transfers".<sup>52</sup> The radars developed are based on the JFPS3 and JTPS-P14 systems used by the JSDF and will be provided to the PAF to monitor the South China Sea. Similar to the deal on Japan's donation of spare parts for the AFP's Huey helicopters, this event could be an auspicious opportunity to push forward defense industry and technology ties between both countries as the radars would need maintenance. It is possible for Mitsubishi Electric to partner with a counterpart in

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50 Prashanth Parameswaran. "Why the New Japan-Philippines Military Helicopter Parts Deal Matters?" *The Diplomat*, March 30, 2019, <https://thediplomat.com/2019/04/why-the-new-japan-philippines-military-helicopter-parts-deal-matters/>

51 Prashanth Parameswaran. "What's Behind the New Japan-Philippines Defense Industry Forum?" *The Diplomat*, October 7, 2019, <https://thediplomat.com/2019/10/whats-behind-the-new-japan-philippines-defense-industry-forum/>

52 Daishi Abe. "Philippines radar deal marks Japan's first arms export." *Nikkei Asia*, August 29, 2019, <https://asia.nikkei.com/Business/Aerospace-Defense/Philippines-radar-deal-marks-Japan-s-first-arms-export>



the Philippines in producing parts and components and providing maintenance for the radars.

As it is, defense industry and technology partnership between the Philippines and Japan is still in its infancy. Perhaps the next step forward is operationalizing the agreement by setting the conditions that can further facilitate this partnership while, at the same time, taking into consideration the challenges to such an endeavor. Part of the task is identifying which gaps Japan can fill in the Philippine defense industry, especially in terms of technology, skilled manpower, and workforce expertise. Among the sectors where this partnership can be beneficial include aerospace, shipbuilding, and information and communications technology. Other defense industry areas, such as small arms and light weapons, can be set aside since the SALW industry is quite saturated in the Philippines given the presence of multiple local and foreign distributors of such weapons already. The focus for the Philippines should be on high-tech equipment and establishing itself as a market for Japanese defense equipment and a zone for production of parts and material that can be outsourced.



# ON STRATEGIC AND CONSCIENTIOUS POLICY-MAKING: REMEMBERING THE LIFE & WORK OF AILEEN S.P. BAVIERA, PH.D. (1959-2020)

by **Ramon Bandong Jr., Marvin Hamor Bernardo, and  
Maria Nikka Garriga**

**A**s one of the leading experts on international relations and a renowned specialist on China studies, Dr. Aileen San Pablo Baviera is a name easily recognizable by many in and outside the Philippines for her immense contribution in the study about the rise of China and what this means for Sino-Philippine relations and the security architecture in the Asia-Pacific.

She is known among students and fellow scholars as a professor and former dean at the Asian Center of the University of the Philippines. Outside the academe, Dr. Baviera sought to bridge the gap between academia and public policy by working closely with the Philippine government, particularly in its response to China. Central to her work as policy adviser was promoting people-to-people exchange and multi-level engagement for conflict de-escalation.<sup>1</sup>

These dialogues with scholars and other stakeholders would result in the establishment of the China Studies Program, or what is now referred to as the Strategic Studies Program (SSP) of the UP Center for Integrative and Development Studies (UP CIDS). As one of its founders, Dr. Baviera envisioned the Program to serve two key purposes: to help policymakers expand the “strategic” element in Philippine foreign policy outside its traditional focus on military

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1 Herman Joseph Kraft, “Aileen S.P. Baviera: Thinker, Teacher, (Track-Two) Soldier, “Spy”, *Philippine Journal of Public Policy: Interdisciplinary Development Perspectives*, 2020: 166. [https://cids.up.edu.ph/wp-content/uploads/Tribute-Baviera\\_Kraft.pdf](https://cids.up.edu.ph/wp-content/uploads/Tribute-Baviera_Kraft.pdf).

power; and to train young scholars and analysts on “how to think strategically.”<sup>2</sup>

The UP CIDS SSP’s annual Katipunan Conference, where the chapters found in this edited volume were presented during its fourth installment, is just one of the many initiatives led by Dr. Baviera that focused on capacity-building by providing a platform for collaborative engagement to produce practical and informed policy and decision-making aids for various stakeholders.

Her forty years of “China-watching” produced a number of publications—from books and journal articles to news features and commentaries—that sought to look beyond the quagmire of maintaining peace in a region overlaid by great power competition. Despite the challenge of such an endeavor, the works of Dr. Baviera always maintained a balance between cautious optimism and critical pragmatism.

At a time when it was easy to categorize China as either friend or foe of the Philippines, Dr. Baviera treaded a different path: by emphasizing the need to pursue dialogue between both countries. In one of her final publications before her passing, she compared Sino-Philippine relations to great powers with allies and vast resources, saying “the Philippines...will have only us Filipinos to defend our interests and to promote our welfare.”<sup>3</sup> Such a statement, though grim, resonates pragmatism for practical solutions where she advocates for “focusing on the shared goals and the objects of cooperation rather than on the structures, institutions, or membership.”<sup>4</sup>

Given the high stakes involved, Dr. Baviera believed in the value of keeping a watchful yet objective eye, no matter how difficult, when it came to promoting Philippine interests amidst growing tensions and complexities over the disputed West Philippine Sea. This was evident in her remarks as a discussant on Chinese Foreign and Security Policy in the 4th Katipunan Conference in 2019: “Many things that are connected to China we have to be vigilant about. But we need to understand the nature of this phenomenon

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2 Ibid.

3 Aileen S. P. Baviera, “Forty years of China-watching from the eyes of a Filipino,” *Tulay: Chinese-Filipino Digest*, August, 20, 2019, <https://tulay.ph/2019/08/20/forty-years-of-china-watching-from-the-eyes-of-a-filipino/>

4 Ibid.

and we have to be objective about it. The point is agency. We can exercise our will, and we can create opportunities from this kind of situation.”<sup>5</sup>

### On Sino-Philippine Relations and the West Philippine Sea

Many of Dr. Baviera’s research engagements about China have inevitably touched on maritime security, particularly in the West Philippine Sea. The significance of the topic, coupled with the increasing salience of the issue among pundits and policymakers alike, have motivated scholars like Dr. Baviera to search for solutions. A common theme in her work on maritime security is her normative approach to provide a clear explanation of the issue at hand. Similar to a physician treating an illness, Dr. Baviera often lists the potential solutions to the problem after observing and analyzing the symptoms. Her work is instructive, as it does not stray from the essence of policy research, which is to equip decision-makers and leaders with sound advice.

The power asymmetry in the region concerning the continuing evolution of relationships between the countries within it makes this approach more profound. Informed decisions and carefully crafted policies are premium for a country that hopes to navigate the tortuous Asia-Pacific region. Through her work, Dr. Baviera underlines this necessity which is evidenced by her consultation work and participation in various government institutions, including the Philippine Navy. An example of how Dr. Baviera provided grounded and sound advice is seen in her article published in 2016. In this article, she elaborated on the approaches the Philippines could take concerning the territorial and maritime disputes in the West Philippine Sea.<sup>6</sup>

Paying particular attention to the domestic stakeholders in the country, she identified how domestic variables and the actors that create and react to these factors influence the Philippine government

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5 Strategic Studies Program, 2019, “Strategic Outlook 2020: Proceedings of the 4th Katipunan Conference,” in *The Philippine Strategic Outlook 2020: Strategic Transformations and Responses in the Asia Pacific*, Quezon City, August 2019. Quezon City, Metro Manila: University of the Philippines Center for Integrative and Development Studies. <https://cids.up.edu.ph/publications/proceedings/4th-katipunan-conference/>

6 Aileen S.P. Baviera, “Territorial and Maritime Disputes in the West Philippine Sea: Foreign Policy Choices and their Impact on Domestic Stakeholders,” 2016. *Public Policy* 15 (2): 12–49. <https://cids.up.edu.ph/wp-content/uploads/Territorial-and-Maritime-Disputes-in-the-West-Philippine-Sea-vol.15-no.2-2016-2.pdf>

into taking action in a complicated issue as in the West Philippine Sea. Dr. Baviera emphasized that when looking at international politics, however grand the actions of states might be, the role of domestic stakeholders must be given attention because it is capable of shaping a country's foreign policy. In the case of the Philippines, she cited the private business sector, the civil society, as well as the fisheries sector, as the significant variables in how the Philippine government crafts its foreign policy. Moreover, Dr. Baviera clearly stated that "development diplomacy based on domestic stakeholders' interests and needs should be placed front and center of the next stage of Philippine statecraft on the West Philippine Sea issue," further emphasizing the importance of these sectors in the country with respect to its foreign relations.

Dr. Baviera has always seen maritime issues as dynamic and erratic—something that never occurs in a vacuum. In her work "Challenging geopolitical seascape: Southeast Asia and the big powers in the South China Sea," which was published as part of the book *New Zealand National Security: Challenges, Trends and Issues*, Dr. Baviera emphasized that in examining the causes of the South China disputes, one has to look beyond the sea itself but the interests of the players in that particular geopolitical space.<sup>7</sup> Similar to her 2016 article on the foreign policy choices in the West Philippine Sea, Dr. Baviera noted the role of domestic politics and factors within these players in the overall dynamics of the South China Sea issue. The evident rivalry between the United States and China has made the region more volatile, not to mention the countries situated in it uneasy. The behavior of each of these countries is tempered by what is happening within their territory.

Dr. Baviera has shared her observation that domestic politics, particularly the troubles back home, could be utilized by other countries, especially those that have interests in doing so. She effectively provides the reader with the insight that we should pay attention to the domestic politics of states, including the behavior and actions they display, and how all of these could influence the security dynamics of the region. She argued for the examination of the role of the so-called "middle power" actors in addressing the

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7 Aileen S.P. Baviera, "Challenging Geopolitical Seascapes: Southeast Asia and the Big Powers in the South China Sea." In *New Zealand National Security: Challenges, Trends and Issues*, edited by William Hoverd, Nick Nelson and Carl Bradley, 74–89. 2017. New Zealand: Masey University Press.

maritime issues in the region. According to Dr. Baviera, these middle power actors could effectively balance the major power competition through cooperative security arrangements and by developing a common security agenda which could lead to engagement and cooperation as far as the major powers are concerned.

### On Regional Security in the Asia Pacific

In a CSCAP publication released in 2019, Dr. Baviera stressed cooperation between the Philippines and its fellow member states in the Association of Southeast Asian Nations (ASEAN) to preserve regional security and stability given the fact that “geopolitical realities” have made countries in the region adjust accordingly.<sup>8</sup> Of course, the Philippines must also adjust given its role and significance in the current complexities in the security architecture of the region. Dr. Baviera noted that the “diversified and omni-directional foreign policy” promoted by the government of President Rodrigo Duterte seems to be the key in order for the country to adapt amidst the uncertainties.

Indeed, her extensive work is illustrative of her commitment in promoting inclusivity in her scholarship and the importance of evaluating the different viewpoints and nuances in crafting a “strong and independent but collaborative” foreign policy direction for the country.<sup>9</sup> A portion of a tribute written by Janus Nolasco from the UP Asian Center captured succinctly this aspect of Dr. Baviera both as an academic and policy adviser: “Assessing her life can never be a zero-sum game; a bilateral, either-or approach cannot do it justice. She was equally committed to Philippine interests as she was to studying China and the Association of Southeast Asian Nations (ASEAN), and to learning from different perspectives: that of the state, academe, and civil society.”<sup>10</sup>

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8 Aileen S.P. Baviera, “Maritime security woes haunt the Philippines, but no pivot redux,” in CSCAP Regional Security Outlook 2020 Edited by Ron Huisken, Council for Security Cooperation in the Asia Pacific 2019.

<http://www.cscap.org/uploads/cscap%202020%20v3.pdf>

9 Christian Esguerra, “Leading PH expert on China succumbs to suspected COVID-19,” ABS-CBN News, March 21, 2020, <https://news.abs-cbn.com/news/03/21/20/leading-ph-expert-on-china-succumbs-to-suspected-covid-19>.

10 Janus Isaac Nolasco, “A World without Fences: The Life and Scholarship of Dr. Aileen Baviera (1959-2020),” *Asian Politics and Policy* 12, no. 2 (2020).

Dr. Baviera approached the question on regional security from multiple perspectives from bilateral engagements,<sup>11</sup> particularly in recalibrating Sino-Philippine relations through collaboration and capacity-building between state and non-state actors,<sup>12</sup> to ASEAN and ASEAN-led multilateralism, which called for continued engagement among major powers in search for diplomatic solutions and cooperative security.<sup>13</sup>

An analysis on regional initiatives entitled *Territorial and Maritime Jurisdiction Disputes in East Asia* provides a detailed observation on institutional mechanisms to resolve interlocking security challenges facing East Asia's maritime domain.<sup>14</sup> By looking at bilateral and multilateral agreements as either dichotomies or nexuses of security approaches, Dr. Baviera presented a historically-informed and pragmatic way forward on the question of how regional states could collectively design an inclusive maritime security regime for East Asia. By focusing on what she termed "claimant-centered analysis", she brought to fore the interest of stakeholders in their preferred method of dispute resolution. At the same time, she explored questions on whether bilateral approaches either hamper or assist multilateral initiatives.

By default, regional security analysis is directed at untangling traditional security concerns. Yet, Dr. Baviera also drew focus to a more holistic perspective on challenges to regional security cooperation. As editor of the volume *Regional Security in East Asia: Challenges to Cooperation and Community Building*, she brought together scholars to discuss traditional and non-traditional security concerns in a related manner.<sup>15</sup> The authors included in the book looked at questions of

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11 Aileen S.P. Baviera, "Domestic Mediations of China's Influence in the Philippines," in *Rising China's Influence in Developing Asia*, ed. E. Goh (Oxford: Oxford University Press, 2016).

12 Nolasco, 2020

13 Aileen S.P. Baviera, "Asean Multilateralism and the Engagement of Great Power," in *Emerging China: Prospects for Partnership in Asia*, ed. Sudhir T. Devara, Swaran Singh, and Reena Marwah (New Delhi, India: Routledge, 2012); "Introduction," in *Regional Security in East Asia: Challenges to Cooperation and Community Building* ed. Aileen S.P. Baviera (Philippines: UP Asian Center 2008).

14 "Territorial and Maritime Jurisdiction Disputes in East Asia: Comparing Bilateral and Multilateral Approaches," in *Bilateralism, Multilateralism and Asia-Pacific Security: Contending Cooperation*, ed. William T. Tow and Brendan Taylor (Abingdon, Oxon: Routledge, 2013).

15 *Regional Security in East Asia: Challenges to Cooperation and Community Building*, ed. Aileen S.P. Baviera (Philippines: UP Asian Center, 2008).



leadership in East Asian security community building,<sup>16</sup> influence of extra-regional powers<sup>17</sup> and the prospects of existing mechanisms for East Asian cooperation,<sup>18</sup> just to name a few.

Dr. Baviera's analyses showed a keen awareness of both persisting historical trends and shifts in international affairs when looking for prospects for partnership in confidence building towards regional security. Her manifold contributions to the field of regional security both as an academic and government adviser have provided exemplary service in finding "mutual interests and shared goals as the foundation of security community building... agreement on certain norms of behavior... and on certain approaches...[to] break down the walls of distrust and nurture the community-building efforts."<sup>19</sup>

### Carrying on her legacy

Beyond her illustrious career as an international relations scholar, Dr. Baviera was equally passionate about promoting and safeguarding the Philippine's national interests as she was about training young academics and early-career researchers in strategic security and foreign-policy making.

This commitment to mentorship is evident in an essay she wrote in 2019 published in *Tulay*, a Chinese-Filipino digest, about her 40-year-long sojourn as a China watcher.<sup>20</sup> Here, she shared some "unsolicited advice" for academics who seek to study China:

*"First of all: do not be emotionally invested in the subject of your study; you should try to maintain objectivity at all times, which can be quite difficult given the state of ties today. But as a well-known Chinese saying goes – one that even Mao Zedong would repeat – "Seek truth from facts (實事求是)."*

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16 Cai Penghong, "China and Asean in Non-Traditional Security Cooperation," in *Regional Security in East Asia: Challenges to Cooperation and Community Building*, ed. Aileen S.P. Baviera (Philippines UP Asian Center, 2008).

17 Mohan Malik, "The Eac & the Role of External Powers: Ensuring Asian Multilateralism Is Not Shanghaied," *ibid.* (Philippines).

18 Noel M. Morada, "East Asia Community Building: Ideas, Prospects, and Opportunities for Traditional Security Cooperation," *ibid.*

19 Baviera, 2019

20 *Ibid.*

*My second advice: recognize that China is complex and has multiple facets; it is not unidimensional and not always clear as day. Chinese society is old and it is new. There is the State, and there is the 1.4 billion thinking, breathing, living people. Simplistic thinking will not do. In the end, Deng Xiaoping's cat was neither black nor white; it is grey. This makes China watching from the Philippines or anywhere else a challenging undertaking.*

*Finally, and this is also in the context of recent years' difficult relations between the two states: if one has to take a side, one must take the side of the Filipino people. As China's national power rises and its global economic and political clout increases, it will have more resources to defend its interests and more friends to support its agenda. The Philippines, on the other hand, will have only us Filipinos to defend our interests and to promote our welfare.”<sup>21</sup>*

Perhaps it is an understatement to say that Dr. Baviera's contribution to the discussions on China, Sino-Philippine relations, and the regional security architecture will be missed. The international relations community has truly lost a voice of reason, which seems to be in short supply amidst these tumultuous times.

Nevertheless, her insights on these topics have been and will continue to be used as guideposts for policymakers and strategic thinkers not only in the Philippines but also in the region. Dr. Baviera's work, although tragically cut short, will surely be continued by the people she has influenced and inspired throughout the years.

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21 Ibid.

# **CONCLUSION: FUTURE STRATEGIC POLICY DIRECTIONS OF THE PHILIPPINES**

**Aries A. Arugay**

As stated in the introductory chapter, this edited volume is a collection of papers presented at the Fourth Katipunan Conference held in August 2019. It covers maritime security, political economy, military science and technology, and military industries. The conference brought together the burgeoning Filipino security community organized by the University of the Philippines Center for Integrative and Development Studies (UP CIDS) Strategic Studies Program (SSP). The proceedings of this conference were already published in mid-2020. This edited volume contains some of the papers after a double-blind review process and a series of revisions. This process is to ensure quality and enjoin established strategic studies scholars and strategic policy practitioners to continue the conversations that were initiated during the Katipunan Conference.

This edited volume is an academic response to the specific strategic context the Philippines finds itself. This strategic context has domestic and international dimensions. In the domestic arena, the Duterte administration's release of the National Security Policy (2016-2022) and the articulation of the National Strategic Strategy served as impetus for the first time in contemporary Philippine strategic setting for this project. The clear directions and guidelines set by these two strategic documents have influenced academic research and policy-making. This edited volume hopes contribute in cultivating awareness for the need for an enhanced strategic policy thinking within the country.

The need to adopt an enhanced set of strategic policies is also imperative beyond the domestic frontier. As a small power, the

Philippines has been in the thick of superpower rivalry in the Indo-Pacific region. However, it is only in 2016 that the Philippines have seriously instigated expanding its network of security partnerships beyond its traditional allies. While the country maintains its defense alliance with the United States (US), the Duterte administration has made overtures to forge security cooperation with countries like Israel, China, Russia, as well as India and Japan, etc. As the scaffolding of foreign and security policy in the Philippines is tested by the rhetoric of its current chief executive, its bureaucracy, particularly the defense and security establishment, might not be entirely convinced that veering away from established operating practices caters to Philippine national interests.

This concluding chapter summarizes the main findings from the previous chapters. It also provide recommendations for policy action, particularly Philippine strategic policy, which comprises foreign and security policies. Finally, it sets out a possible research agenda in the future to be carried out by the Filipino strategic community.

### **Main Findings**

Among the four strategic policy themes in this edited volume, Maritime Security had the most number of essays. This reflects the utmost importance and urgency accorded to this strategic goal for the Philippines. Naval's chapter stressed the importance of contextualizing the maritime disputes in the South China Sea with the other disputes in the region, namely those in the East China Sea. While the interstate dynamics might be different, a broader strategic perspective can offer insights that can feed into more informed maritime security policies for the Philippines. He also concluded that the country should continue to work with regional powers in managing the tensions within SCS. Finally, Naval also stated that continued information-gathering of the Philippine government in the actions of SCS claimants is important in ascertaining their dispositions and even motivations. This "impartial intelligence" is critical in devising the security-oriented strategies needed to continue to protect Philippine maritime interests. However, Naval also cautioned that a major assumption to be successful is that the entire state is acting in concert. Maritime security can be undermined by a divided government where agencies and officials act more based on their personal or bureaucratic interests than those of the nation. Bureaucratic politics must stop at the water's edge.

In her assessment of the country's maritime policy, Despi observed several issues and challenges, such as the lack of a coordinated maritime strategy. Even if one existed, there is the challenge of ensuring effective policy diffusion across the complex network of agencies and institutions with maritime security mandates. Improvements in the "intra-agency" modality are needed to have effective coordination. So far, she concluded that "inter-operability between the domestic maritime services themselves leaves much to be desired." Finally, she stated that policy coherence and consistency are not sufficient as there remain tremendous resource challenges faced by maritime security agencies. Without sufficient budgets, adequate equipment, and human capital or knowledge, maritime interests in the Philippines cannot be fully secured.

Manantan's chapter offered ways to partially address the resource challenges through the multiplier effects of maritime security cooperation between the Philippines and other allies. Through the minilateral approach to security cooperation, he explored the prospects of a joint initiative between the Philippines, Australia, and Japan. This "intra-spoke" approach can be used to engage China, deepen US regional commitment, and reinforce an inclusive multilateral security framework in maritime security but also related strategic issues such as terrorism, disaster response, and cybersecurity. His chapter even concluded that this type of cooperation can contribute to order-building initiatives, as it will "preserve and maintain the role of the regional multilateral framework as the neutral ground for dialogue and cooperation amid the ongoing great power contest." There is some domestic "buy-in" to the idea of buttressing security cooperation with other regional powers.<sup>1</sup> However, one must bear in mind that the glue that hold this possible trilateral framework remains the US. Convergence of interests and policies must be struck not only between the three countries but also with their individual relationships with the US. Addressing issues related to Philippine-US relations is a critical factor in exploring this trilateral maritime security proposal.

The second major theme in this volume relates to political economy. The two chapters about this particular topic discuss the

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1 Aries A. Arugay, Charmaine Misalucha-Willoughby, and Julio Amador III. "Quad to Zero? Filipino Perceptions of the Quad, the Indo-Pacific, and the Alliance System". APPFI Research Paper RSA-2019-04 (Quezon City: Asia Pacific Pathways to Progress Foundation Inc., 2019).

politico-economic issues surrounding Philippine-China relations. Gloria's chapter focuses on China's narratives regarding its Belt and Road Initiative (BRI) as an attempt to push for a preferred global order vis-à-vis other major powers in the region. His chapter defined the ways China uses the BRI as a positive image building project and will likely shape regional perceptions on state power, global governance, and multilateral relations in the future. Gloria concluded that it is imperative for the "Philippines to understand that the wider impact of China's foreign policy on international norms and values can proceed from how China construct its official discourses on the BRI". Part of this is the caution that participation in the BRI can lead the country to a debt trap.

The other chapter on this strategic theme discusses the Duterte administration's anti-drug policy and how it affects its relations with China. Marcaida explored the prospects of security cooperation in curbing illegal drugs as a strategic priority of the Philippines. However, the focus on this specific transnational crime should not lose sight of other related issues, such as money-laundering, human and sex trafficking, and gambling-related crimes. According to Marcaida, this "holistic perspective can guide interdepartmental cooperation and anti-organized crime strategies. While engaged in an asymmetrical relationship with each other, the Philippine and China can still work together if they are guided by the shared concern of securing the welfare of Chinese migrant workers and Filipino citizens from the dangers of drugs and other transnational crimes.

The last two chapters covered the topics of military science and technology and military industries. These two interrelated themes are often considered priority areas where the Philippines has lagged behind from its neighbors in the region. In their chapter, Lucas and Dalisay discussed how China's three warfares approach has dangerous implications for the Philippines. Consistent with the actions of China with other countries, this chapter enumerated the ways in which China can undertake "influence" operations, particularly using science and technology. In their conclusion, the authors argued that the Philippines must recognize these three warfares and adopt policies to protect itself. Moreover, it is prudent for the government to be guided by lessons it has so far learned from its anti-insurgency campaign.

The final strategic theme in this edited volume delved into how the Philippine military can benefit from reinvigorated defense relations

between the country and Japan. Castillo's chapter cautioned against the optimism that drives this prospective initiative given domestic-related challenges in both states. Overcoming these issues requires flexibility, particularly Japan "should also make some leeway to adjust for prospective clients." The Philippines, for its part, must also adopt these current procurement policies to make this process more efficient. By meeting halfway, both countries can realize the potential of realizing mutual defense and economic interests. Castillo also concluded that the Philippines must identify priority industrial sectors where Japan can more efficiently address our technology gaps, such as "aerospace, shipbuilding, and information and communications technology." He emphasized that the focus should be on "high-tech equipment and establishing itself as a market for Japanese defense equipment and a zone for the production of parts and material that can be outsourced."

### Recommendations for Strategic Policy

The chapters in this edited volume asked the authors and the reviewers to make explicit recommendations for enhancing strategic policies in the Philippines.

### Maritime Security

1. *Develop a sound maritime security policy.* This policy should be guided by: (a) functionality which is "the convergence of security priorities and state interests in order to address present, pressing, and persistent challenges"; (b) inclusivity that is "the comprehensiveness and coherence of initiatives among national government agencies, between the public and private sector of the country, and between states"; and sustainability that refers to "the commitment in addressing security challenges through the development of institutions that promote coordination, cooperation, and collaboration."
2. *Clarify the views of the Duterte administration with regard to the current roles of the US, Japan, and the US-Japan alliance in regional maritime security.* With less than two years remaining on its tenure, the current Philippine government can still make significant progress in meeting its security goals as stated in its National Security Policy and National Security Strategy. These views require an extensive dialogue with regional powers.
3. *Continue to pursue institutional reforms that improve*

*performance as well as inter-agency coordination in the maritime domain.* Given institutional shortcomings in the Philippines, capacity building and institutional management strategies should continue for maritime and law enforcement, including the need to align the efforts of the Philippine Coast Guard and the Philippine Navy.

4. *Discuss the strategic consequences of the VFA termination. This can be in the form of public debates and policy discussions.* The decision of the Duterte administration contradicts overwhelming Filipino public support for the US that might outweigh the current government's pivot to China. In addition, gauging public opinion on this decision can also guide future policies. Current developments seem to indicate that the Philippines will delay the termination process.
5. *Moderate expectations on the possible contributions of countries in promoting Philippine maritime security interests.* Although mechanisms such as the Quad poses promising security dividends, the notion that it is a containment strategy against China is misleading and dangerous. The Philippine government and its bureaucracy need to balance its possible reliance on their cooperation with its own individual security pursuits. The key is to identify areas of complementarity and overlaps without resorting to the old disposition of dependence. Moreover, a sober realization that the Quad countries themselves have their own strategic relations as well as cooperative ventures with China must be maintained in security planning for the Philippines.
6. *Uphold the rules-based international order.* This is in the long-term interests of all states in the region, including the Philippines, the Quad countries, and even China. As a regional superpower, China will need to take more responsibility and burden-sharing in regional security. While its military and economic capabilities to provide security are increasing, superpowers in the past have also extensively relied on international law, organizations, regimes, and norms to complement their unilateral actions.
7. *Utilize Track 2 and Track 1.5 mechanisms as confidence-building measures.* As a possible new node in the network



of regional security mechanisms, the Philippines, other ASEAN member-states, China, and other regional powers can undertake non-official engagements to candidly discuss mutual concerns such as regional connectivity, economic development, and nontraditional security issues that can feed into policy.

### Political Economy

1. *Undertake studies that link the BRI with the NSP and other security documents.* The BRI must be analyzed in a more comprehensive manner sensitive to China's motivations, perceptions of the Philippines, and the strategic environment. Knowledge from these studies should guide the policy pronouncements and "speech-acts" of Filipino security and foreign policy elites.

The Philippines should be sensitive to the implications of BRI given existing ASEAN plans and policies. This means that the Philippines do not simply adopt a bilateral perspective in seeking support for China through the BRI. It must remain steadfast with its regional commitments with other ASEAN member-states and other regional powers offering similar development aid. The ASEAN Master Plan on Interconnectivity should be aligned with the country's Build Build Build initiative. Only then could the BRI be considered as offering complementary support.

2. *Adopt a more nuanced and sophisticated approach in engaging China.* The Philippines should have learned from its relationship with China from 2012 to 2016 that no single issue should dominate its bilateral relationship with China. "High-level officials need to continue adopting a more balanced approach in discursively portraying its relations with China. This involves a consistent effort in behalf of himself to acknowledge China's valid achievement in certain areas, yet also fair and firm in referencing and criticizing China's lapses and wrongdoings." This also puts many demands from the foreign policy bureaucracy to pursue active diplomacy in line with protecting Philippine national interests.
3. *Undertake drug policy reforms using lessons from other countries.* The Philippines should consider adopting a more

mixed approach in its current heavily prohibitionist and punitive drug policy. “In the case of the Philippines, the Dangerous Drugs Board’s (DDB) approval of the use of Cannabidiol (CBD) for “treatment of certain rare forms of epilepsy” is a step forward towards shifting the drug policy paradigm away from its prohibitionist and punitive nature. Amendments to the Republic Act 9165, also known as the Comprehensive Dangerous Drugs Act of 2002, in terms of decriminalization of the possession and use of small quantities of drugs for personal use ought to be considered, following, for example, Malaysia’s policy.” This “comprehensive approach must be reflected in the NSS and NSP, and adopted to address the transnational and trans-sectorial nature of organized crime groups operating in multiple illegal markets, with the drug market only being one of those.”

4. *Investigate the interconnections of transnational crime in the Philippines with Chinese organized crime groups.* As illegal drugs and other types of organized crime have international dimensions, it is prudent for the Philippine government to pursue cooperation with China from an informed position. This means recognizing the linkages of crime groups in the Philippines with their counterparts in China. “The experiences of the Chinese nationals and Filipinos affected by sex trafficking and prostitution catered to the Chinese market is a new development that ought to be explored.”
5. *Enforce the rule of law, especially against public officials involved in drug-related illicit crime.* The Philippines’ war on drugs has political dimensions that include the involvement of public officials in all branches of government. The resolve of the administration in its violent anti-illegal drug operations should also be applied in its pursuit of collusions between drug cartels and Filipino politicians and bureaucrats. This requires reforms in the bureaucracy, as well as improving border, customs, and immigration policy. Specifically, “legislation must also be passed to update the 80-year old Commonwealth Act 61, also known as the Philippine Immigration Law of 1940. Currently, Senate Bill 1649 or the Bureau of Immigration Modernization Act of 2020 has been filed in Congress as a response to a recent corruption scandal. The bill aims to upgrade the salary grades

of the personnel and provide prescriptions of penal sanctions for those who violate immigration law and rules. Furthermore, the proposed law seeks to improve immigration services through the creation of a system of documentation, procedures, and requirements for the admission of immigrants and non-immigrants.”

6. *Address strategic deficiencies in anti-money laundering policies.* The Anti-Money Laundering Council (AMLC) already called for “reforms in the Republic Act No. 9160, also known as the Anti-Money Laundering Act (AMLA) of 2001, in the recent congressional hearings. These reforms are especially crucial in preventing the country from being blacklisted by the Financial Action Task Force (FATF) and in addressing the influx of illicit funds into the country. Reform recommendations raised by AMLC chief involve the inclusion of real estate developers as covered persons, including the council’s expansion of investigative powers and the prohibition of an injunction against its freeze and forfeiture powers.” Framing this as part of the strategic policy will give it a semblance of policy urgency.

### **Military Science & Technology**

1. *Adopt policies to improve processed on giving security clearances for Philippine government personnel.* This can include the “full implementation of Executive Order No. 608, s. 2007, which establishes a national security clearance system for government personnel with access to classified matters.”
2. *Include the Governor of the Bangko Sentral ng Pilipinas and other financial officials in the National Security Council.* “The inclusion of financial officials shall provide a more holistic picture given that CPC attempts at elite capture often have a money trail.”
3. *Undertake reforms within the Philippine intelligence sector.* This means the “formulation of a long-term research and intelligence collection plan for the National Security Council and the National Intelligence Coordinating Agency, which specifies the information which national government agencies and local government units must submit.”
4. *Reform Philippine laws against espionage.* There is a need to update “the law on espionage, which currently dates back to

the Commonwealth period, to include political and commercial information which may be used to damage Philippine interests at home and abroad. In addition, there is a need to pass the Official Secrets Act, which will provide for the creation of a system for classifying sensitive information, the protocols for their protection, the protocols for their dissemination, storage, and destruction, and penalties for violations of these provisions; and the institutionalization by law of a national security clearance system, determining the levels of clearance and the standards needed to be given a certain level of clearance, as well as protocols for revoking clearances, updating Executive Order No. 608, s. 2007.”

### **Military Industries**

1. *Learn from the experiences of other countries in their defense procurement.* Failed defense industry procurement by Australia, New Zealand, and the United Arab Emirates should serve as guiding lessons as the Philippines undertake defense industry initiative with Japan. This can manage expectations from both sides and will reduce inefficiency in the production and procurement process.
2. *Reform intellectual property protection.* “The Philippines should consider improving its means of safeguarding the intellectual property and sensitive information about Japanese defense technology if this level of defense partnership is to be seriously pursued. Japan can also help the Philippines develop further its cybersecurity capabilities as part of the defense industry and technological agreements between the two nations. This can help solidify ties between Philippine and Japanese defense companies and better facilitate activities between them, as a secured line of information exchange can help build trust and confidence that classified Japanese defense technology information will be protected.”
3. *Undertake a review of Philippine procurement laws. The legal provision in public participation in procurement may not apply to defense-related purchases given its highly sensitive strategic nature.* “This ‘general public participation,’ instead of congressional oversight, compromises the confidential nature of certain goods and services lined up for procurement.

Amending provisions under RA 9184 is recommended to facilitate speedier and easier processing of defense-related acquisitions with respect to their cost and timing from the moment prospective suppliers have won the bidding. Alternatively, a special law could be made that could grant defense-related acquisitions in support of defense industry and technology partnerships quicker to facilitate.”

4. *Institutionalize public-private interface in defense procurement.* In October 2019, Manila hosted the first Philippines-Japan Defense Industry Forum organized by the international cooperation division of the Japan defense ministry’s Acquisition, Technology & Logistics Agency (ATLA). This provided for government representatives and defense industry firms from both countries to discuss options and share experiences about policies and procedures on the procurement and export of defense equipment and technologies. The first formal engagement among the defense industry and government stakeholders from the Philippines and Japan should be the start of a regular interface between all stakeholders in this endeavor.



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Building on the outcomes of the 4th Katipunan Conference held on August 2019, the edited volume titled “Toward an Enhanced Strategic Policy Thinking in the Philippines” is an avenue for the articulation of strategic policy and features cutting edge research on strategic policy, security studies, and Philippine foreign relations. It brings together works by Philippine security experts from the academe, government, think-tanks in a constructive dialogue.

Since the Duterte administration’s release of the National Security Policy (2016-2022) and for the first time in contemporary Philippine strategic setting, the articulation of the National Strategic Strategy served as the impetus for this project. The clear directions and guidelines set by these two strategic documents have influenced academic research and policy-making.

As a strategic dialogue between scholars and practitioners, the edited volume seeks to create a possible future research agenda for Philippine strategic policy. Most of the contributors are young scholars and mid-career security practitioners who represent the next generation of strategic experts in the country. Hence, a primary goal of the project is to increase their knowledge and experience towards cultivating awareness for an enhanced policy thinking among the country’s strategic community.

This interface is unique because it seeks to bridge the existing divides between academe and government, research and practice, and scholarship and practice. This volume is significant since it continues the rich conversations started by the Katipunan Conference. As a “follow-up” activity with a specific output in mind, this project can push for a timelier and more concrete outcome apart from another gathering of strategic policy experts.

