

SECURITY ASPECTS OF PHILIPPINES-CHINA RELATIONS:

Bilateral Issues and Concerns in the
Age of Global Terrorism



Rommel C. Banlaoi



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*To my wife, Grace
To my son, Rome Melchizedek
and
To my daughter, Ronaiah Gail*

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FOREWORD

Thirty two years have passed since China and Philippines established its diplomatic relations in the year of 1975.

In the past thirty two years, Sino-Philippines relations mainly focused on a rather limited circle—on the economic and cultural areas, or, the low politics area according to the term of international relations. While in the high politics area such as defense and security, there is no sign for development. However, the terrorist attack that happened on September 11 provides a chance for the cooperation and development on the area of security between China and Philippines. Since China and Philippines launched the First Sino-Philippines Defense and Security Dialogue in Manila in May 2005, China and Philippines further developed their relations in an all-around way, covering not only the traditional economic, cultural and diplomatic areas, but also the areas of defense and security. With such great changes in the relations of the two countries, it is necessary for scholars to make theoretical summaries and analyses. That is the purpose which the book presented now serves.

This book is a collection of various works. Chronologically, it selects the papers published after the 9/11 event; as for the subjects, it focuses on the defense and security areas; as for the contents, it covers the analyses on all the three obstacles which affect Sino-Philippines security relations: 1. the South China Sea Disputes; 2. Philippine-American security alliance; and 3. Cross-Strait Conflicts. The author did a quite good job on the selection and, the layout of the book is clear and logic. The author uses the mainstream approaches of international theories to make a rather deep and systematic analysis. At present, there is a trend in some western and foreign scholars—they unreasonably exaggerate the growth of Chinese military expenses, concoct and spread the so-called “China Threat Theory”. In the book, the author makes objective analysis for this problem. The rise of China will benefit Southeast Asia and the whole world as well. Today’s world is a world calling for win-win cooperation; we sincerely hope the friendship between China and Philippines shall last forever.

The author, Professor Rommel C. Banlaoi, is an expert on Sino-Philippines relations; a serious and diligent scholar. In order to get the real and first-hand data and materials, Prof. Banlaoi came to China several

times and looked up numerous books and papers. We can see the precise attitude towards research and his benign affections to China.

I am very happy to see the book being printed, and, also honored to write the foreword for the book. I hope the printing of the book will further boost the development of Sino-Philippines relations, especially on the security area, and, activate more scholars to participate in the study of the area.

Dr. Cao Yunhua

Director of Institute of Southeast Asian Studies

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Since the signing of Memorandum of Understanding between the Philippines and China on defense and security cooperation in May 2005, both countries already held three defense and security dialogues to date. In May 2007, both countries conducted their third defense and security dialogue where they discussed usual topics of mutual security interests. Another dialogue is expected to be held before the end of 2007.

Compared with the two previous dialogues, the third dialogue was more candid and frank in their discussions of the South China Sea Disputes, North Korean Issue and the Taiwan Problem. Both parties even explored the possibility of the Philippines to receive observer status in the Shanghai Cooperation Organization (SCO) and the Six-Party Talks. China also raised the prospects of joint naval exercises with the Philippines to promote their common maritime security interests and the strengthening of their military intelligence exchanges to deepen their security cooperation.

Though a dialogue mechanism is already in place to discuss defense and security issues that affect the Philippines and China, security cooperation between the two countries remains limited to "exchanges of ideas" on regional security issues and "exchanges of visits" of their defense and military officials as well as small token of engineering materials from China. The Philippines is not even ready, as of this writing, to conduct joint bilateral military exercises with China.

Despite this limitation, the Philippines and China are already moving faster in their defense and security cooperation at a pace that makes the United States and its allies really concerned. Will Philippines-China security cooperation lead eventually to the signing of a Status of Forces Agreement (SOFA) similar with the Philippines-American Visiting Forces Agreement (VFA) or with Philippines-Australia Status of Visiting Forces Agreement (SOVFA)? Answer to this question really depends on how far the Philippines and China really want to achieve in their security cooperation. As of this moment however, their security cooperation is still in "confidence-building" stage. It remains to be seen whether their bilateral security cooperation will move to a higher plane.

PREFACE

There is no doubt that China is a rising power. It has been viewed that the Chinese economy will outrank all major powers and will be second only to the United States by 2020. There is also a forecast arguing that China can even surpass the economy of the United States by 2050.

China's rapidly growing economy of at least nine percent annually has also led to the rapid modernization of its armed forces. Recent estimates show that China now has the world's third-largest defense budget with around US\$90 billion per year. Though China contends that its defense budget is far below the US budget, its so-called lack of transparency on military matters is causing security concerns around the world. There is a view that China is posing a "security threat" to the world because of its increased military power resulting from its tremendous economic performance. China's socialist political system aggravates this awesome fear.

But this fear of China is just an over-reaction to the lack of understanding of the real situation of the country. Some scholars have argued that China remains a vulnerable developing country whose military capability can not yet match the preponderance of the world's military power, the United States.

The Philippines is one of China's closest neighbors, geographically, economically, and culturally speaking. Thus, Philippine relations with China is indeed one of its most important bilateral relations. In the past, Philippines-China relations were confined only to economic, cultural, and diplomatic areas. Years of confidence building have recently led to the development of cooperation in security areas.

This book is a collection of essays examining the security aspects of Philippines-China relations. Most of these essays were presented in various international conferences. Some have appeared elsewhere as journal articles or book chapters. The author decided to compile them in a single volume in order to enrich the scanty literature on Philippines-China security relation, which is the most neglected aspect of their bilateral relations.

This book takes stock of the issues surrounding Philippines-China security relations in the aftermath of September 11, 2001 terrorist attacks. It also identifies problematic areas that the Philippines has to face while engaging China in the security matters. It highlights the dilemma

of the Philippines in its security relations with China and recommends some options on how to deal with China particularly in the context of Philippine-American security alliance, South China Sea disputes, and Cross-Straits conflict.

It is the ardent desire of the author to see the publication of this book adding value to the embryonic literature on Philippines-China security relations. Through this collection, the author also hopes to trigger productive debate on the issue and to provide useful inputs to the formulation of a more coherent security policy towards China in the age of global terrorism.

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Philippines-China Security Relations: An Introduction

A “GOLDEN AGE” OF PHILIPPINES-CHINA RELATIONS

9 June 2007 marks the 32nd year of Philippines-China diplomatic relations. Since its establishment in 1975, both countries have gone a long way in their relations. At present, Philippines-China relations may be considered as comprehensive. In 2005, in fact, the Philippine and China celebrated the 30th anniversary of the establishment of Philippines-China diplomatic relations. According to Chinese President Hu Jintao who visited the Philippines that year, the 30th anniversary represented the “golden-age” of Philippines-China relations. That year was also a landmark period in both countries’ bilateral relations as they launched the First Philippines-China Defense and Security Dialogue in May 2005.

In the past, Philippines and China focused more on diplomatic, economic, cultural, and social aspects of their bilateral relations. Cooperation on defense and security matters were deliberately avoided because of mutual suspicions. Though both countries regularly exchanged visits of their defense and military officials, no substantive security cooperation occurred because of the absence of a mechanism to do so. The irritant disputes in the South China Sea and the ambiguous Philippine position on the Taiwan Issue served as major obstacles for the establishment of Philippines-China security cooperation. The “China Threat Theory” fanned by Western analysts after the end of the Cold War also affected Philippines’ security perspectives of China making Manila very wary of Beijing.

But the situation has remarkably changed in the aftermath of the 11 September 2001 (9/11) terrorist attacks on the United States. China supported the US global campaign against terrorism, which created a more “cooperative” image of China in world affairs. The People’s Republic of China (PRC) also made constructive moves to forge closer security relations with the Philippines, an American Major Non-NATO (North Atlantic Treaty Organization) ally and a zealous partner of the US in the global campaign against terrorism. Just a year after 9/11, then Chinese Defense Minister Chi Haotian visited the Philippines on 28 September 2002 to explore the strengthening of Philippines-China defense relations. Then Philippine Defense Secretary Angelo Reyes enthusiastically

received the idea by expanding their military-to-military dialogue and cooperation. It was during this period when both countries approved in principle the holding of an annual defense and security dialogue.

On 7-14 November 2004, Defense Secretary Avelino Cruz visited China. During this visit, the Philippines and China signed the Memorandum of Understanding (MOU) on Defense Cooperation. This agreement launched a new era in Philippines-China relations as both countries decided to cooperate in defense and security matters, particularly in fighting terrorism and non-traditional security threats.

This book attempts to analyze the security aspect of Philippines-China relations. This book finds it imperative to pay attention to the security relationship between the Philippines and China based on the perspective that their bilateral relations will become truly comprehensive only if they include security cooperation. Moreover, the Philippines and China belong to a regional security complex in Asia where the security of one state is inextricably linked with the security of neighboring states.¹ The Philippines, particularly, regards China as part of its strategic space because of common security interests and shared perspectives on regional security. Geographic proximity and cultural familiarity even bring the Philippines and China closer. Thus, security cooperation is an important aspect of Philippines-China relations that needs further scholarly attention.

THE RISE OF CHINA

Faced with a rising power, the Philippines has no choice but to peacefully, constructively, and comprehensively engage China. As the traditional "Middle Kingdom" of Asia, China is proud of its 3,000 years of civilization and recent economic achievements. Since its economic opening in 1979, China has been enjoying an average growth rate of 9.6 per cent.² Though the phenomenal spurt of high growth has sparked fears of overheating, it, however, did not materialize to date.³ Instead, it became the engine of economic development for Asian economies and one of the major drivers of world economic growth.⁴ China has even accumulated the world's largest foreign reserve holding. In September 2006, China's foreign exchange reserves soared to US\$950 billion.⁵ China has also become the leading destination of Foreign Direct Investment (FDI). In 2005 alone, FDI inflow reached the peak of at least US\$60 billion. After the United States and Germany, China has become the third largest exporting economies of the world. In 2005, China's exports reached US\$762 billion with a trade surplus of US\$102 billion.⁶ There is no doubt that China is the world's economic miracle of the 21st century.

Five factors have been identified as sources of China's stunning economic growth: 1. the embrace of market forces; 2. the opening of the domestic economy to trade and inward direct investment; 3. high levels of savings and investment; 4. structural transformation of the labor force; and 5. investment in primary school education.⁷

The consequence of a very high economic growth is a tremendous increase in China's military spending, which has implications for world and regional security as well as Philippine foreign and security policy.

In 2006, it has been noted that China's defense budget has reached US\$35.1 billion, representing an increase of 14.7 per cent compared to previous year. The 2006 military spending has in fact doubled the defense budget in 2000.⁸ If this rate continues, it is projected that China's defense spending will reach threefold or US\$185 billion by 2025.⁹

But this figure does not exactly tell the whole picture of China's defense spending because of the perceived tendency of the PRC to under-report its defense budget. In its annual report of defense spending, the PRC is known to have deliberately excluded military related expenses like foreign arms procurement, expenses related to police budget, funding for nuclear weapons development, and economic activities of its defense industry.¹⁰ The so-called lack of transparency on defense matters is creating fears of China's future military aggression considering that it entered the Korean War in 1950, fought India in a bloody border war in 1962, and invaded Vietnam in 1962.¹¹ It is very important to note, however, that China has not fought a war since Deng Xiaoping opened its economy in 1979. Chinese analysts contend that this indicates China's desire to be a responsible and benign Asian power.

To allay the fear of other countries about the security implications of China's economic rise, the PRC released an official document explaining China's path to peaceful development.¹² Otherwise known as the doctrine of "China's peaceful rise", it is anchored on the principle that "Peace is the foundation for development while development is fundamental for peace." This doctrine aims to assure its neighbors that China's rise will be peaceful and constructive and will not aspire for dominance or "hegemony" of other states.* The peaceful rise doctrine is based on four core principles: 1. Striving for a peaceful international environment to develop itself, and promoting world peace through its own development; 2. Achieving development by relying on itself, together with reform and innovation, while persisting in the policy of opening-up; 3. Conforming

*See Annex A of this book for more discussions on China's peaceful rise.

to the trend of economic globalization, and striving to achieve mutually beneficial common development with other countries; 4. Sticking to peace, development and cooperation, and, together with all other countries, devoting itself to building a harmonious world marked by sustained peace and common prosperity.¹³

In its peaceful rise doctrine, China admits that its domestic economic development needs a peaceful international environment. It has also expressed commitment to ensure that the international environment will be peaceful and secure. Thus, the doctrine of peaceful rise is China's attempt to convince the world that its growing economic and military power will not pose a threat to anyone. Zheng Bijian, Chair of the China Reform Forum, identifies three strategies of the Chinese government to operationalize the doctrine of peaceful rise, to wit:

- The first strategy is to transcend the old model of industrialization and to advance a new one. The old industrialization was characterized by rivalry for resources in bloody wars and by high investment, high consumption of energy, and high pollution. Were China to follow this path, it would harm both others and itself. China is instead determined to forge new path of industrialization based on technology, economic efficiency, low consumption of natural resource relative to the size of its population, low environmental pollution, an the optimal allocation of human resources. The Chinese government is trying to find new ways to reduce the percentage of the country's imported energy sources and to rely more on China's own. The objective is to build a "society of thrift";
- The second strategy is to transcend the traditional ways for great powers to emerge, as well as the Cold War mentality that defined international relations along ideological lines. China will not follow the path of Germany leading up to World War I of those of Germany and Japan leading up to World War II, when these countries violently plundered resources and pursued hegemony. Neither will China follow the path of the great powers vying for global domination during the Cold War. Instead, China will transcend ideological differences to strive for peace, development, and cooperation with all countries of the world; and
- Third strategy is to transcend outdated modes of social control and construct a harmonious socialist society. The functions

of the Chinese government have been gradually transformed, with self-governance supplementing state administration. China is strengthening its democratic institutions and the rule of law and trying to build a stable society based on a spiritual civilization.¹⁴

In other words, the doctrine of China's peaceful rise aims to help in the establishment of a harmonious world that is democratic, harmonious, just, and tolerant. Since the humanity lives in only one planet, China's peaceful rise doctrine is committed to pursue the following:

- **Upholding democracy and equality to achieve coordination and cooperation.** All countries should, on the basis of the UN Charter and the Five Principles of Peaceful Coexistence, promote democracy in international relations through dialogue, communication and cooperation. The internal affairs of a country should be decided by its people, international affairs should be discussed and solved by all countries on an equal footing, and developing countries ought to enjoy the equal right to participate in and make decisions on international affairs. All countries should respect each other and treat each other equally. No country is entitled to impose its own will upon others, or maintain its security and development at the price of the interests of others. The international community should oppose unilateralism, advocate and promote multilateralism, and make the UN and its Security Council play a more active role in international affairs. When dealing with international relations, it is necessary to persist in proceeding from the common interests of all the people throughout the world, make efforts to expand common interests, enhance understanding through communication, strengthen cooperation through understanding and create a win-win situation through cooperation;
- **Upholding harmony and mutual trust to realize common security.** All countries should join hands to respond to threats against world security. We should abandon the Cold War mentality, cultivate a new security concept featuring mutual trust, mutual benefit, equality and coordination, build a fair and effective collective security mechanism aimed at jointly preventing conflict and war, and cooperate to eliminate or reduce as much as possible threats from such non-traditional security problems as terrorist activities, financial crises and