

**Don't Get the Wrong Impression:  
Revisiting the Philippines-China Relationship  
of Comprehensive Strategic Cooperation**  
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In a show of international friendship, President Rodrigo Duterte and President Xi Jinping elevated Philippines-China ties from the 2005 Strategic and Cooperative Relationship for Peace and Development (SCRPD)<sup>1</sup> to a relationship of Comprehensive Strategic Cooperation (CSC) in a 2018 joint statement.<sup>2</sup> This upgraded arrangement is an outcome of President Duterte's recalibrated approach toward China that has since resulted in a positive turn in the Philippines-China relationship.

With the positive trajectory of bilateral ties came remarks about the closeness between the two countries. This apparent closeness continues to endure even with the COVID-19 pandemic. During a phone conversation with President Duterte on 11 June 2020, President Xi emphasized "China's commitment to the international community to make any [COVID-19] vaccine it develops a global public good and that as a friendly neighbor, China certainly considers the Philippines as a priority." In response, President Duterte stated that the Philippines "will always be a friend of the Chinese people and will not allow anyone to use the Philippines to engage in anti-China activities."<sup>3</sup>

More than half a year since these statements, China has donated vaccines to 53 countries, with the Philippines becoming one of the latest additions to the list of recipients toward the end of February 2021.<sup>4</sup> Chile, Indonesia, and Serbia are among the first countries to have received the vaccine.<sup>5</sup>

But while these statements and developments underpin great optimism in the Philippines-China relationship, clarity must be sought as to where the Philippines stands in the order of China's concerns with the CSC relationship. Overestimating the

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<sup>1</sup> "Joint Statement of the People's Republic of China and the Republic of the Philippines," Embassy of the People's Republic of China in the Republic of the Philippines, 28 April 2005, <http://ph.china-embassy.org/eng/zfgx/zzgx/t199778.htm>.

<sup>2</sup> "Joint Statement between the Republic of the Philippines and the People's Republic of China," Department of Foreign Affairs, 21 November 2018, <https://www.dfa.gov.ph/dfa-news/statements-and-advisoriesupdate/18537-philippines-china-joint-statement-on-the-state-visit-of-chinese-president-xi-jinping-to-the-philippines>.

<sup>3</sup> "Statement: Telephone Conversation with H.E. Xi Jinping, President of the People's Republic of China," Office of the President of the Philippines, 11 June 2020, <https://pcoo.gov.ph/wp-content/uploads/2020/06/20200612-Statement-Telephone-Call-China-OPP.pdf>; "Xi Calls for Coordinated Efforts to Promote China-Philippines Cooperation," Xinhua, 12 June 2020, [http://www.xinhuanet.com/english/2020-06/12/c\\_139133288.htm](http://www.xinhuanet.com/english/2020-06/12/c_139133288.htm).

<sup>4</sup> "Update: Chinese Vaccines Donated to 53 Developing Countries, Exported to 27 Nations," *Global Times*, 1 March 2021, <https://www.globaltimes.cn/page/202103/1216920.shtml>.

<sup>5</sup> Wu, Huizhong, and Kristen Gelineau. "Chinese Vaccines Sweep Much of the World, despite Concerns." AP NEWS, March 2, 2021. <https://apnews.com/article/china-vaccines-worldwide-0382aef-a52c75b834fbaf6d869808f51>.

Philippines' importance to China based on the 2018 elevation of ties would only create false expectations.

This paper argues that “priority” treatment by China toward the Philippines has yet to be observed under the upgraded 2018 CSC relationship.

The 2018 CSC relationship mostly covers areas of cooperation already previously covered in the 2005 SCRPD, such as defense and security, the South China Sea disputes, trade, agriculture, infrastructure, tourism, and people-to-people exchange. However, the CSC relationship still ranks relatively low among China’s international partnerships. Moreover, a review of Philippines-China collaboration on the Belt and Road Initiative (BRI), a new area of cooperation under the 2018 CSC relationship, and in the South China Sea, where cooperation has since been expanded, so far shows mixed results.

### Low Rank among China’s International Partnerships

Unlike the Philippines, China has no formal allies; instead, it has international partners. International partnerships are typically less focused on military security than alliances. In general, China builds partnerships based on regional strategy and market access considerations. In the past, China has pursued denser partnerships with countries perceived to be strategically more important in that region and economically more important for Chinese trade.<sup>6</sup>

Although the Philippines is exceptional because it is the only country with whom China has a CSC relationship, the arrangement is unremarkable compared to China’s other international partnerships.

In ASEAN, for example, the Philippines remains the only country not to have a formal partnership with China. Table 1 lists the labels China and ASEAN countries attach to their bilateral relationships.

Table 1. China’s labels for partnerships with ASEAN countries

ASEAN Partner	Label	Year Established
Brunei	Strategic Cooperative Partnership	2018
Cambodia	Comprehensive Strategic Partnership of Cooperation	2010
Indonesia	Comprehensive Strategic Partnership	2013
Laos	Comprehensive Strategic and Cooperative Partnership	2009
Malaysia	Comprehensive Strategic Partnership	2013
Myanmar	Comprehensive Strategic Cooperative Partnership	2011

<sup>6</sup> Georg Strüver, “China’s Partnership Diplomacy: International Alignment Based on Interests or Ideology,” *Chinese Journal of International Politics* 10, no. 1 (Spring 2017): 31–65, <https://doi.org/10.1093/cjip/pow015>.

Philippines	Comprehensive Strategic Cooperation	2018
Singapore	All-Round Cooperative Partnership Progressing with the Times	2015
Thailand	Comprehensive Strategic Cooperative Partnership	2012
Vietnam	Comprehensive Strategic Partnership of Cooperation	2008

A plain reading of these labels suggests that the 2018 CSC arrangement is only a marginal upgrade. Like the Philippines under the 2005 SCRPD with China, Brunei also had a “strategic cooperative relationship”—the “SCR” in the SCRPD—with China in 2013. But unlike the Philippines, Brunei eventually upgraded its ties with China to a formal partnership in 2018.

The Philippines-China CSC arrangement lacks the label “partnership,” which may suggest that, in China’s eyes, the Philippines enjoys a lower-level bilateral relationship. The converse may also be true: The Philippines agreed to the labeling, which may suggest that the country is just as apprehensive as China to embark on a formal partnership.

Furthermore, a hierarchical view of China’s international partnerships underscores how incremental an upgrade the 2018 CSC arrangement was. China uses more than 20 labels for its partnerships. Some scholars have suspected that the labeling reflects a hierarchy.<sup>7</sup> One study groups such partnerships into 12 levels, reproduced in table 2. In general, higher-level arrangements reflect a greater degree of consensus with China on strategic issues and feature cooperation on a wider range of areas, closer collaboration, and more regular exchanges.

Table 2. China’s labels for international partnerships

Label	Example Partner Country
1. Comprehensive strategic partnership of coordination	Russia
2. Comprehensive strategic cooperative partnership	Vietnam, Cambodia, Myanmar, Laos, Thailand
3. Strategic cooperative partnership	South Korea, India, Brunei
4. Comprehensive strategic partnership	Australia, Indonesia, Malaysia
5. Strategic partnership	ASEAN
6. Strategic cooperative relations	Brunei

<sup>7</sup> See, e.g., Strüver, “China’s Partnership Diplomacy”; Quan Li and Min Ye, “China’s Emerging Partnership Network: What, Who, Where, When and Why,” *International Trade, Politics and Development* 3, no. 2 (2019): 66–81, <https://doi.org/10.1108/itpd-05-2019-0004>; Zhong Zhenming and Yang Yanqi, “Alliance Forging or Partnership Building? China’s Policy in the Asia-Pacific under the Xi Administration,” *International Spectator* 55, no. 1 (2020): 62–77, <https://doi.org/10.1080/03932729.2020.1712137>. See also Jiun Bang, “Why So Many Layers? China’s ‘State-Speak’ and Its Classification of Partnerships,” *Foreign Policy Analysis* 13, no. 2 (2017): 380–97, <https://doi.org/10.1093/fpa/orw063>.

7. Comprehensive (or all-round) friendly cooperative partnership	Belgium
8. Comprehensive cooperative partnership	Singapore
9. Cooperative (or friendly) partnership	Finland
10. Friendly cooperative relationship	Columbia
11. Traditional friendly relationship	Georgia
12. Strategic relationship of mutual benefit	Japan

Source: Shengsong Yue, "Towards a Global Partnership Network: Implications, Evolution and Prospects of China's Partnership Diplomacy," *Copenhagen Journal of Asian Studies* 36, no. 2 (2018): 5–27, <https://doi.org/10.22439/cjas.v36i2.5647>.

Based on the hierarchy in table 2, the Philippines was at the sixth level under the 2005 SCRPD. The 2018 CSC relationship adds the modifier "comprehensive," indicating wider-ranging cooperation. However, as noted, the lack of the label "partnership" puts the CSC below a "strategic partnership," instead sitting between the fifth and sixth levels. The CSC relationship thus appears to be only a half-step upgrade from the 2005 arrangement.

Insofar as Chinese partnership diplomacy prioritizes regional strategy and market access considerations, China's lower-level relationship with the Philippines reflects Chinese foreign policy makers' assessment of the country as a lower-priority target in China's political and economic strategy in Southeast Asia.

Indeed, a RAND study found that as of 2018, the Philippines was one of the countries in Southeast Asia least aligned with China's foreign policy goals: It was not (yet) a destination of big-ticket projects under the BRI, a key partner in China's diplomacy with ASEAN, or a driver of China's economic development (in terms of trade, investment, and energy flows). It was also not (yet) a country with a high degree of policy harmonization with China. Instead, China's partnership with the Philippines had been driven by the goals of undermining the country's alliance with the US and managing the South China Sea disputes. Overall, the study emphasized that the Philippines had not (yet) been crucial for Chinese foreign policy.<sup>8</sup> This finding should not be surprising given the two countries' long history of mistrust, most prominently over the South China Sea issue.

Of course, that the Philippines is a relatively low priority for China presents an opportunity to improve that standing. This may require the Philippines to make substantial accommodations to harmonize Philippine foreign policy with Chinese preferences. But the converse is also true: China, too, must make accommodations if the two countries are to build a durable partnership. Unfortunately, as will be discussed

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<sup>8</sup> Bonny Lin et al., *Regional Responses to U.S.-China Competition in the Indo-Pacific: Study Overview and Conclusions* (Santa Monica, CA: RAND Corporation, 2020), 19–27, <https://doi.org/10.7249/RR4412>. The study found that the top-priority countries for China in Southeast Asia were Thailand, Myanmar, and Malaysia.

below, experience in the BRI and the South China Sea issue since the 2018 CSC arrangement reveals that significant improvements have yet to materialize.

### **BRI Cooperation: A Function of Mutual Interests, Not Special Treatment**

Alongside the elevation of ties to a CSC relationship in 2018 was the signing of the Memorandum of Understanding (MOU) on BRI cooperation. Since then, a surge was seen in mainland Chinese investment in the Philippines. China's foreign investments in the Philippines increased from USD 47 million in 2017 to USD 975 million in 2018.<sup>9</sup> By 2019, the investments recorded a 174 percent increase, amounting to USD 1.7 billion.<sup>10</sup> In 2019 alone, greenfield investment amounted to USD 2,060 million, 41.75 percent of which went to the technology sector, 24.27 percent to metals (steel), 19.42 percent to energy, and 14.56 percent to the transport sector.<sup>11</sup>

China remains to be an important trade partner for the Philippines. China is the country's top source of imports.<sup>12</sup> Data shows that China has also gradually been rising in rank among the country's top export destinations. In December 2018, China placed fourth among the country's top export destinations preceded by the US, Japan, and Hong Kong; but in November 2020, China moved up to the second rank, overtaking Japan and Hong Kong.<sup>13</sup>

Since the signing of the MOU on BRI cooperation in 2018, infrastructure projects such as the Chico River Pump Irrigation Project, the Binondo-Intramuros and Estrella-Pantaleon Bridges, the New Centennial Water Source-Kaliwa Dam Project, among others, have increasingly been framed as part of the BRI.<sup>14</sup> These BRI projects are currently in the implementation phase.

However, how the BRI relates to the wider picture of the Philippines-China economic relations remains obscure. In the Philippines, BRI is often framed as an infrastructure financing initiative. However, official policy documents define the BRI as a regional initiative that aims to promote political coordination, facility connectivity, trade liberalization, financial integration, and people-to-people bonds.<sup>15</sup> Based on these official pronouncements, the objectives of BRI go beyond infrastructure projects and involve trade and investment flow programs. The BRI, therefore, cannot simply be discounted in discussing the positive economic developments between the Philippines and China since the signing of its MOU in 2018.

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<sup>9</sup> "Philippines-China Business Relations," Board of Investments, 2020, <https://boi.gov.ph/cifit-2020-philippines-china-business-relations/>.

<sup>10</sup> "Philippines-China Business Relations."

<sup>11</sup> "China Global Investment Tracker," American Enterprise Institute, 2020, <https://www.aei.org/china-global-investment-tracker/>.

<sup>12</sup> "Philippines-China Business Relations."

<sup>13</sup> Philippine Statistics Authority, "Highlights of the Philippine Export and Import Statistics," news release, 2020, <https://psa.gov.ph/statistics/foreign-trade/fts-release-id/163744>.

<sup>14</sup> Embassy of the People's Republic of China in the Philippines, "Belt and Road Primer," news release, April 2019, <http://ph.china-embassy.org/eng/sqdt/t1653564.htm>.

<sup>15</sup> "Full Text: Vision and Actions on Jointly Building Belt and Road - Belt and Road Forum for International Cooperation," National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce, 2017, <http://2017.beltandroadforum.org/english/n100/2017/0410/c22-45.html>.

While the Philippines has the BRI to thank for these positive developments, it becomes all the more important to understand the nature of how BRI operates. The BRI works on mutual interests, meaning, China's financial assistance is not a result of benevolence or special treatment but is part of an initiative that likewise works to serve its own geopolitical and geo-economic interests. These interests include the boosting of China's soft power and international image<sup>16</sup> and addressing the problem of overcapacity.<sup>17</sup>

The build-up of the BRI is gradually becoming more apparent in the Philippines. But with publicity, comes scrutiny. Local stakeholders, including politicians and local communities, have raised concerns on project viability and sustainability,<sup>18</sup> social and environmental impacts,<sup>19</sup> and foreign worker quotas.<sup>20</sup> All of which have been carefully addressed by the Chinese Embassy in the Philippines<sup>21</sup> and concerned Philippine government agencies,<sup>22</sup> underscoring the effort to manage the BRI's image and keep it in a positive light.

China's problem of overcapacity, particularly in the sectors of steel and cement, has also been discussed as part of China's policy intentions behind the BRI. Apart from exporting surplus products, the BRI incentivizes domestic producers to accelerate outward investment in what China terms as "production capacity cooperation".<sup>23</sup> In effect, BRI facilitates China's global redistribution of its production capacity in sectors with overcapacity such as steel, cement, glass, aluminum, among others, through

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<sup>16</sup> Voon, Jan P., and Xinpeng Xu. "Impact of the Belt and Road Initiative on China's Soft Power: Preliminary Evidence." *Asia-Pacific Journal of Accounting & Economics* 27, no. 1 (January 2, 2020): 120–31. <https://doi.org/10.1080/16081625.2020.1686841>.

<sup>17</sup> Freeman, Duncan. "The Belt and Road Initiative and the Overcapacity Connection." In *The Belt and Road Initiative and Global Governance*, by Maria Carrai, Jean-Christophe Defraigne, and Jan Wouters, 120–38. Edward Elgar Publishing, 2020. <https://doi.org/10.4337/9781789906226.00012>.

<sup>18</sup> Metropolitan Waterworks and Sewerage System. (2020, January 8). MWSS' Clarifications on the Kaliwa Dam. <https://mwss.gov.ph/mwss-clarifications-on-the-kaliwa-dam/>

<sup>19</sup> Ibid, Metropolitan Waterworks and Sewerage System.

<sup>20</sup> CNN. (2020, October 30). Zubiri wants cap on number of foreigners that can be hired for gov't projects. <https://cnnphilippines.com/news/2020/10/30/Migz-Zubiri-limit-foreign-workers-construction-PH.html>

<sup>21</sup> Embassy of the People's Republic of China in the Philippines. (2020, January 13). Chinese Embassy Spokesperson's Comment on the Kaliwa Dam Project. <http://ph.china-embassy.org/eng/sqfyrbt/731458.htm>

<sup>22</sup> National Irrigation Administration. (2019, May 9). *NIA clarifies issues on Chinese workers at Chico River PIP* <https://www.nia.gov.ph/?q=content/nia-clarifies-issues-chinese-workers-chico-river-pip>. Metropolitan Waterworks and Sewerage System. (2020, January 8). MWSS' Clarifications on the Kaliwa Dam. <https://mwss.gov.ph/mwss-clarifications-on-the-kaliwa-dam/>

<sup>23</sup> Freeman, Duncan. "The Belt and Road Initiative and the Overcapacity Connection." In *The Belt and Road Initiative and Global Governance*, by Maria Carrai, Jean-Christophe Defraigne, and Jan Wouters, 120–38. Edward Elgar Publishing, 2020. <https://doi.org/10.4337/9781789906226.00012>.

investments.<sup>24</sup> In the Philippines, steel related investments rank second in the top sectors that receive greenfield investment from China.<sup>25</sup>

Therefore, the positive developments are a product of a two-way interaction and not borne out of special treatment. In any case, the Philippines has yet to see and ensure that the investments and infrastructure projects will prove to be sustainable and will facilitate economic growth in the long run.

### Pushbacks in the South China Sea

The Philippines still finds itself occasionally pushing back against China on the South China Sea issue despite the two countries' CSC relationship. The Philippines-China Bilateral Consultation Mechanism on the South China Sea (BCM), a twice-yearly forum established in 2017, is the two countries' main mechanism to manage the disputes, but it does not always deliver.

The swarming of Chinese ships near Philippine-occupied Thitu Island, which reached more than 90 ships in December 2018 and spiked again to around 80 ships in February 2019, prompted the Philippines to publicly issue a protest to China in April 2019.<sup>26</sup> Both sides had discussed the issue in the BCM, but as of October 2020, Chinese ships remain near the island.<sup>27</sup>

In June 2019, a Chinese ship collided with, sank, and abandoned a Filipino fishing boat in the Reed Bank, within the Philippine exclusive economic zone, prompting the Philippines to bring up the incident not only in the BCM but also internationally before the 29th Meeting of State Parties to the UN Convention on the Law of the Sea.<sup>28</sup>

Despite the BCM, the Philippines continues to publicly protest China's sovereignty assertions in the South China Sea, including (1) China's communications at the UN Commission on the Limits of the Continental Shelf,<sup>29</sup> (2) its sinking of a Vietnamese vessel, (3) a Chinese warship's pointing of a radar gun against a Philippine Navy vessel, (4) China's creation of new administrative districts and naming of undersea features and reefs, (5) Chinese ships' unauthorized marine scientific research

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<sup>24</sup> Freeman, Duncan. "The Belt and Road Initiative and the Overcapacity Connection." In *The Belt and Road Initiative and Global Governance*, by Maria Carrai, Jean-Christophe Defraigne, and Jan Wouters, 120–38. Edward Elgar Publishing, 2020. <https://doi.org/10.4337/9781789906226.00012>.

<sup>25</sup> The American Enterprise Institute and The Heritage Foundation. 2020. China Global Investment Tracker. Accessed <https://www.aei.org/china-global-investment-tracker/>

<sup>26</sup> "Under Pressure: Philippine Construction Provokes a Paramilitary Response," Asia Maritime Transparency Initiative, Center for Strategic and International Studies, 6 February 2019, <https://amti.csis.org/under-pressure-philippine-construction-paramilitary-response/>.

<sup>27</sup> Similarity, "Significant Increase in Foreign Ships Gathering in Pag-asa (Thitu) Island Revealed by New South China Sea Alert Service," news release, 28 October 2020, <https://similarity.com/scs-monitoring-press-release/>. See also "The Long Patrol: Staredown at Thitu Island Enters Its Sixteenth Month," Asia Maritime Transparency Initiative, Center for Strategic and International Studies, 5 March 2020, <https://amti.csis.org/the-long-patrol-staredown-at-thitu-island-enters-its-sixteenth-month/>.

<sup>28</sup> "Statement of Foreign Affairs Secretary Teodoro L. Locsin Jr. at the 29th Meeting of States Parties to the UN Convention on the Law of the Sea Agenda Item 8," Department of Foreign Affairs, 17 June 2019, <https://www.dfa.gov.ph/dfa-news/statements-and-advisoriesupdate/23011-statement-of-foreign-affairs-secretary-teodoro-l-locsin-jr-at-the-29th-meeting-of-states-parties-to-the-un-convention-on-the-law-of-the-sea-agenda-item-8>.

<sup>29</sup> The Philippines also separately protested Malaysia's claim.

activities in Philippine waters, and most recently, (6) China's enactment of a law authorizing its coast guard to use force to protect purported Chinese rights within the illegal "nine-dash line."<sup>30</sup> As of February 2021, the Philippines has filed 60 diplomatic protests against China on the South China Sea issue since the start of the Duterte administration.<sup>31</sup>

Nonetheless, initial discussions under the BCM framework eventually led to the 2018 Philippines-China MOU on Cooperation on Oil and Gas Development, which aims to facilitate the negotiation of a joint development agreement in the South China Sea.<sup>32</sup> However, despite the 12-month timeline prescribed in the MOU, the Philippines and China have yet to reach an agreement. The Philippines' lifting of a moratorium on oil exploration in the West Philippine Sea indicates the country's optimism about the negotiations,<sup>33</sup> but whether joint development will happen remains to be seen.

Philippines-China cooperation in the South China Sea also extends to working together toward the early conclusion of negotiations between ASEAN countries and China on a code of conduct in the South China Sea (COC). The Philippines aims to wrap up talks while it is the ASEAN Country Coordinator for China for the term 2018–2021. But in August 2019, President Duterte complained that China was delaying COC negotiations.<sup>34</sup> President Duterte and President Xi later agreed to fast-track negotiations,<sup>35</sup> but China has been making the same promise since 2016.<sup>36</sup>

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<sup>30</sup> Permanent Mission of the Republic of the Philippines to the UN Secretary-General, Note Verbale No. 000191-2020, 6 March 2020, [https://www.un.org/Depts/los/clcs\\_new/submissions\\_files/mys\\_12\\_12\\_2019/2020\\_03\\_06\\_PHL\\_NV\\_U\\_N\\_001.pdf](https://www.un.org/Depts/los/clcs_new/submissions_files/mys_12_12_2019/2020_03_06_PHL_NV_U_N_001.pdf); "Statement: On the Sinking of a Vietnamese Fishing Vessel in the South China Sea," Department of Foreign Affairs, 8 April 2020, <https://www.dfa.gov.ph/dfa-news/statements-and-advisoriesupdate/26621-statement-on-the-sinking-of-a-vietnamese-fishing-vessel-in-the-south-china-sea>; Sofia Tomacruz, "PH Protests China's Aggressive Moves in South China Sea during Pandemic," *Rappler*, 22 April 2020, <https://www.rappler.com/nation/258728-philippines-protests-china-aggressive-expansion-south-china-sea-april-2020>; "Statement: On China's Self-Declared 'Nansha' and 'Xisha' Districts in the South China Sea and Naming of Features in the KIG," Department of Foreign Affairs, 30 April 2020, <https://www.dfa.gov.ph/dfa-news/statements-and-advisoriesupdate/26755-statement-on-china-s-self-declared-nansha-and-xisha-districts-in-the-south-china-sea-and-naming-of-features-in-the-kig>; "Latest Developments in the West Philippine Sea," Department of Foreign Affairs, n.d., <https://dfa.gov.ph/dfa-news/dfa-releasesupdate/28616-latest-developments-in-the-west-philippine-sea>.

<sup>31</sup> "Latest Developments in the West Philippine Sea."

<sup>32</sup> "Memorandum of Understanding on Cooperation on Oil and Gas Development between the Government of the People's Republic of China and the Government of the Republic of the Philippines," Ministry of Foreign Affairs of the People's Republic of China, 27 November 2018, [https://www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/2649\\_665393/t1616644.shtml](https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/t1616644.shtml).

<sup>33</sup> Department of Energy, "Pres. Duterte Okays Lifting of Oil Exploration Moratorium in WPS," news release, 15 October 2020, <https://www.doe.gov.ph/press-releases/pres-duterte-okays-lifting-oil-exploration-moratorium-wps>.

<sup>34</sup> Darryl John Esguerra, "Duterte: China Delaying Completion of South China Sea Code of Conduct," *Philippine Daily Inquirer*, 8 August 2019, <https://globalnation.inquirer.net/178772/duterte-china-delaying-completion-of-south-china-sea-code-of-conduct>.

<sup>35</sup> Neil Erwin Mercado, "Duterte, Xi Agree to 'Fast Track' Code of Conduct in South China Sea—Palace," *Philippine Daily Inquirer*, 1 September 2019, <https://globalnation.inquirer.net/179600/duterte-xi-agree-to-fast-track-code-of-conduct-in-south-china-sea-palace>.

<sup>36</sup> Tan Hui Yee, "China Calls for Fast-Track Talks on Code of Conduct," *Straits Times*, 26 July 2016, <https://www.straitstimes.com/asia/china-calls-for-fast-track-talks-on-code-of-conduct>.

## Implications for the Philippines

### *What's in a Label?*

The Philippines should regularly revisit and reassess its external relationships, including that with China. The label of the relationship offers the first clue to finding out where the Philippines stands from China's viewpoint. Compared to the labels China confers to its relationships with other countries, the CSC relationship appears at best a modest arrangement.

But labels are only as good as the reality they represent. Monitoring the commitments made in the 2018 joint statement can help determine whether cooperation under the CSC relationship has been comprehensive enough and whether it continues to serve both countries' strategic interests. More than a few years since the establishment of the CSC relationship, cooperation on the BRI and the South China Sea issue has yet to yield unambiguously positive results for the Philippines. An agenda for future research is to similarly evaluate the state of Philippines-China collaboration in the other areas of cooperation mentioned in the 2018 joint statement.

Nonetheless, experience in the BRI and the South China Sea issue, as the most salient areas of cooperation between the Philippines and China, suggests that the Philippines should have a more realistic perception of its "priority" treatment from China—or lack thereof. The elevation of ties to a CSC relationship and positive remarks from the two countries' leaders should always be weighed alongside actual progress in different areas of cooperation to arrive at a more in-tune assessment of the relations. Furthermore, the Philippines should not expect that warm relations will continue in the future just because of the CSC relationship.

### *Uncertain Future*

The future trajectory of the relationship will likely be determined by how the Philippines and China will handle the South China Sea disputes. Despite an assurance in the 2018 joint statement that "contentious issues are not the sum total of China-Philippines bilateral relations and should not exclude mutually beneficial cooperation in other fields," pushing back against China too strongly will likely affect the entire bilateral relationship.

The Philippine experience during the 2012 Scarborough Shoal standoff is instructive. When the Philippines refused to withdraw its lone ship from the shoal, China responded by imposing restrictions on Philippine banana exports and suspending tours to the Philippines in May 2012. The Philippines eventually withdrew its ship in June 2012, but China maintained its presence in the shoal.

The next year, in January 2013, the Philippines initiated arbitration proceedings, and in response, China cancelled all top-level bilateral meetings with Philippine officials, including presidential summits. Bilateral ties remained cold until the Philippines changed its approach in 2016 under President Duterte.<sup>37</sup>

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<sup>37</sup> Renato De Castro, "The Philippines Confronts China in the South China Sea: Power Politics vs. Liberalism-Legalism," *Asia Perspective* 39, no. 1 (January–March 2015): 71–100,

While trade at the macro level continued to grow under the Aquino administration despite the 2012 standoff,<sup>38</sup> the difficulties in the economic relations manifested in the areas of tourism and agricultural exports. This stands in stark contrast with the economic relations under the Duterte administration, which has witnessed massive amounts of aid and investment pledges, soft loans, and grants from China, increased tourist exchanges, and commitment from China to increase import of Philippine agricultural products.<sup>39</sup>

Of course, the Philippines stands to benefit from its reinvigorated economic relationship with China. However, increased economic flows may also increase the country's economic dependence on China and make the Philippines more vulnerable to trading disruptions should China decide to repeat history and unilaterally restrict flows to and from the Philippines.

### *Upgrading the “Upgraded” Relationship*

A review of relations under the CSC relationship will help the Philippines not only avoid false expectations but also pinpoint areas for improvement. Setting standards can also aid in promoting norms that will guide the relations.

For example, on BRI implementation, both sides must commit to ensuring transparent processes and reporting, active stakeholder engagement, and accountability.

On the South China Sea issue, the two countries should avoid aggravating the disputes while talks are ongoing at the bilateral and ASEAN-China levels to find solutions to manage the conflict. In these talks, both sides should also prioritize practical cooperation in accordance with international law.

Optimism aids in facilitating cooperation, but it must always remain in check. In the end, the goal is not to become special to China, but to see the relationship as it is to make the most out of it.

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<https://doi.org/10.1353/apr.2015.0010>; Ketian Zhang, “Cautious Bully: Reputation, Resolve, and Beijing’s Use of Coercion in the South China Sea,” *International Security* 44, no. 1 (Summer 2019): 117–59, [https://doi.org/10.1162/isec\\_a\\_00354](https://doi.org/10.1162/isec_a_00354).

<sup>38</sup> Bich Tran, “Presidential Turnover and Discontinuity in the Philippines’ China Policy,” *Asian Perspective* 43, no. 4 (2019): 621–46. <https://doi.org/10.1353/apr.2019.0026>.

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