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## PHILIPPINE-CHINA BILATERAL RELATIONS IN THE 1990S

By

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Allow me at the outset to express my appreciation to the UP Asian Center, the Philippine Association for Chinese Studies, and the Philippine Development Research Center for their invitation to speak before the Seminar Workshop on Philippine-China Relations: Assessment and Prognosis.

I intend to discuss with you the important developments in Philippine-China relations in the 1990s. This period is significant as indications point to a more active cooperation between the two countries, compared to the previous decade. Due consideration shall be given to the influence of international events, such as the end of the Cold War, on Philippine-China relations, as this development has an impact on the formulation of the two countries' respective foreign policies.

### *Political Relations*

On the political front, the 1990s saw a healthy exchange of high-level visits from both sides. Premier Li Peng came to the Philippines in December 1990, while President Ramos paid a visit to China in April 1993. Other visitors from PROC include NPC Chairperson Qiao Shi, Vice Premier and Foreign Minister Qian Qichen, Minister Wu Yi of the Ministry of Foreign Trade and Economic Cooperation (MOFTEC), Minister Li Tieying of the State Commission for the Restructuring of the Economy, Minister Ai Jisheng of the Ministry of Film, TV and Radio and Hon. Ju Liang, Chairperson of the NPC Foreign Relations Committee.

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Other Philippine visitors to China, on the other hand, include Vice President Joseph Estrada, Speaker Jose de Venecia and other members of the House of Representatives, Senator Blas Ople, Chairperson of the Senate Foreign Relations Committee and members of his committee, Secretary Roberto R. Romulo of the Department of Foreign Affairs, Secretary Rizalino Navarro of the Department of Trade and Industry, Secretary Roberto Sebastian of the Department of Agriculture, Secretary Angel Alcala of the Department of Environment and Natural Resources, Secretary Ricardo Gloria when he was still with the Department of Science and Technology, and Director General Cielito Habito of the National Economic and Development Authority.

Major agreements reached during the period under review were those on tourism cooperation, signed in 1990, investments protection, in 1992, economic and technical cooperation, in 1993, plus the annual trade protocol and the biennial cultural, tourism and science and technology protocols. The signing of the protocol agreements were preceded by negotiations. Fourteen private sector agreements were also signed during the visit of President Ramos to Beijing.

A regular feature of Philippine-China relations is the annual bilateral negotiations held at the senior officials' level, where all aspects covering the relations between the two countries are reviewed.

In recognition of China as an important actor in the region, the Philippines has actively supported China's participation in three regional meetings, namely, the Asia-Pacific Economic Cooperation (APEC), the ASEAN Post-Ministerial Meeting, and the ASEAN Regional forum held for the first time this year in Bangkok. The Philippines also actively sought China's participation in a series of workshops on "Managing Potential Conflicts in the South China Sea" which was sponsored by Indonesia. Separate bilateral talks with China are always sought by the Philippines in the course of these regional meetings. To date, President Ramos and President Jiang Zemin have conducted three meetings, in addition to the numerous bilateral meetings held by ministers and senior officials of both countries.

These high-level contacts have led to a more transparent conduct of bilateral exchanges. The two sides have acknowledged

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the usefulness of this exercise, as it leads to a better understanding of each other's concerns while at the same time enhancing friendly and harmonious relations.

The Philippine government accords a high priority to these contacts with China's leaders, in view of the changing geopolitical landscape in the Asia-Pacific region brought about by the end of the Cold War. Also, there is a need for the Philippines to take full advantage of the growing economic dynamism of the region, particularly that of China. For the Philippines, China is an important partner in regional affairs. It is a major world power, one that is located in Asia and very close to the Philippines, has the largest population in the world, is a nuclear power, a permanent member of the United Nations Security Council, and therefore recognized universally as a principal actor in world politics and an influential power in Asia. China also represents a large potential market for Philippine products and an alternative source of imports and appropriate technology.

On the more sensitive issue of disputes in the South China Sea, both parties have agreed to shelve the issue of sovereignty and to consider more positive approaches such as joint development of the area and similar confidence-building measures. During Minister Qian's visit to Manila in 1992, China demonstrated its interest in contributing to regional peace and stability when it supported, in principle, the ASEAN Declaration on the South China Sea.

On the Taiwan issue, China has warned the Philippines of Taiwan's increasingly aggressive posture to gain international recognition particularly in the region, through its "look South" policy. The Philippines has always assured China of its adherence to its one-China policy, but has, at the same time, appealed to China's understanding of its economic relations with Taiwan.

### *Economic Relations*

While the Philippines is admittedly behind most of its ASEAN partners in trading with China, bilateral contacts in the 1990s have produced encouraging results. Although the bilateral trade volume in the 1980s hovered around a 12 percent annual average growth, this increased to an average of 20 percent in the

1990s (Table 1), with the highest volume recorded last year at \$494 million. What is more encouraging is that in the first seven months of 1994, two-way volume of trade jumped to \$377 million, representing an 87 percent increase compared to the same period last year. Equally notable in the last four years, Philippine exports to China registered an average annual increase of 36 percent, way above the 12 percent average annual growth rate of China's exports to the Philippines. A linear projection of this trend would therefore point to a reduction of the Philippines' trade gap vis-à-vis China.

China's open-door policy has contributed greatly to the introduction of reforms in the international trading regime. Believing that China's economic liberalization would proceed more smoothly if it is within the ambit of GATT, the Philippines assured China of support in its bid to be a GATT member. In this manner, the liberalization of Chinese imports and foreign exchange would make the entry of Philippine products into the Chinese market much easier.

The Philippines, on the other hand, dropped its trade balancing program with China and relaxed visa regulations by extending the validity of temporary entry to 59 days, and by allowing the issuance of multiple entry visas to Chinese nationals. The Department of Trade and Industry also sent a Commercial Counselor to Beijing in September 1994. He is scheduled to eventually open a commercial office in Guangzhou. Fujian Province will also be targeted for economic promotion as soon as the Philippine Consulate General in Xiamen is opened. Trade promotion in Beijing will still be covered by the Embassy's Economic Officer and the Office of the Philippine International Trading Corporation (PITC) representative.

On the domestic front, the government, in partnership with the private sector, has been actively involved in sending and hosting trade missions and exhibitions to and from China, and hosting seminars on doing business with China. Important events in 1994 include the participation of 14 Philippine exhibitors at the Asia-Pacific Trade Exhibition in Beijing, the exchange of trade missions between the Chinese Council for the Promotion of International Trade and the Philippine Chamber of Commerce and Industry and the trade and investment mission to Guangdong Province by Mindanao local officials and members of the business community led by Presidential Assistant Paul Dominguez.

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The Department of Trade and Industry (DTI) is spearheading this drive on trade promotion in China principally through its agencies such as the Bureau of Export Trade Promotion (BETP), the Center for International Trade Expositions and Missions (CITEM) and the Philippine International Trading Corporation (PITC). A major innovation that DTI has introduced in the 90s is the inclusion of private sector representatives in all its official contacts with China.

The Department of Foreign Affairs (DFA) is also actively supporting these activities in consonance with its economic diplomacy program. The DFA Secretary and Undersecretary for Policy do not only receive officials from the Chinese government, but also entertain visitors from the business sector, notably from the Chinese Council for the Promotion of International Trade (CCPIT). Also, in the seminars on doing business with China for prospective Filipino exporters which are either hosted or co-hosted by the DFA, representatives from the ethnic Chinese community are always invited to share their experiences on business opportunities in China. The DFA has likewise produced a manual on "Doing Business with China" which are distributed to the participants of RP-China trade seminars.

### *Cultural Relations*

Philippine programs and projects concerning cultural relations with China are far more extensive than those with other countries. The 1994-95 Executive Program implementing the Philippines-China Cultural Agreement, the eight in a series of biennial accords, covers such diverse areas as cultural research and administration, performing arts, education, mass communication, journalism, medicine and exhibits. Book fairs are also an integral part of the executive program.

The exchange of materials and personnel between the Philippines and China occurs not only within the context of the official exchange program but outside its scope as well. There appears to be a steady rise in cultural exchanges and visits outside the context of the official agreement.

### *Science and Technology Cooperation*

The Scientific and Technological Cooperation Agreement between the Philippines and China was signed in March 1978. Since then, nine enabling protocols have been signed and about 120 projects implemented. The Ninth Protocol signed in Manila in November 1990 covered, for the first time, a three-year period (1991-1993) instead of the yearly one, to allow for longer term projects to be implemented. The Protocol covered areas of cooperation in the fields of laser technology, rattan production and development, rural management and development, volcanology and seismology and other related aspects of science and technology which have been of mutual benefit to the two countries.

However, the Philippine side is running into financial problems in implementing certain projects. This may be attributed to the current economic recovery program of the Ramos administration, which has called for "belt-tightening" measures in government spending. Nevertheless, the 10th Science and Technology Protocol was successfully negotiated in Beijing in June 1994. Prior to this, a preliminary study mission seeking to identify collaborative projects and activities that may be included in the upcoming negotiations were sent by both countries in December 1993.

### *Tourism Cooperation*

Under the Tourism agreement, exchanges of materials and personnel have been undertaken to further promote friendship and mutual understanding between the Chinese and Filipino people, to increase the number of visits of tourist groups to both countries, and to develop and improve tourism promotion, planning statistics and other tourism-related activities.

As a result of the Tourism Agreement, tour groups from China have regularly visited the Philippines on a monthly basis. Four Philippine travel agencies have tour-group exchange agreements with their Chinese counterparts. The number of tourists from China has steadily increased as a result of this tourism agreement.

The Secretary of Foreign Affairs has authorized the Philippine Consulate General in Hong Kong to issue visas to Chinese tourists from the Southern region.

### *Assessment*

The foregoing presentation is an attempt to provide an overview of the state of Philippine-China relations in the 1990s. Although there have been complications related to the Taiwan factor and disputes in the South China Sea, present indicators point to a more meaningful and active relationship in the coming years. Credit is due to the sincerity of both governments in adopting a pragmatic approach to the pursuit of a harmonious relationship.

**Table 1. PHILIPPINE-CHINA TRADE VOLUME  
(in US\$ millions)**

YEAR	VOLUME	PERCENT INCREASE (%)	RP IMPORTS	PERCENT INCREASE (%)	RP EXPORTS	PERCENT INCREASE (%)	
1990	295.13		210.1		85.03		
1991	393.97	30.1	253.49	20.65	130.48	53.45	
1992	364.67	(5)	209.56	(17.33)	155.11	18.87	
1993	494	35.46	281	34.1	213	37.32	
Ave. Annual Growth Rate		20.18		12.47		36.55	
1994	377	87.1% increase over the same period in 1993					

**Source:** General Administration of Customs of the People's Republic of China