THE PHILIPPINES IN 2020

Author(s): Malcolm Cook

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THE PHILIPPINES IN 2020: Continuity despite Crisis

Malcolm Cook

The Philippines, in early 2020, became the first country in Southeast Asia to record a COVID-19-related death.[1] A Chinese national visiting from Wuhan died on 1 February. The Philippines ended the year as the country in Southeast Asia the worst affected by this pandemic in combined public health and economic terms.[2] It hammered the Philippine economy, with many predicting that the pandemic's global spread would turn the country's reliance on overseas remittances from a socio-economic buffer to a vulnerability.[3]

The government's crisis response—highlighted by a particularly long and severe lockdown—exposed serious shortcomings in policy planning and implementation by the national government; very credible allegations of corrosive corruption in key government agencies; and President Duterte's ineffective crisis leadership. Many have argued that President Duterte's rhetorical focus on fighting corruption, delivering public services, and the poor is a key factor in his enduring popularity.[4] In 2020, the president and his administration fell short of this rhetoric in practice.

Despite the depth and duration of the ongoing COVID-19 crisis and the ineffective government response, however, Philippine domestic politics and foreign policy have gone largely undisrupted. President Duterte remains very popular and is in a uniquely powerful position among post-Marcos presidents entering the final quarter of their respective single six-year terms. Philippine foreign policy remains in volatile tension between the president's personal embrace of China and President Xi Jinping and his animus towards America and the bureaucratic state and the Philippine population's opposing preferences. Fortunately, despite predictions of doom, overseas remittances continue to act as an economic buffer, and indeed a more important one, given the steep and sustained fall-off in trade and private capital formation in 2020.

MALCOLM COOK is Visiting Senior Fellow at the ISEAS – Yusof Ishak Institute, Singapore.

This overview chapter begins by looking at the public health and economic impacts of the COVID-19 pandemic on the Philippines. It then looks at how both of these were aggravated by the shortcomings of the national government's crisis response. The next two sections look at how domestic politics and foreign policy remained largely undisrupted. The conclusion offers some predictions for 2021.

The Philippines' Pandemic

As is clearly shown by the Philippine Department of Health's COVID-19 Tracker website,[5] from March 2020 until the end of the year, the Philippines experienced one continuous wave of recorded COVID-19 cases that crested at a high of 22,813 new recorded cases in the second week of August. There were no troughs of respite or hope that the end was here or near. By the last week of December, this wave had subsided to 6,947 new recorded cases. Yet, at the end of December, about 6 per cent of COVID-19 tests still were coming back positive, suggesting that the prospects of a better post-pandemic "normal" are far from imminent.[6] In a poll taken in late November, 91 per cent of Filipinos were worried about becoming infected by COVID-19, up 4 points from the same poll taken six months earlier.[7]

From 1 March to the end of the year, 479,699 COVID-19 infections were recorded, amounting to almost 1 out of 200 people in the Philippines. Of these, 9,596 proved fatal. The younger demographic profile of the Philippines likely reduced the ratio of fatalities to cases. According to CSIS's Southeast Asia COVID-19 Tracker,[8] by the end of 2020 the Philippines had the second-highest number of reported cases after Indonesia, the second-highest rate of reported cases per million after Singapore, and the second-highest number of deaths and deaths per million after Indonesia. Southeast Asia's two largest countries by population suffered the worst from the pandemic in 2020.

Metro Manila (the National Capital Region) and the surrounding CALABARZON region accounted for close to 62 per cent of total cases nationally, reflecting both the urban bias of this pandemic globally and the greater accessibility to COVID-19 testing in these two regions. The concentration of COVID-19 cases in these two regions, which are the engine of the national economy, has increased the economic fallout of the pandemic. These two regions account for only 27 per cent of the national population, but 53 per cent of the country's GDP.[9]

Economic Fallout

The nature of the COVID-19 pandemic in the Philippines in 2020, characterized as a long wave that did not break, exacerbated the economic fallout. This profile suggests the recovery incline in 2021 may not be as steep or steady as in other Southeast Asian countries such as Singapore and Vietnam that brought the pandemic under control in 2020.

The economic statistics for the first three quarters of 2020 released by Bangko Sentral ng Pilipinas make for grim reading. GDP, in constant 2018 prices, contracted by 10 per cent in year-on-year terms, compared with a 5.8 per cent expansion over the same period in 2019.[10] The World Bank estimates that the Philippines will see the worst GDP growth rate in Southeast Asia in 2020 measured in market price terms, at −8.1 per cent (Thailand comes next at −6.5 per cent), and will be the second weakest in East Asia after tourism-dependent Fiji at −19.0 per cent.[11]

Digging deeper into the Philippine statistics reveals that for the first three quarters of 2020 some key indicators performed much worse than overall GDP whilst others performed much better. Among the worst performing was gross capital formation, which fell by 38.3 per cent compared to a 2.5 per cent increase in the same period in 2019. Imports fell by 23 per cent compared with a 2.1 per cent increase in that period the year before. And exports were down by 18.7 per cent after growing by 3.0 per cent in the same period the year before.

Monthly trade statistics for 2020 exhibited a similar single-wave pattern to that of the COVID-19 infections. The trade wave though crested earlier for both imports and exports than for new infection cases, and for exports it looks like it has finally broken. From March to November 2020, imports each month fell by a greater percentage in year-on-year terms than exports, and they are showing much weaker signs of recovery. April was the worst month for both exports and imports. Exports fell by 49.9 per cent and imports by 65.3 per cent. In September, exports showed their first year-on-year increase since February. Imports fell by 16.5 per cent. In November, exports again grew, this time by 3.0 per cent in year-on-year terms, while exports fell by 18.9 per cent. The particularly weak performance of gross capital formation and imports weigh against a quick, V-shaped economic recovery in 2021.[12]

Fortunately, two economic indicators that are particularly important for poverty alleviation and household consumption fared much better than GDP growth in 2020. For the first three quarters of 2020, the agriculture, forestry and fisheries sector grew by 0.8 per cent, which was down only slightly from its 1.4 per cent growth in the same period in 2019. This was the only economic sector to show positive growth in 2020.[13] While accounting for less than 10 per cent of total GDP, the agriculture, forestry and fisheries sector employs about a quarter of the labour force, including many who are amongst the most vulnerable to falling into poverty or deeper poverty.

While overseas cash remittances did not grow in 2020, from January to November they only declined by 0.9 per cent in year-on year terms. Over $27 billion dollars in cash was remitted to the Philippines, mostly directly to family members back home. This was more than for the whole of 2016.[14] The prediction-defying resilience of remittance inflows in 2020 helps explain why household consumption only declined by 8.2 per cent in the first three quarters of 2020 despite the severe lockdown conditions and the consequent surge in the unemployment rate and drop in the labour force participation rate.

Three factors appear to explain this unpredicted resilience of remittances. First, overseas Filipinos, realizing the strife of their family members back home, may have increased the amount of money they remitted, fulfilling the historical economic-buffer role of remittances. Second, a greater number and share of overseas Filipino workers lost their jobs because of the global spread of the pandemic. These unfortunate people likely sent all or a large share of their overseas savings back to the Philippines to prepare for their return home. Third, the truly global spread of Filipinos who remit cash home turned out to be a hidden strength.

In 2020, the cash-remittance patterns varied greatly between regions and between key national sources of remittances. Remittances from East Asia grew in year-on-year terms by 3.8 per cent from January to November, with particularly strong growth from countries that managed the pandemic well. Singapore became the second-largest source of remittances to the Philippines after the United States and showed an 11.8 per cent increase over the period in 2019. Remittances from Taiwan grew in this period by 14.9 per cent in year-on-year terms. Remittances from Japan though fell by 6.8 per cent.

Cash remittances from a Europe badly ravaged by the pandemic and from the Middle East that saw hydrocarbon prices slump told a very different story. Cash remittances from Europe fell sharply by 10.4 per cent, with those from Germany falling by 26.4 per cent and from the Netherlands (a maritime shipping hub) by 47.1 per cent. Cash remittances fell even more from the Middle East, plummeting by 11.6 per cent. Remittances from the Gulf states were particularly hard hit, with those from Kuwait falling by 23.8 per cent and those from the United Arab Emirates by 22.5 per cent.

Fortunately, remittances from the United States (which alone accounts for 40 per cent of total cash remittances to the Philippines) did not follow this trend. Even though COVID-19 hit the United States hard in 2020, remittances from there grew by 5.9 per cent in year-on-year terms from January to November 2020. The economic importance of the United States for the Philippines increased in 2020.

The Government Response

The response by the Duterte administration to the COVID-19 pandemic, led by the president himself, has exacerbated the spread of the virus in the Philippines and the consequent public health and economic costs. Unlike China, Hong Kong, Taiwan and Singapore, the Philippines was not hit hard by the SARS pandemic of 2003, and it lacked that pandemic response experience that helped these countries respond more quickly and effectively to COVID-19.

The depth and duration of the pandemic has also hit the government hard, aggravating its ability to provide fiscal support during the crisis and for the recovery period. In the first three quarters of 2020, national government revenue fell by 7.9 per cent (with tax revenues falling by 11.3 per cent) compared with the same period in 2019, while expenditures grew by 15.1 per cent.[15] Prior to the pandemic, the 2020 budget was set to increase annual expenditures by 12 per cent.[16]

The initial crisis response by the government fell short in four areas compared with countries such as Australia and Taiwan that have done the best in limiting the spread of the pandemic and in mitigating its public health and economic costs.

First, the government's initial public messaging was counterproductive. As with the other democratic authoritarian populists—President Trump in the United States and President Bolsonaro in Brazil—President Duterte at the beginning of the crisis downplayed its potential severity and overplayed his administration's capacity to manage it.

On 3 February, Duterte publicly claimed "that everything is well in the country, that there's nothing really to be extra scared of the coronavirus thing.… The response of the people from the initial reports of the coronavirus was also hysterical when there was really no need for it."[17] Six weeks later Duterte's tone was much less dismissive when, speaking about the comprehensive lockdown measures imposed on the main island of Luzon, he said that "Make no mistake we are in the fight of our lives. We are at war against a vicious and invisible enemy.… In this extraordinary war, we are all soldiers."[18]

Senior public health and medical experts have been noticeable by their absence from the government's public messaging on the pandemic. The Inter-Agency Task Force set up to manage the crisis response is heavily weighted in favour of figures from the armed forces and police. On 21 July, we saw one of the results of this lack of public health experts at the forefront. Duterte publicly stated that the poor could use gasoline or diesel fuel to disinfect face masks if they did not have alcohol to use for this purpose. Ten days later, after the president again insisted that this assertion was true and not a badly timed joke, the peak body of chemists in the Philippines issued a public statement rejecting it as untrue and possibly harmful.[19]

A week later, Duterte, showing his great faith in China, in a taped public statement, expressed the belief that things would be back to normal by December, with China giving the Philippines priority access to their COVID-19 vaccines.[20] Three days later, Duterte challenged healthcare workers to mount a revolution against his government after they had publicly expressed their concern about the pandemic response.[21] His spokesperson claimed that this outburst was a result of the president's feelings being hurt by this action by frontliners.[22]

Second, the national government was very slow to establish COVID-19 testing facilities and contact-tracing capabilities—the two most important capacities to limit the spread and duration of the pandemic. The national government failed in the early months of the pandemic to meet its own modest testing goals. By the end of April, the government's goal of eight thousand tests a day (for a population of over a hundred million people) had not been reached, and the 30 May goal of thirty thousand tests a day also was not reached.[23] According to Department of Health figures, it took until late July for this number to be achieved. By the end of the year, less than seven per cent of the country's population had been tested.[24]

Local government units, led by their mayors, and the private sector had to fill the void that the national government was unable to. Mayors from local government units that took the initiative to set up their own testing labs, contact tracing capabilities and quarantine measures came to the fore nationally. In March and April 2020, Marikina City mayor Marcy Teodoro successfully overcame Department of Health objections to set up a local COVID-19 testing site after saying that he was willing to go to jail if necessary.[25] Two days later, the COVID-19 task force of the national government announced that local governments would now take the lead in the pandemic response.

The difficulties the national government faced in setting up testing and contact tracing capacities highlights the limited state-capacity of the national government and the difficulties of a unitary state structure in an archipelagic nation of close to eight thousand islands. The very slow rehabilitation of Tacloban City from the 2013 super-typhoon Yolanda (international name: Haiyan) and of Marawi City from the 2017 terrorist siege also serve to highlight this chronic governance problem. The COVID-19 experience and the key role local government units have been forced to play in the response to the pandemic could act as a source of future support for federalism or revision of the 1992 Local Government Code.

These shortcomings in testing and contact tracing contributed greatly to the long, single-wave nature of the pandemic in the Philippines and to the harsh, extended quarantine measures imposed by the national government and local government units. Many Filipinos in vulnerable categories remained quarantined alone in their homes from March 2020 until the end of the year.

These lengthy lockdown provisions for most urban areas in the country were necessary to reduce the incline of the curve of new daily infections. But they have sharply increased the incline and length of the country's "misery curve" of economic, social and mental health costs.[26] In a poll taken in late November 2020 by Social Weather Stations, 62 per cent of adult Filipinos reported being "worse off in the last 12 months" compared with only 14 per cent who saw themselves as better off. In May 2020, 83 per cent reported being worse off, and 82 per cent did so in September 2020. These 2020 figures are the worst recorded in the four decades of this polling series, eclipsing the previous worst results recorded during the denouement of the Marcos dictatorship thirty-five year prior.[27]

The third shortcoming has also added to the incline and length of the Philippine pandemic's misery curve. Despite being in a comparatively strong fiscal position at the onset of this public health crisis, the fiscal response by the national government has been comparatively meagre. Despite being the worst affected by the pandemic in 2020, according to the Asian Development Bank's COVID-19 Policy Database, the COVID-19 response spend of the Philippines as a share of GDP is only the fourth largest in Southeast Asia, at 6.28 per cent (above Myanmar at 0.13 per cent, Laos at 0.16 per cent and Brunei at 2.66 per cent).[28] The figure for the Philippines is much lower than Singapore's 25.35 per cent, Malaysia's 22.73 per cent and Indonesia's 10.9 per cent. The external debt to GDP ratio for the Philippines at the beginning of the pandemic was much lower than those of these other three economies.

The latest figures for the Philippines bear witness to this fiscally restrained crisis response. In November 2020, government expenditure was only 2.3 per cent higher than in November 2019, a growth rate well below the recent year-on-year average for November. The January to September budget deficit was only 6.9 per cent of GDP. In this same period in 2019, the deficit accounted for 2.1 per cent of GDP.[29] The deliberations for the 2021 national budget showed that the Duterte administration's reluctance to spend big to counter the pandemic extends to the coming crisis recovery period and the rollout of vaccinations. The draft 2021 national budget submitted by the Duterte administration to Congress only included an allocation of 8 billion pesos for the purchase of vaccines. The subsequent House of Representatives budget bill boosted this to 54 billion pesos. But most of these extra funds are in the unprogrammed portion of the budget, which often remains unfunded.[30]

There is one fiscal response element to the pandemic where the Philippines outperformed its regional neighbours—accessing concessionary lending from international financial institutions to help fund the pandemic response and recovery efforts. By the end of May 2020, Manila had successfully organized over $3 billion in lending related to COVID-19 from the Asian Development Bank, World Bank and Asian Infrastructure Investment Bank, with the Japan-led Asian Development Bank accounting for over $1.7 billion of this. Indonesia, with an economy three times the size of the Philippines, was the second-heaviest Southeast Asian borrower at a little over $2.5 billion.

The Philippine government quickly organized the most concessional financing for its COVID-19 response and recovery in the region, and yet by the end of 2020 was one of the least generous when it came to spending on the response. Painful memories of debt defaults during the end of the Marcos dictatorship and the country consequently being frozen out of global private capital markets appear to have influenced the Philippine technocrats that followed to be fiscally conservative, even in the case of an unprecedented global demand-side shock like the COVID-19 pandemic.

PhilHealth Scandal

The final governance shortcoming in the Philippine pandemic response reflects the entrenched culture of corruption and political favouritism that successive presidents have promised to tackle and failed to do so. President Duterte in particular had made fighting corruption a central pillar of his 2016 presidential campaign and his presidency. Over his term, however, the Philippines' score and ranking in Transparency International's Corruption Perception Index have deteriorated.[31] In a September 2020 report, the US government's aid-giving Millennium Challenge Corporation deemed the Philippine government to have failed to "control corruption", making it ineligible for grants from this agency in 2021.[32]

The government's pandemic response in 2020 led to the Duterte administration's worst corruption scandal. Not only did the Philippine government spend comparatively little on the pandemic response, it is alleged the Department of Health and PhilHealth (the public health insurance provider under the Department of Health) spent their scarce pandemic-response monies corruptly. PhilHealth, after Senate and House of Representatives investigations, is accused of corruptly allocating funds allocated for COVID-19 testing.

The investigation report into these allegations submitted to the Senate on 1 September 2020 unveils the depth and scope of alleged corruption in PhilHealth and its key role in the pandemic response.[33] The report notes that before the pandemic hit, PhilHealth, newly empowered by the Universal Health Care Act signed in early 2019, which was celebrated by the World Health Organization,[34] faced strong corruption claims from within:

> The controversies surrounding PhilHealth have long been surfaced as early as 2015 that led to the reported loss of billions of pesos due to some unscrupulous practices like ghost dialysis, unnecessary cataract surgeries, case upscaling, questionable rise in claims, bloated budget proposals for ICT projects, just to name some.
>
> In fact, sometime in 2018, PhilHealth employees all around the country simultaneously staged a protest to denounce the corporation's widespread corruption and inefficient management of its operations.

The report provides a litany of alleged corrupt practices, legal infractions related to PhilHealth's COVID-19 spending and ICT purchases, and manipulation of financial statements. These include document tampering to avoid taxation, the payment of funds to health institutions for COVID-19-related services they do not provide, the expenditure of funds without the proper legal basis, and the favouring of particular healthcare institutions. The report calls for legal charges to be laid against a number of officials involved, including multiple charges against the secretary of health and chair of the PhilHealth board, Francisco Duque III. The report also recommends that President Duterte "appoint a new Secretary of the Department of Health who has a stronger will to fight corruption within the organization and the agencies under his/her watch".

At the end of 2020, Duque remained the secretary of health and faced no criminal charges. In October 2020, Duterte, in a taped public statement, expressed that he saw no reason to support charges against Duque. Four months earlier, presidential spokesperson Harry Roque noted that Duterte knew the Duque family very well and believed that their wealth meant that the secretary of health would not be involved in corrupt practices.[35] The PhilHealth COVID-19 scandal saw the Senate and House of Representatives, both with Duterte-aligned super-majorities, put the most pressure on the president to fire a senior official he appointed and supports. In this case, both houses of Congress served their separation-of-powers duties when faced with serious and credible allegations of corruption at the centre of the government's pandemic response. In the end though, the presidential prerogative prevailed and Duque remains in office.

Domestic Politics

While the Philippines had a bad year in terms of the COVID-19 pandemic in 2020, President Duterte did not politically. At the end of the year, his political and popular positions were no weaker than at the beginning. There were no signs of him becoming a lame-duck president. While the pandemic response of the government and Congress was slow and uncertain, other government legislative priorities advanced as they well might have without a pandemic sweeping the country.

President Duterte's sustained high levels of popular support across all demographic groups polled have long puzzled his critics. Many have questioned the ability of long-standing polling series to accurately reflect the reality they perceive or wish for.[36] Many analysts expected that the depth and length of the Philippines' pandemic in 2020 would erode the president's historically high popularity ratings.[37] Instead, the opposite occurred. In the September 2020 poll in the ongoing Ulat ng Bayan polling series by Pulse Asia, 91 per cent approved of President Duterte's performance—up four points from the preceding December 2019 poll. Only 5 per cent of those polled in September 2020 disapproved of Duterte's performance.[38] As expected, this led to another bout of poll questioning by the president's critics. Filipinos are not blaming the president for their pandemic-related suffering.

Throughout his presidency, Duterte has been able to wield his sustained high level of popular support to circumvent the separation of powers between the executive and the legislature, and particularly the House of Representatives. In July 2019, the president oversaw a compromise agreement between two representatives from two different parties in his ruling coalition who both wanted to become Speaker of the House. The Speaker of the House historically has been able gain more national media coverage and shape the national budget to favour their supporters. In a private meeting with the president, Representative Alan Peter Cayetano, Duterte's failed vice-presidential running mate in 2016, agreed with Representative Lord Allan Velasco that he would become speaker for fifteen months until October 2019 and then hand over to Velasco until June 2022.

Come the time for the handover, at the peak of the 2021 budget deliberations in October 2020, not unexpectedly, Cayetano attempted to stay in the Speaker's chair by claiming that a majority of sitting representatives supported him. This led to another three-way meeting between Duterte, Cayetano and Velasco, after which Cayetano resigned from the role of Speaker in support of Velasco and the president's wishes. Senator Christopher Lawrence 'Bong' Go, Duterte's closest political confidant and who attended the meeting, opined that "All is well, President Duterte is like a father who talked to his children. He advised them to be united as one majority and pass the budget for the Filipino people."[39] No politician, whether within the Duterte super-majority or not, has prospered by not going along with the wishes of the president.

One major legislation unrelated to the COVID-19 pandemic response passed Congress in 2020 and one failed. Both these legislative actions advanced the president's agenda against his perceived enemies. On 3 July 2020, President Duterte signed into law the Anti-Terrorism Act, replacing the Human Security Act of 2007 The new anti-terrorism law significantly expands the definition of terrorism and terrorists, including those "inciting" acts of terrorism, and the related surveillance and detention rights of police. It establishes an Anti-Terrorism Council that can determine who are suspected terrorists and terrorist organizations.[40]

This immediately triggered a flood of cases filed with the Supreme Court alleging the law to be an unconstitutional expansion of executive power and erosion of citizens' freedoms to protest and privacy. Even the interim chief minister of the Bangsamoro government in Muslim Mindanao, Murad Ebrahim, opposed the law, stating that "While we agree that a policy framework needs to be enacted to fight the menace of terrorism, we feel that the fundamental guarantees of liberty and the institutions of democracy must be protected."[41]

Senator Panfilo 'Ping' Lacson, a strong proponent of the law, dismissed many of these criticisms and counterfactually claimed that:

> Had this measure [the Anti-Terrorism Act 2020] been in effect instead of the 2007 Human Security Act, the Marawi Siege could have been prevented. For one, a new feature under this bill is to make punishable inchoate offenses, something not present under the present Human Security Act of 2007.[42]

Critics of the law, with some justification, worry that it provides the president, police and armed forces even more power in their ongoing campaign against alleged leftist and communist forces. Since the passage of the law, the Duterte administration's "red-tagging" campaign has broadened and intensified. After coming to power with the support of the militant left and seeking a peace deal with the communist insurgency, Duterte has consistently moved against his former militant-left supporters.

In 2017 the president issued a proclamation declaring the Communist Party of the Philippines and its armed wing the New People's Army a terrorist organization. Since then, the campaign against known and suspected "communists" has expanded. In March 2019 the Philippine government asked the European Union to stop providing project funds to certain groups deemed to be "fronts" of the Communist Party of the Philippines and New People's Army.[43] In 2021 the government's National Task Force on Ending Local Communist Armed Conflict will have the power to stop development funds going to local government units that it determines are not clear of communist insurgents.[44]

Media outlets that President Duterte thinks have done him wrong and are too critical of his administration have not fared well during his presidency. He has been particularly vitriolic towards three: the news portal *Rappler*, the Inquirer media group that owns the *Philippine Daily Inquirer* newspaper, and the country's top television station, ABS-CBN, which President Ferdinand Marcos had closed down. Maria Ressa, the founder and head of *Rappler*, is fighting against a barrage of criminal and civil charges, while the Inquirer group was pressured to sell media assets to business interests more favourable to the president.[45]

Duterte has frequently threatened to follow in Marcos's footsteps and close down ABS-CBN, which he accuses of fraud in relation to the non-airing of his political advertisements during the 2016 presidential campaign.[46] No case has been filed against ABS-CBN in relation to these allegations or any evidence made public to support them. In 2020, ABS-CBN's broadcasting franchise licence came up for renewal in Congress. In February 2020 the solicitor-general Jose Calida asked the Supreme Court to revoke ABS-CBN's licence, and he then warned the National Telecommunications Commission against issuing ABS-CBN temporary provisional authority to keep broadcasting while Congress considered its licence renewal.

Calida's warning to the commission was heeded, and on 5 May the station went off the air. On 8 July 2020 the House of Representatives' legislative franchises committee, by a vote of 71–11, voted not to renew ABS-CBN's licence. ABS-CBN's closure by the Duterte administration and the pliant House of Representatives have been seen by many as detrimental to the country's pandemic response, especially for the many far-flung areas of the country with very limited internet access and few media options.[47]

Foreign Policy

The year 2020 was another tumultuous one for Philippine foreign and defence policy. Tensions continued as a result of the president's warm embrace of China, President Xi Jinping and Russia and his animus towards the United States in contrast to the views of the bureaucratic state and those of the public. On 23 January, Duterte threatened to withdraw from the Visiting Forces Agreement (VFA) with the United States after his confidant, Senator Ronald ‘Bato’ dela Rosa, who had headed the early stages of Duterte’s war on drugs, had his visa to visit the United States cancelled over his role in the arrest of Senator Leila de Lima. Two weeks later the president ordered his secretary of foreign affairs to officially withdraw the Philippines from the 1998 VFA with the United States. This treaty-level agreement provides the legal basis for joint military exercises between the two allies. Secretary of National Defense Delfin Lorenzana noted on 13 February that the Philippine withdrawal, once completed, would likely mean an end to joint exercises with the United States—the only treaty ally of the Philippines.[48]

This decision was Duterte’s most disruptive foreign policy move and the clearest indication of his desire to translate his frequent rhetorical broadsides against the United States and the US-Philippine alliance into policy. Many Philippine security analysts question the publicly stated reason for the withdrawal and contend it was driven more by the president’s personal alignment with China and disapproval of the strength and focus of relations between the US and Philippine armed forces.[49] Certainly, Beijing welcomed this move, while Tokyo, Canberra, Singapore and others did not.

The withdrawal notification triggered the agreement’s twelve-month cooling-off period. In early June the Duterte administration notified the United States that it was suspending its withdrawal request for an initial six months, with the possibility of a further six-month suspension after that. In early November, this second six-month suspension of the withdrawal was enacted by the Duterte administration.[50] It is suspected that this cooling-off period served its function and allowed those within the Duterte administration and countries with traditionally close security ties with the Philippines the time to counsel the president to reconsider this monumental decision that would hurt the Philippines the most.

The US ambassador to the Philippines, Sung Kim, may have played an important role in the decision to suspend the withdrawal. President Duterte conferred the Order of Sikatuna with rank of Datu (Grand Cross), Gold Distinction on Ambassador Kim at the end of his term in September 2020. The Order of Sikatuna is an order of diplomatic merit recognizing outstanding service to strengthening Philippine foreign relations

As could be expected, the COVID-19 pandemic featured in Philippine foreign policy in 2020. The Philippines was the largest recipient of American COVID-19-related assistance in Southeast Asia, amounting to $22.6 million from the State Department, USAID and the Department of Defense. This generosity undoubtedly helped support the decision to suspend the VFA withdrawal. The Philippines also benefitted from China's COVID-19 regional diplomacy and assistance. The Philippines was, along with Cambodia and Myanmar, among the first Southeast Asian countries to receive COVID-19-related assistance from China. This included a visit in early April by a Chinese civilian medical team from Fujian province.[51]

Despite the more rapid development of and greater international confidence in COVID-19 vaccines in development in the United States and Europe, President Duterte touted those being developed in China and Russia for the Philippines.[52] In August, Duterte even offered to participate personally in the testing of the Russian Sputnik vaccine in the Philippines. This did not eventuate. In October 2020, the Sinovac vaccine from China passed the first three stages of review to commence third-stage testing in the Philippines. China's pandemic diplomacy did nothing to reduce the high levels of distrust and anger felt by Filipinos towards it. In a July 2020 Social Weather Stations survey, 58 per cent of adult Filipinos surveyed expressed little trust in China, compared with 22 per cent who expressed much trust. These were the worst results for Chinese soft power in the Philippines since December 2015. In this same July 2020 survey, only 18 per cent of respondents expressed little trust in the United States, while 60 per cent expressed much trust towards it.[53]

The consistent infringement by China of Philippine sovereign and maritime rights in the West Philippine Sea contributes significantly to negative views by Filipinos of the Chinese. The July 2016 international arbitral tribunal award that ruled that China was infringing upon Philippine sovereign and maritime rights in the West Philippine Sea likely hardened Filipinos' views of China as a bully. President Duterte's efforts to downplay these disputes in favour of closer relations with China have not swayed Philippine public opinion. But neither have they cost him politically.

There was no major change in Philippine policy on the West Philippine Sea or Chinese aggression in these waters in 2020. The year began with a propaganda-heavy visit by the China Coast Guard to the Philippines, which included joint exercises with their Philippine counterparts.[54] On 3 August, in another effort to downplay the dispute and avoid the risk of conflict, Secretary of National Defense Lorenzana reported that the president had issued a standing order barring the Philippine Navy from participating in joint naval exercises in the South China Sea beyond Philippine territorial waters.[55] Days earlier, in the annual presidential State of the Nation Address, Duterte again raised the spectre of war with China in the West Philippine Sea, noting that "China is claiming it. We are claiming it. China has the arms. We do not have it. So, it's as simple as that. They are in possession of the property … so what can we do?"[56]

The COVID-19 pandemic that originated in China did not lead to any change in China's aggressive approach to its unlawful claims in the West Philippine Sea. At the same time that a China Coast Guard vessel was making an official visit to Metro Manila, another was, without notifying the Philippine government, hovering around Ayungin Shoal in the West Philippine Sea.[57] On 10 August the Philippine Navy reported that two Chinese surveillance ships were hovering around the oil-rich Recto Bank land feature in the West Philippine Sea without Philippine government consent.[58] A month later, Lorenzana confirmed the "consistent presence of Chinese troops in Subi Reef, Mischief Reef and Fiery Cross Reef—known locally as Zamora Reef, Panganiban Reef, and Kagitingan Reef" in the West Philippine Sea.[59]

At his first and last speech to the United Nations General Assembly, on 22 September 2020, President Duterte expressed his strongest support for the July 2016 arbitral tribunal ruling, noting that "[t]he Award is part of international law, beyond compromise and beyond the reach of passing governments to dilute, diminish or abandon."[60] The year 2021 will determine whether this speech heralded a firmer stance on the West Philippine Sea by the president or was an exception as he stayed true to the speech written for him by senior officials.

Indications for 2021

The year 2020 delivered the Duterte administration's greatest crisis. To the detriment of the country, neither the administration nor the president responded effectively to this public health and economic crisis. Yet, at the end of 2020, the president was in as strong a political position as he was before COVID-19 arrived in the country from China. Despite the pandemic, Congress, in line with the president's wishes, passed the Anti-Terrorism Act of 2020 and refused to renew the franchise licence of the country's most-watched television station. Philippine foreign policy continued to follow the same pattern from before the pandemic struck. This continuity despite the crisis highlights the very strong position of President Duterte underpinned by his unwavering high levels of popular support.

The year 2020 provided some indications of what may happen in the Philippines in 2021. Given the difficulties the national government faced in putting in place COVID-19 testing and contact-tracing capacities, one could expect the COVID-19 vaccination programme in 2021 to be hobbled by similar shortcomings. Local government units and the private sector will likely need to step up again. The economy will remain hampered by the fact that the first wave of new COVID-19 infections that started in February 2020 still shows no signs of breaking.

President Duterte should remain very popular with other national, provincial and local political officeholders who seek to align themselves with him to gain his support. By October 2021, candidates for the May 2022 presidential, vice-presidential, Senate and House of Representatives elections will have to lodge their candidacy papers. Duterte will likely be in a historically powerful position to determine who they are and which of them will be successful in May 2022. In 2020, Duterte was able to keep his ruling coalition together by mediating between Cayetano and Velasco. This task will be more difficult in 2021, particularly as the weakened opposition forces aligned against Duterte may not be able to offer a strong presidential candidate. The opposition senatorial slate in the 2019 mid-term elections failed to deliver one winning candidate.

The Biden administration in the United States, with its professed interest in putting human rights back at the centre of US foreign policy, could see a sudden deterioration in US-Philippine relations. The Obama administration's boilerplate criticisms of President Duterte's bloody war on drugs in the first months of his presidency led to a crisis in bilateral relations. This recent history could repeat itself in 2021.

In 2021, the Philippines could see less continuity despite less crisis than in 2020.

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