

# 2018 PHILIPPINE DEVELOPMENT REPORT

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## Foreign Relations

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### Introduction

The year 2018 was a period of enormous challenges and opportunities for the Philippines in the arena of diplomatic relations. The challenges the country faced in the previous year signalled a need for reexamination of its foreign relations in the Asia-Pacific region, particularly with China and the USA, while pursuing new interests and approaches for optimizing opportunities that would benefit the Filipino population. The Philippine foreign policy essentially contains three mutually constitutive pillars: 1) preservation and enhancement of national security; 2) promotion and attainment of economic security; and 3) protection of the rights and promotion of the welfare and interest of Filipinos overseas. Using these three main components, this paper aims to identify, describe, and assess the Philippine external affairs at a time when it was increasingly challenging to redefine its priorities, alliances, and interests. The Philippines, to put it simply, made notable attempts to diversify and expand its relations in 2018.

### Brief Assessment

Since taking the oath to office in 2016, Rodrigo Duterte has been keen on

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pursuing an independent foreign policy, one that puts a premium on national development as the Philippines engages with the global community. To realize its goals in the aspects of national and economic security, the Philippine state has worked towards broadening ties of cooperation with countries (e.g. Russia, Turkey, Nordic countries, and the Pacific region) and regions with which the Philippines has limited, or non-existent, relations, while sustaining long-established partnerships, such as those with the US, China, and Japan. The strong linkage between migration and socio-economic development prompted the Philippine government to finally launch Overseas Filipino Bank, the banking institution that supports and aids in the transfer of remittances from Filipino migrant workers to their families and hometowns. 2018 was inopportune for Filipino domestic workers affected by the temporary migration ban. It compelled the Philippines to clarify the terms of a bilateral agreement with Kuwait, one of the Gulf Cooperation Council (GCC) destinations of Filipino domestic workers following the death of a Filipino migrant in February. Whereas new opportunities for cooperation opened for the Philippines particularly in relation to Russia and China, enduring challenges such as the South China Sea dispute have in check the relations between China and the Association of Southeast Asian Nations (ASEAN).

## Achievements

### National Security

The Philippines exerted efforts to lean towards its neighbors in the Pacific. In February, the Republic of Palau President Thomas Remengesau and President Duterte affirmed cooperation in the fields of education, maritime security, agriculture and aquaculture, counter-narcotics, connectivity, medical tourism and trade, and investments. The Palau-Philippine relations signify the political significance of friendship the Philippine ought to cultivate with the Pacific islands, owing to the cultural and historical affinity with them. In his lecture to the Asian Center on November 12, 2018, Dr. Jesus Domingo, the Philippine Ambassador to New Zealand as well as Fiji, Tonga, Samoa, and Cook Islands, argued that at the inner core of the Filipino identity lie Austronesian characteristics—friendliness, family-centeredness, socio-political clannishness—that are likewise found in Pacific island societies. In that regard, there is a need to enhance cooperation in the Pacific through Track 3 initiatives. Thus, ordinary people and local communities in the Philippines and the Pacific should interact and exchange cultural ideas to foster greater awareness and understanding of their shared identities toward establishing

trading relations and building peace.

In the aspect of security cooperation, meanwhile, the Philippines got caught up again between the US and Russia, particularly in terms of military equipment provision. As its former colonizer, the US reaffirmed support for the Philippines. In July, the US donated a Scan Eagle Unmanned Aerial System worth PhP 687 million worth of support that includes unmanned intelligence, surveillance and reconnaissance capabilities to the Armed Forces of the Philippines (AFP). Sung Kim, former US Ambassador to the Philippines, wrote in an article that the US provided personal protective equipment worth PhP 178 million to the Philippine Marine Special Operations Group, which would also protect AFP members in the southern Philippines and Mindanao (Kim, 2018, July 04).

In September, the Philippines and the United States (US) held the annual Mutual Defense Board-Security Engagement Board Meeting (MDB-SEB). As a framework for defense and security cooperation, the MDB-SEB provides a regular opportunity for the allies to exchange views on shared security concerns and plan the range of military activities they will conduct the following year, including the annual Balikatan Exercises (Vicedo 2018). The security alliance between the White House and Malacañang proved to remain strong in 2018 with the turnover of PhP 1.8 billion-worth US military equipment, making the Philippines become the largest recipient of the US foreign military assistance in Southeast Asia (Kim, 2018, December 22). This provision, Ambassador Kim denotes, attests to the US as the leading provider of support for the modernization of the AFP (Ibid.).

Comparable to this maritime provision is Japan's contribution. Japan donated three trainer aircraft to the Philippine Navy as a marker of maritime cooperation between the Philippine Coast Guard and Navy, and the Japanese Maritime Self-Defense Force. This provision invigorates the pledge of maritime and security cooperation that Prime Minister Abe and President Duterte mutually agreed upon, on the occasion of the former's state visit to Tokyo in 2017, as the Japan-Philippines Joint Statement on Bilateral Cooperation for the Next Five Years so indicated. These donations may seem comparable to those from the US, but it also stressed Japan's active security support to the Philippines.

The country's diplomatic ties with Russia likewise made remarkable advancement in 2018. Russian Ambassador to the Philippines Igor Khovaev formally announced a new chapter in the Russian-Philippine defense relationship in early 2017, affirming maritime defense ties through which Moscow has pledged

maritime equipment and expertise to the Philippine Navy. In September, the Philippine Embassy in Moscow announced that the agreement regarding cooperation and mutual administrative assistance in customs matters have recently entered into force following completion of ratification procedures by the Philippines and Russia (Department of Foreign Affairs, 2018). The agreement also incorporates expedite customs formalities, sharing of data and best practices, and mutual assistance in preventing smuggling, and entry of illicit goods and substances. In early October, the Philippine Navy vessel BRP Tarlac, with 440 officers and a helicopter detachment on board, conducted its first-ever naval visit to Vladivostok in order to conduct ocular visits to Russian defense facilities, sport and cross-cultural activities, and sea subphase exercise in the port itself (Parameswaran, 2018). It is said that this visit will have a lasting impact in terms of broadening the scope of the security relations between Moscow and Manila, in the pursuit of peace and stability (Ibid.).

Also notable was Canada's brokered sale of 16 combat utility helicopters worth USD185 million donated to the Philippine Air Force, despite the bilateral relationship going icy following Prime Minister Trudeau's remarks at the 2017 ASEAN-Canada Summit in Manila which was critical of Duterte's alleged human rights abuses (Cecco, 2018).

### Economic Security

In the field of economic cooperation, long-time partners have continued to pour contributions to the booming Philippine economy, while new agents surfaced as potential partners in trade, commerce, and other relevant economic areas. During the first half of the year, the Duterte government pushed for intensified trade and investment relations with Japan, China, and the USA, while also exploring potential partnerships.

Between January and March, the Philippine-Japan relationship intensified with the signing of several agreements on infrastructure projects under the "Build, Build, Build" program that has ushered in a "golden era of infrastructure" in the Philippines. Aligned with President Duterte's socioeconomic agenda of enlarging the infrastructure spending to five percent of the total GDP through enabling public and private partnerships as key mediators, the program is expected to accelerate economic growth and productivity across the archipelago (Philippine Infrastructure Transparency Portal page).

Integral to Japan's economic cooperation with the Philippines is contributing

to the Mindanao peace process. In the midst of ongoing conflict resolution in the said region, Japan has been an ardent supporter of the peace process in the region since 2002 (JICA website, n.a.). As the country's top investor, the Japanese government has raised its ODA to USD5.977 billion as of September 2018, accounting for 41.2% of the country's official ODA (NEDA, 2018). In March, the Japan International Cooperation Agency turned over three farm-to-market roads amounting to 1.117 billion yen to benefit farmers in conflict-stricken areas of Mindanao (JICA Website, n.a.). This road project was a part of JICA's Community Development Project for Conflict-Affected Areas in Mindanao CD-CAAM), a grant aid assistance in partnership with the Department of Agriculture (DA), the Office of the Presidential Adviser on the Peace Process (OPAPP), and the Bangsamoro Development Agency (BDA). To date, JICA has funded nearly 30 projects in Mindanao aimed at economic development and peacebuilding (ibid.). On July 26, 2018, Japan witnessed the enactment of the Bangsamoro Organic Law signed by President Rodrigo Duterte. In line with Japan's vision of regional growth and security, this enactment should promote a steady transition process towards the creation of the Bangsamoro Transition Authority (BTA) (MOFA Press Release 2018). This transition process entails 1) the enactment of the organic law; 2) ratification of the organic law; 3) establishment of the BTA; and 4) the election of the Bangsamoro Assembly (The Mindanao Peace Process, as cited in MOFA Press Release).

A significant development in the US-Philippine trading relations in 2018 was the renewal of the US Generalized System of Preferences (GSP) to travel goods following the signing of the US Consolidated Appropriations Act. The system ensures the duty-free treatment to about 3,569 products that are made available to benefit developing countries (Presidential Report 2018). Effective April 22, 2018, through December 2022 (GSP website) under the Omnibus Spending Bill, President Trump approved of renewing the GSP, enabling countries like the Philippines to continuously enjoy preferential duty-free American items, and its exporters to access the American market by sustaining the Philippines as a desirable location for manufacturing products on demand. Apart from being a traditional market partner of the Philippines, the US has not only brought in goods but has also helped attract foreign investors to flow into the country and maximize its currently favorable tax and trade environment. In the same month, the US named the Philippines as one of the "50 Best Countries to Invest in" in its Best Countries Report, which assessed 80 countries according to eight indicators: corruption, dynamism, economic stability, entrepreneurship, favorable tax environment, innovation, skilled labor



force, and technological expertise. According to the US News and World Report, the Philippines has consistently been top-performing based on Foreign Direct Investment, exceeding its target of USD 8 Billion (USD8.7Billion) for 2017, but also in terms of improved quality of life and economic potential (CNN Philippines).

The Philippines has also endeavored to explore potential economic cooperation with its non-traditional partners. For instance, it facilitated the ratification of the Philippines-European Free Trade Association (EFTA) FTA that will expand the Philippines' access to the European market, specifically to its member states such as Iceland, Lichtenstein, Norway, and Switzerland. Besides trade in goods, the Philippines-EFTA facilitates trade in services, investment, competition, intellectual property, government procurement, as well as trade in sustainable development. The Nordic turn in the trading partnership was formalized after the country formalized economic ties with Turkey, which serves as the gateway between Europe and West Asia. In early February, the first meeting of the Philippine-Turkey Joint Committee on Economic and Technical Cooperation was held in Ankara. Both countries inked agreements of cooperation in agriculture as well as investment promotion to boost bilateral economic relations. While Turkey is classified as a non-traditional market, the Philippines resolved to diversify economic ties with Turkey, by exploring possibilities in the fields of plant production and protection, agrarian research, fisheries, as well as joint ventures with its private sectors. At the same time, a Memorandum of Understanding (MOU) was signed between the Philippine Board of Investments and Turkey's Ministry Investment Support and Promotion Agency to enhance partnership through sharing information and best practices on investment environment and opportunities (PH-Turkey Sign Investment Promotion, 2018).

As a traditional partner, Canada's contributions to the Philippine trade cover several broad areas, namely information and communications technology, infrastructure, aerospace and defense, and cleantech (Embassy of Canada in the Philippines, 2017). From 2015 until 2018, the Philippines served as ASEAN coordinating country for Canada. While Canada's development agendas in the Philippines have been multilateral (involving civil society, academia, and private sector) and target various areas, the Philippines' preoccupation with its primary partners resulted in a rather delayed reciprocation in the form of diplomatic missions. In November, a Philippine business mission was sent to Canada to network with Canadian and Canada-based Filipinos, and engage in knowledge-sharing activities. Such a visit is important for both countries



as they may benefit from bilateral trade and collaborative activities. Because of the current global trading issues in certain major markets, Canada has aggressively sought out new markets, including the Philippines which boasts of its increasing potential and resources for their trade and investment.

Equally significant to the investments of foreign trading partners are the socio-economic and cultural remittances of overseas Filipinos. Thus, programs and policies that ensure their security and welfare are closely intertwined with the Philippine foreign policy.

### The Welfare of Overseas Filipino Workers (OFWs)

The third pillar of Philippine foreign policy pertains to ensuring the welfare of Filipinos overseas. The most notable events associated with the well-being of Filipino migrants in 2018 included the founding of the OFBank in January and the bilateral agreement for domestic workers that reconfigured the Philippine-Kuwait relations in May.

On January 18, 2018, the OFBank was officially inaugurated to provide financial products and services to Filipino nationals abroad. True to the promise he made after taking his oath of office in 2016, Duterte issued Executive Order No. 44 the following year to formally approve of the acquisition of the Postbank by the Land Bank of the Philippines. The Postbank was then renamed the OFbank, a wholly-owned subsidiary of Land Bank. OFBank allows the Philippine government to assist Filipinos overseas and their families in availing themselves of a wide array of banking products that suit their needs, from deposits, loans, investments, to payment services. Branches of the bank have opened within the country, and the national government plans to launch the OFBank Overseas Financial Advisory Desk at the Philippine Embassy in Abu Dhabi, and the Philippine Consular Offices in Dubai and Bahrain (Presidential Report 2018, 41-42). The OFBank unveiling ceremony was witnessed by Land Bank President Alex V. Buenaventura and OFBank President Renato G. Eje, DOLE Secretary Silvestre H. Bello III, Department of Foreign Affairs (DFA) Secretary Alan Peter Cayetano, Office of the President Executive Secretary Salvador Medialdea and DOF Secretary Carlos G. Dominguez (OFBank website). This development reinforces the current government's role in regulating the remittance flows, but also ensuring that remittances are channeled more affordably to left-behind families of OFWs. The Central Bank of the Philippines reported that a total amount of USD2.379 billion flowed in

January 2018, which indicates 9.7 % year-on-year growth from January of the previous year (Schnabel, 2018).

The capacity of the Philippine government to protect the human rights and guarantee the welfare of its OFWs and commitment with Kuwait were both put to the test in the early part of 2018. On January 19, the DOLE ordered a temporary ban on Filipinos seeking to migrate to Kuwait for work, pending an investigation into seven deaths of domestic workers in the country. On February 12, the Philippines ordered a “total ban” on new workers bound for Kuwait. Political analysts are divided on how the Philippines should deal with Kuwait as far as the welfare of Filipino domestics is concerned. Some believe that banning migration is likely to exacerbate abuses and risks in migration, while others suggest that doing so could paralyze the Kuwaiti economy and force Kuwait to subject itself to new conditions that would favor the sending country. Filipinos constitute more than 250,000 or above 30 % of the total domestic population working in Kuwait (Human Rights Watch, 2018). In response to the ban, the Kuwaiti government ordered Al Durra Recruitment Company, the state-owned recruitment agency, to recruit workers from Indonesia, Vietnam, Bangladesh, and Nepal (*ibid.*). Pressures from various organizations have influenced the government, however, to hold talks with the Kuwaiti government.

On May 11, the diplomatic ties of the Philippines and Kuwait moved forward with the signing of the bilateral agreement on Employment of Domestic Workers that would ensure the rights of Filipino domestic workers in accordance with the provisions of the Kuwaiti laws for domestic workers and in compliance with the Philippine laws on recruitment and deployment of Filipino workers. The Philippine contingent consisted of DFA Secretary Alan Peter Cayetano, DOLE Secretary Silvestre Bello III, Presidential Spokesperson Harry Roque, and Special Envoy to Kuwait Abdullah Mamao (Rey, 2018). Yet, despite efforts to negotiate to improve working conditions, wages, and employment opportunities, the national government called upon OFWs to consider returning home instead of enduring unfair treatment of their employers. As of 2018, a total of 5,248 distressed OFWs were repatriated under the Operation Bring Them Home Program that commenced in 2016 (DOLE, as cited in Presidential Report 2018, 43).

To reduce the negative impact of unplanned or forced return migration, the Philippine government put forth programs and mechanisms to reintegrate OFWs back to their stay-behind families and communities. One notable

initiative was that of the Philippine Consulate in Hong Kong, in which they held the 3rd Branding Forum for Enterprising OFWs. The forum aimed at orienting Filipinos toward possible entrepreneurial activities and investments that could be explored in their respective hometowns.

## Achievements in Foreign Relations: Putting the Philippines on the Map

With the country's success in the fields of national security and economic cooperation, its image and disposition generally picked up in 2018, evident in its improved standing in global economic reports (e.g. Best Countries and Foreign Currency Rating). As a result, it stimulated confidence among foreign investors and traders, thus enhancing old existing and generating new bilateral partnerships. Although the total foreign direct investments (FDI) marginally dipped in 2018 by four percent to USD 9.8 billion from USD 10.3 billion in 2017, the country managed to receive job-generating investments in the manufacturing, finance and insurance, real estate, gas, electricity, air conditioning supply, as well as arts and recreation sectors from mainly Singapore, Hong Kong, Japan, China, and the US (Bangko Sentral ng Pilipinas, as cited in DTI 2018). Despite the global economic slump brought about US-China Trade War and Brexit, the said equity capital investments should not hinder the country from further positivizing the trading environment overall. This position is vital to attracting more foreign investors and traders to the country.

In 2018, the country continued its pronounced shift in foreign relations through a more independent foreign policy. But as discussed earlier, the move did not mean the outright dismissal of cooperation with traditional partners, especially the United States. Instead, it was characterized by a renewed focus on national development, while at the same time reconfiguring the extent of bi-/multilateral cooperation and joint development strategies with its traditional and non-traditional partners.

However, the Philippine economy in 2018 was not unaffected by external factors such as Brexit, crisis-related instabilities, and financial instabilities (Global Economic Monitoring Unit 2018). Despite this, the Philippines is expected to revitalize trade and investment environment to push economic growth. Future achievements in diplomatic relations should enable the Philippine state to sustain robust social institutions and services for the well-

being of Filipino citizens.

The ban on Filipino migration to Kuwait following the death of the domestic worker Joanna Demafelis in February which outraged the Filipino nation put a serious strain on Kuwait-Philippine bilateral relations, but also posed a herculean task on the Philippine government to address the precarities OFWs face. It challenged the country's capacity to expand existing agreements with other Gulf countries where a huge number of OFWs live and work.

## Enduring Issues and Concerns

This section focuses on examining the most enduring issue that involves the Philippines, ASEAN neighbors, and China—that is, the maritime dispute over the South China Sea. It also discusses the recent withdrawal of the Philippines from the International Crime Court (ICC), which has implications on its position in the United Nations and on its future in the field of international relations.

Among the ongoing issues affecting the national security of the Philippines, the most heightened in 2018 hitherto was the West Philippine Sea/South China Sea dispute. Since the 1980s, the conflict over the West Philippine Sea/South China Sea has been significantly affecting Philippine-China bilateral ties as well as ASEAN relations. As a multilateral issue, the South China Sea is a territorial and sovereignty dispute arising from overlapping claims to exclusivity over the economic zones of the Philippines, as well as those of Taiwan, Malaysia, Brunei, Indonesia, and Vietnam. China builds military facilities in Spratly and Paracel Islands based on “historic rights” along the “nine-dash line” (Tana & Takagi, 2018, 322; Djalal, 2001, 88; Townsend, 1998). The peak of the conflict was in 2011 when China's booming economy prompted the government to send vessels to conduct marine activities to obtain more resources (Banlaoi, 2011).

The Permanent Court Authority's (PCA) arbitration award in favor of the Philippines in 2016 may have declared China's claim over its 200-nautical-miles exclusive economic zone invalid. Refusing to recognize the decision, China opted to impose a “four no's” policy (non-participation, non-recognition of the arbitration panel's jurisdiction, non-acceptance, and non-enforcement of the award) (Nguyen & Thanh 2018). Since taking office in 2016, President Duterte has been faced with two major foreign policy challenges in relation

to China: 1) how to manage its diplomatic ties following the arbitration decision, and 2) how to conceive of its security alliance with the US (Baviera, 2013; Baviera, 2016). Deflecting the tension arising from the aforementioned historic victory in international law, the Philippines showed signs of leaning towards China in the field of economic security, an area that would yield more mutual benefits.

Apart from the country's preventive diplomatic approach towards China, the Philippines has proposed collaborations. During the ASEAN-China Summit in 2017, the Philippines spearheaded the adoption of the 10-year Declaration for a Decade of Coastal and Marine Environmental Protection in the SCS, which aims to uphold preservation of the SCS as vital to economic and social development for the succeeding generations (Presidential Report, 2018). The Duterte regime reiterates the country's commitment to protecting its claim over the West Philippine Sea through deploying naval and air assets to patrol the country's maritime realm, and establishing 20 shore observatory stations to monitor foreign and local vessels crossing within the maritime area. Former DFA Secretary Alan Peter Cayetano suggested that if the Philippine government desires to strengthen its territorial claim under UNCLOS to reinforce its arbitration win, it needs to recalibrate its strategy in the West Philippine Sea and consider crafting its maritime security plan (Council of Foreign Relations, 2017).

The second issue that has impacted the Philippines' foreign relations was its submission of the statement of withdrawal from the Rome Statute, the founding treaty of the International Criminal Court on March 19, 2018. This notification of withdrawal came more than a month after the Prosecutor of the ICC called for an investigation of the situation in the Philippines to "analyze the thousands of killings allegedly committed since 2016 in the context of the 'war on drugs' campaign" (International Criminal Court, 2018). Meanwhile, during the October United Nations meeting in Geneva, Ambassador Evan Garcia, the country's Permanent Representative, reiterated that as one of the pioneering members of the United Nations Human Rights Commission in 2006, the Philippines recognizes the Universal Declaration of Human Rights as a landmark document of equal significance with the UN Charter (Habito, 2019). This reiteration implies the refusal of the Philippine government to be examined for the alleged extra-judicial killings by the ICC.

The two issues highlighted in this section suggest negative and ambivalent positions for the Philippines in the regional and global community. On the

other hand, there were events in 2018 that gave the country opportunities to regain the trust of its bilateral partners.

## Prospects

In order to respond adequately to the pervasive issues that affect its diplomatic affairs, the Philippines need not pursue too many draconian measures and strategies that would only bring tremendous and unsustainable adjustments in the future. Lessons can be drawn from previous policy recommendations.

Drafting the Code of Conduct, for instance, allows for a more multilateral and inclusive approach to managing conflict over the SCS dispute (Djalal, 2001). In 2017, the prime ministers of ASEAN and China finally formed a consensus on the framework for the Code of Conduct which was a milestone in the China-ASEAN relations. Despite missing some fundamental components such as defining the geographical area to manage and the mechanisms for implementation (Storey 2017), the framework provides an important milestone in the history of China-ASEAN partnership, and two decades of SCS conflict management.

The Philippines seems to have reinvigorated its relationship with China with bigger prospects for cooperation. In particular, China's cooperation was vital to the country's ongoing war on drugs. In April 2018, China helped the Philippine Drug Enforcement Agency (PDEA) dismantle three shabu laboratories that involved Chinese nationals during high-impact operations. As a country coordinator in the China-ASEAN dialogue beginning in August 2018, the Philippines was assigned to act as a bridge linking the interests of both parties until 2021. Then DFA Secretary Alan Peter Cayetano maintained that the function would be favorable for the Philippines, in the sense that its representation would be a permanent fixture in all negotiations, thus ensuring the protection of the country's claims (Philippine News Agency, 2018).

What may be regarded as the biggest opportunity for Philippine-China relations was the historic two-day state visit of President Xi Jinping to Manila in November, the first state visit of a Chinese head to the country in 13 years. The two state leaders signed 29 agreements, which include an MOU on oil and gas development, signifying that both parties are united in seeking the symbiotic enjoyment of resources available in the disputed South China Sea. As argued earlier, these agreements, which involve infrastructural development,



information and technology transfer, educational and cultural exchange toward mutual economic gain, may be seen as the Philippines' way of bolstering regional harmony and preventing the intensification of the conflict related to the SCS claim. Some political analysts view that most of the regional and bilateral engagements in 2018 favored China more because it successfully asserted its position in the SCS through its scientific, technological and infrastructural activities in the area, apart from gaining the positive response of ASEAN members particularly the Philippines (Nguyen & Thanh, 2018). China has been depicted as the "future of conflict," with the claimants' increasing assertiveness through resolute diplomacy, naval capability development, increasing unilateral patrols, and surveillance ship activities in contested waters, which have induced security tensions in the region, making any resolutions unforeseeable in the future (Banlaoi, 2012).

On the other hand, the budding friendship and joint effort the Philippines and China to cultivate peace and development may be viewed as part of the former's strategy while it is yet to draw up its own maritime security plan. In the meantime, the Philippines may have to skillfully convince China that maritime cooperation through friendly dialogue will benefit both parties and the ASEAN at large. Whereas the recent meeting of the two "gentlemen" that inked 29 agreements may be a short-term approach, regularizing bilateral meetings premised on the enduring social and historical relationship between the Philippines and China can be considered less threatening and builds confidence that is prerequisite to the eventual drafting of the much-needed Code of Conduct.

Moreover, the expanding opportunities that China-Philippine diplomatic relations offer to denote that the Duterte administration is treading new paths toward advancing economic security. If the Philippines desires to be economically competitive and shape a better economic future, Filipino economists recognize the need to pursue scientific and technological innovation such as "artificial intelligence" (AI) (Sicat, 2018). Sicat further suggested that in order to modernize employment and speed up industrial production, for instance, the Information Technology-Business Process Outsourcing industry (IT-BPO), should invest in AI (Camba 2018). The call center industry is one of the country's most important job generators and has placed the Philippines as the top voice and complex service provider globally. However, in order to maximize the contributions to growth, the investments made by foreign partners in information and technology transfer as well as a human-to-human exchange must be utilized to transform the IT-BPO industry, and gradually



invigorate countryside development.

In ensuring the safety and welfare of Filipinos overseas, the government needs to intensify and make more concrete protection mechanisms for ensuring that the Kuwaiti incident will no longer occur in other GCC countries in the future. With the signing of the bilateral agreement for Filipino domestic workers, the Philippines and Kuwait should next co-develop a standard contract; a system for rescuing workers in distress and investigating worker abuses and deaths; a requirement to inform the Philippines of any national arrested; and a requirement for all employers who apply for work and residency permits for domestic workers to apply for authorization from the Philippines embassy, which can then register workers and provide greater protection (Human Rights Watch, 2018). The Philippines should also seek agreement with other GCC and other countries where there are a substantial number of Filipino domestic workers to ensure that criminal or civil cases against employers or agencies on behalf of workers are reported and that those Filipinos who wish to return home should be provided with legal support by the Philippine embassy. To complement pre-departure orientation seminars, the embassy in receiving countries ought to facilitate a post-migration/arrival orientation that would require the attendance of employers so that they can register domestic workers when they arrive. The embassy should also monitor the status of workers periodically, and before they leave to document their working conditions. The Philippine government should further promote return migration and socio-economic reintegration of overseas Filipinos as viable options.

To improve the country's migration governance, Human Rights Watch (2018) also recommended that the Philippines develop mechanisms for effectively monitoring recruitment agencies, in order to reduce the incidence of charging exorbitant fees and illegal recruitment. Aside from protecting outbound workers, returning workers should also be assisted when filing complaints against agencies and illegal recruiters, and the process should be simplified for the convenience of complaining workers.

## Synopsis and Conclusion

This chapter has discussed the key events, people, achievements, and continuing challenges to Philippine foreign relations. Based on its diplomatic dealings in 2018, it can be said that the Philippines strived to reevaluate its relationship with the US, Japan, and China as its crucial strategic partners. Because these countries are traditional and strategic partners, it becomes inevitable for the

Philippines to meddle in the occasional expressions of rivalry between these states as they compete for influence on the regional and economic security in the Asia-Pacific region. With the Philippines' growing relationship with China under the Duterte regime, it is a challenge for the US to top China's new set of agreements as well as current investments. Unfortunately, its military aid to the Philippines without long-term and more concrete diplomatic and economic policies to match, will not be sufficient to mitigate Chinese influence (Licshin, 2018). It has attempted to strike a balance in managing its ties, yet, the Philippines has remained caught up in its asymmetric relations with China and the US.

Integral to modifying the Philippine foreign policy is the need to design a maritime security plan, which is tied to its development goals if it wants to maximize its PCA award. It cannot entrust fully its national and economic security to its new and old partners. In order to be in control of its future, the Philippines needs to obtain political will based on shared region-al interests to elicit the cooperation of its ASEAN neighbors. Surely, in order to realize the Revised AFP Modernization Act or Republic Act (RA) 10349, the government needs to allocate funds for building and/or purchasing aircraft, vessels and materials to boost its defense credibility, according to the Philippine Development Plan of 2017-2022 (NEDA 2017, 18-1). The country must develop its own diplomatic and defense capability to safeguard its sovereignty and territorial integrity while enhancing peace.

Disputes on maritime jurisdictions and entitlements in the West Philippine Sea will remain, and the seemingly positive relations between China and the Philippines might incur delays in the Code of Conduct draft. The Philippines must ensure that the "principle of mutual interest" with China will not lead to power imbalance and serious debt that will compromise its position as country coordinator in the ASEAN. Thus, negotiating its ties with China and ASEAN likewise requires a delicate balance.

Gaining the trust of new partners, while keeping the support of traditional allies, is likewise key to the maintenance of the well-being of overseas Filipinos. Protecting migrant Filipinos will continue to be of immense significance because remittances are vital to the country's economic growth, and the Philippines is a model sending country in terms of governing and managing migration. To realize the capacity-building strategies and programs that protect the rights of Filipinos abroad, the Philippines needs to share such commitment with receiving states. Thus, its diplomatic relations will remain

crucial to the advancement of Filipino migrants' welfare in the coming years.

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