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The politics of grand strategy in an emerging state: a case study on Philippine diplomacy toward China

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ABSTRACT

Some observers expected a drastic change in the Philippines' diplomacy toward China when Rodrigo Duterte said goodbye to the United States in 2016. However, after six years, the Philippines has remained an allied partner of the United States. The Philippines' defense establishment bolstered its maritime domain awareness capacity thanks to financial and technical support from the United States. Department of Foreign Affairs (DFA) maintained the award from the Permanent Court of Arbitration (PCA) favoring the Philippines over China. This paper sheds light on the Philippines' policymaking process by framing the politics of grand strategy in an emerging state. The grand strategy is an intellectual architecture to clarify the general direction of foreign policy shaped by multiple state actors who are not limited by the foreign affairs office. Neither asymmetrical power relations nor presidential power can dominate the direction of the Philippines' diplomacy. The president, the DFA, and the defense establishment have developed institutional foundations to craft particular policies. Once they designed the grand strategy in the 1990s, successive policymakers did not remove it but rather incrementally changed it, especially in the 2010s, when they faced a series of assertive actions from China. In an emerging state with limited state capacity, Filipino policymakers do not always coordinate well with each other but still maintain a certain level of autonomy to create particular policies. Against the dominant framework of the weak state, this paper argues that Filipino policymakers demonstrate the state's capacity to achieve their policy goals, even with limitations.

KEYWORDS

Philippine diplomacy; China; grand strategy; emerging state; incremental institutional change; state capacity

1. Introduction

Philippine diplomacy under President Duterte was apparently confusing. President Duterte said "Goodbye" to its allied partner the United States but did not implement the declaration. He once declared the suspension of the Visiting Forces Agreement between the Philippines and the United States but later withdrew the proposal. Rather, the Philippine Coast Guard (PCG) and the Armed Forces of the Philippines (AFP) strengthened their ties with the United States under his

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administration. The Department of Foreign Affairs (DFA), especially under Secretary Teodoro Locsin, has never neglected the Award of the Permanent Court of Arbitration, whose value China has never recognized. In fact, the DFA succeeded in having President Duterte declare the award's significance at the United Nations General Assembly in 2020.

How do researchers reconcile the multiple messages from the Philippines? Some might argue that the Philippine government does not have enough state capacity to identify its national interests. Many scholars have indeed pointed out the Philippine state's weakness or smallness. Others might attribute the confusion to a populist president who does not care about foreign relations.

These views sound convincing but remain problematic. First, the same Philippine state under President Benigno Aquino won the award, showing the Philippine state's strength. If the president, an important state actor, can make a difference, one may argue that the Philippine state is not a weak one. Meanwhile, if President Duterte was powerful enough to dismantle his predecessor's legacy, he could have forced the DFA and AFP to follow his pro-China policy, which never happened.

Against this backdrop, I argue that the politics of grand strategy in an emerging state shaped Philippine diplomacy. The grand strategy is "an intellectual architecture that gives form and structure to foreign policy." Scholars find the concept of a grand strategy useful, especially when they aim to broaden an analytical scope beyond an analysis of military strategy and heavily weigh the making process of strategy with multiple actors, including political leaders and foreign and military authorities. In his study on the United States' grand strategy, for instance, Brands focuses on the National Security Council in addition to the State and Defense Departments, and Doshi turns to the Communist Party of China and the Ministry of Foreign Affairs in his study on China's grand strategy.

The study of grand strategy has been limited to the great powers, such as the United States and China. In the case of small-state studies, scholars do not expect a lot from the military. Instead, they often highlight the role of regional institutions through which small states could project their powers. In the case of Philippine policy toward China, however, discussing the role of the Association for Southeast Asian Nations (ASEAN) is not enough because ASEAN and China have been in a stalemate over the South China Sea for more than two decades. In addition, the Philippines failed to mobilize support from its counterparts, especially after 2012, when Philippine vessels faced a standoff against Chinese vessels around Scarborough Shoal.

Nevertheless, the Philippines could neither solve all the issues by itself nor surrender its fate to a great power's mercy. In emerging-state studies, scholars point out pockets of efficacy that promote state capacity in certain policy areas, typically in macroeconomic management by technocracy. There is a gap in the literature on emerging states to broaden the analytical scope to include foreign and security policies. In Philippine studies, the National Security Council (NSC) has been neglected for decades – partly because the council has rarely made documents publicly accessible until recently and because scholars have undervalued the NSC's role in policymaking due to the dominance of the weak-state discourse, in which scholars underestimate the Philippine state's agency and emphasize the role of politicians sticking to parochial interests. Besides, the Philippine military focused on internal security during the Cold War when the U.S. military maintained an overwhelming presence in the country.

Scrutinizing the Philippine NSC's documents and actual policymaking by the Philippine government is opportune now, considering the increasing amount of literature highlighting the Philippines' state capacity, even with some limitations and changing expectations for the Philippine military after the Cold War. By combining the literature on grand strategy and emerging states, I argue that the Philippine government has crafted its grand strategy with limited state capacity, which may cause confusion for outside observers but may not reflect a total incapacity of the state.

To develop this argument, I focus on the Philippine response to Chinese provocative actions in the South China Sea and its changes over the last three decades. Power asymmetry has always existed between the Philippines and China but has never determined the Philippine foreign policy toward China.

Aiming to understand the dynamics of Philippine grand strategy shaped by contingency and agency, I adopt the theory of incremental institutional changes. Mahoney and Thelen discuss four types of incremental changes that are different from rapid, drastic change, making a critical juncture to form new institutions. *Displacement* allows policymakers to remove an existing policy and introduce a new policy; *layering* may add a policy on top of existing sets of policy. *Conversion* maintains an existing policy but changes its purpose. *Drift* occurs when policymakers stop implementing a certain policy initiative. In the case of drift, the conventional policy remains though it may be used for different purposes or neglected.

Successive Philippine administrations have experienced various changes in the last three decades. The Fidel Ramos administration founded an economic diplomacy-centered grand strategy with ASEAN-centered diplomacy in the 1990s. Successive administrations more or less consolidated this grand strategy until the Benigno Aquino administration faced various assertive actions by China in the 2010s. The Aquino administration displaced ASEAN-centered diplomacy with rule-based diplomacy in its policy toward the South China Sea disputes, and it layered a renewed initiative for defense buildup through military modernization. The Duterte administration drifted away from the Aquino administration's rule-based diplomacy but continuously aimed to build defense capacity, with limited cooperation with the United States and U.S.-allied partners in Asia.

By studying Philippine diplomacy through a lens of grand strategy in emerging states and incremental institutional changes, I aim to contribute to three groups of literature. First, I reveal proactive policymaking by Filipino policymakers, whose agency scholars often neglect in favor of a dominant influence of the weak-state discourse in Philippine studies. Second, I broaden the scope of emerging-state studies in which scholars scrutinize the economic dimensions of state capacity. Third, I shed new light on grand-strategy studies preoccupied with exploring superpowers.

The rest of the paper comprises the following three sections. The second section traces the founding process of the economic diplomacy-centered grand strategy with ASEAN-centered diplomacy as well as a failed attempt at defense buildup by the Fidel Ramos administration and a consolidation process by successive administrations. The third section examines the displacement of the ASEAN-centered diplomacy, introduction of rule-based diplomacy, and reactivation of the defense buildup efforts under the Aquino administration. The fourth section examines the drifting process of rule-based diplomacy

and the Duterte administration's continuing process of defense buildup with various security partners.

2. The rise of the economic diplomacy-centered grand strategy with the ASEAN-centered diplomacy

2.1. National Security Council and the economic diplomacy-centered grand strategy

To craft a strategy for his administration, President Ramos enhanced the NSC's role through Administrative Order No. 2, issued on 24 July 1992. The order directed "the Director General of the National Security Council to revitalize the National Security Council and the Intelligence Community and to reorient their activities toward attaining broader national goals." Thereafter, the NSC worked to achieve broader national goals rather than military goals.

President Ramos appointed his closest aide, Joel Almonte, as the director general of the NSC and as his presidential advisor. Almonte, a soldier who had worked closely with Ramos throughout his military career, shared Ramos's view on the root cause of anti-government rebellions. He had accumulated intelligence about business elites in the Philippines while serving as the head of the Economic Intelligence and Investigative Bureau of the Corazon Aquino administration and in several other economic intelligence engagements in the late 1980s.

Almonte staffed the NSC with deputies from key departments and an "informal network of leaders," which he had nurtured as the head of the Philippine Center for Advanced Studies (PCAS) at the University of the Philippines in the 1970s. At the PCAS, Almonte, a graduate of the Philippine Military Academy, gained knowledge and broadened his connections with technocrats and intellectuals, most of whom had graduated from leading American universities, such as Harvard University and Cornell University.

Following the administrative order, Almonte broadened the concept of national security because he believed "the elements of national security were, in reality, about nation-building," and he scrutinized the concepts of comprehensive security and human security to go beyond the traditional understanding of security. The NSC identified oligarchy as the core problem, formulated a strategy to address the problem, and then launched the strategy titled *Philippines 2000* in January 1993.

President Ramos was highly conscious of economic growth in neighboring economies, such as Japan, Hong Kong, Taiwan, Singapore, and South Korea. For instance, Ramos attempted to create "the proper policy environment for private enterprise to flourish" by passing an antitrust bill in Congress. Although he failed to pass the antitrust bill in Congress, he and Almonte worked hard to dismantle the telecommunication industry's domination and succeeded in opening the industry to new investors.

The Ramos administration prepared a legal foundation to invite foreign direct investment (FDI) through successive lawmaking. For instance, it created the Build – Operate–Transfer Law (RA 7718) to promote infrastructure development in cooperation with private businesses and the Special Economic Zone Act (RA 7916) to establish the Philippine Economic Zone Authority (PEZA) to invite FDI for export-led growth. After creating the PEZA, he appointed Lilia De Lima as its secretary general; she served

as the head of the PEZA for twenty years and succeeded in accumulating Japanese FDI to promote electronics manufacturing.

Ramos appointed Robert Romulo, the former chair of IBM Philippines, as foreign secretary and focused on economic diplomacy to invite FDI to compensate for missed opportunities in the late 1980s, also intending to catch up to newly industrialized neighboring economies. The government joined multilateral and regional arrangements to promote trade and investments. The Philippines joined the World Trade Organization in 1995 and hosted a 1996 summit meeting of the Asia-Pacific Economic Cooperation (APEC) in Subic to promote further liberalization in trade and investments. The Ramos administration signed thirteen bilateral agreements, twenty investment protection and promotion agreements, nine taxation agreements, and eleven services agreements and received USD 22.4 billion in FDI.

2.2. Mischief Reef Incident and thereafter: the defeat of rule-based diplomacy and the endurance of ASEAN-centered diplomacy

Grand strategy making is not free from contingency, which reveals variations in policy-makers' interests and ideas. After noticing a structure the Chinese built at Mischief Reef in January 1995, President Ramos called a session of the NSC to discuss possible measures in February. During the council meeting, President Ramos stated that China had violated the Philippine Exclusive Economic Zone (EEZ) and that the Chinese presence at Mischief Reef violated international law as well as the 1992 ASEAN Declaration on the South China Sea. President Ramos believed that "right is might." The DFA considered legal options but realized they could not meet the requirements needed to bring the case to the International Court of Justice because China would not agree to bring the case. In the end, the Philippine government started a bilateral negotiation and produced a joint statement in August 1995. In the statement, both states agreed that they would not take actions to complicate or escalate the situation.

The discussion at the meeting revealed two positions in the Philippine government regarding China. Almonte and Antonio Carpio, legal advisor to the president, suggested that they should build lighthouses in Scarborough Shoal and prepared a budget of 74 million pesos to show the will to exercise Philippine sovereignty. Meanwhile, Secretary of Foreign Affairs Domingo Siazon, a career diplomat who took over the post from Romulo just before the incident, opposed any measures that would provoke Chinese authority. President Ramos sided with Siazon and abandoned the idea of building the lighthouses. Thereafter, Siazon sought a solution through bilateral negotiations with China and multilateral negotiations with ASEAN.

Siazon apparently expected reform in China and made his view public in an article published in 1995, "The Emergence of Geoeconomics and Its Impact on Regional Security." He asserted that geopolitics was a concept of the Cold War era and that the Philippines should seek the opportunities represented by the rise of newly industrialized East Asian economies and a changing China. In terms of China's change, Siazon highlighted three points: China's split from Soviet Russia, rapprochement between the United States and China, and reform by Deng Xiaoping. Siazon recognized China's naval modernization and the South China Sea dispute but appreciated Chinese participation

in multilateral dialogs at the ASEAN Regional Forum (ARF) and in bilateral dialogs with the Philippines.

Much earlier than the Mischief Reef occupation, President Ramos, son of Foreign Secretary Narciso Ramos, who signed the ASEAN declaration in 1967, actively participated in ASEAN diplomacy and sought a solution to territorial disputes through regional diplomacy. The Philippine foreign secretary at the time, Raul Manglapus, chaired the ASEAN ministerial meeting that issued the ASEAN declarations on the South China Sea in 1992.

After the Mischief Reef Incident, President Ramos expressed his view on current development in public remarks at the Asia-Australia Institute in Sydney on 18 August 1995. At the beginning, Ramos reiterated, “We now identify primarily with ASEAN – and we have made our relationships in the Asia-Pacific the cornerstone of our foreign policy.” He admitted that Chinese economic growth would “unavoidably create serious political and military pressures” and argued, “[They] endeavor to integrate China into the Asia-Pacific community – economically through APEC and politically through the ASEAN Regional Forum,” rejecting the idea of containment.

Thereafter, the DFA worked with ASEAN to cope with China. Rodolfo Severino of the DFA, who served as the ASEAN senior official for the Philippines from the beginning of the ARF to 1997 and then as ASEAN secretary general from 1998 to 2002, asserted the ARF’s significance. Severino mentioned that ASEAN diplomats sought a way to “socialize” China and keep the United States engaged in the region after the end of the Cold War. Although he recognized disagreements between China and some ASEAN member countries over the South China Sea, Severino explained that the ARF dealt with security as a comprehensive concept, covering “not only military aspects but also political, economic, social and other issues.” The statement sounds quite similar to the promotion of comprehensive security by the Almonte-led NSC.

2.3. Failed attempt at defense buildup and the consolidation of Ramos’s grand strategy

Meanwhile, the AFP did not play a major role in policymaking. Beginning in 1992, when the United States withdrew bases from the Philippines, the AFP advocated military modernization to transform from a mainly internal security force to an external one. The AFP accelerated its advocacy after the Philippines discovered oil in the Spratly Islands, which are protected only through blue-water defense capability, but failed to convince President Ramos, who needed support in Congress for his socioeconomic reform. Congress was skeptical of the military, which had a notorious legacy of corruption and human rights abuse during the Marcos regime. Despite his solid military background, President Ramos once supported the idea that the military would lead disaster relief missions and environmental protection efforts, though it was his remark before the Mischief Reef occupation. After China’s occupation of Mischief Reef, the military maximized the opportunity to make the AFP Modernization Law (RA 7898), which was a multiyear budget allocation for military procurements. However, it failed to implement the law on schedule because of Congress’s lukewarm support for allocating bigger budgets to the military, especially in light of the fiscal emergency following the 1997 Asian financial crisis.

In this context of little political support and limited capacity, the AFP sought a way to enhance alliances with the U.S. military, which had provided military aid for decades. In July 1995 and August 1998, the Philippine Navy and the U.S. Navy conducted joint exercises near the Spratly Islands. Although some sought a status-of-forces agreement during the Ramos administration, President Ramos was apparently hesitant about deciding, considering the public's anti-U.S. sentiments. In general, the military did not play a pivotal role in creating a grand strategy under the Ramos administration.

President Ramos and Secretary Siazon consolidated a grand strategy composed of economic diplomacy and ASEAN-centered diplomacy. After retiring from the presidency, Ramos visited China, where he visited then-vice president Hu Jintao and agreed to China's establishment of the Boao Economic Forum, which played a role in displaying the achievement of Chinese economic success to the world.

Meanwhile, Siazon remained the foreign secretary in the successive Joseph Estrada administration. Siazon stuck to a nonconfrontational policy toward China, but he consolidated the revision of Philippine – U.S. relations with the Visiting Forces Agreement on 10 February 1998. Even after the Chinese buildup at Mischief Reef in 1998, Siazon did not support any provocative actions by the Philippine government. Besides, Undersecretary Severino of the DFA served as the secretary general of ASEAN from 1999 to 2002, during which time ASEAN promulgated the Declaration of the Code of Conduct on the South China Sea with China. Retrospectively, President Ramos, Secretary Siazon, and Secretary General Severino worked in line with ASEAN's socialization strategy in the broader context of U.S. engagement policy. Resonating with relatively harmonious relations between ASEAN and China in the 2000s, their grand strategy remained intact until around 2010, but the Arroyo administration in its last year in office made two important policies to promote rule-based diplomacy, as discussed in [section 3.2](#).

3. Rule-based diplomacy and market-friendly economic diplomacy

3.1. A continuity of the market-friendly economic diplomacy at the NSC

The Aquino administration maintained the economic diplomacy-centered grand strategy but displaced the ASEAN-centered diplomacy with a rule-based one, facing a more assertive China.

A few months after his inauguration, President Aquino instructed the NSC to form the National Security Plan (NSP) “to guide national security efforts in both public and private sectors,” and his was the first administration to have a security plan made by the NSC. President Aquino was interested in human security and socioeconomic issues. In his memorandum order, he instructed the NSC to form a national security policy referring to the four issues of governance: basic service to the nation, economic reconstruction, sustainable development, and security-sector reform. Interestingly, the president did not mention any external threats in the order but emphasized security-sector reform, which was essentially a domestic issue.

The policymakers who wrote the NSP 2011–2017 (hereafter NSP 2011) followed the path shaped by President Ramos, who broadened the concept of security into the socio-economic dimension. When policymakers summarized the strategic context in Chapter

III, they did not analyze any urgent issues but rather confirmed the changes that occurred in the 1990s. For instance, they wrote three “new challenges,” which included the rise of a “borderless world,” a shift in focus from ideology to trade and technology, and a shift in focus on the part of the international community from the United States and Europe to Asia-Pacific countries. These notions resonated well with the views of Secretary Siazon, who illustrated these points in his 1995 paper I mentioned in [Section 2.2](#) rather than contemporary international relations in the twenty-first century. The policymakers even asserted, “Globalization has lessened the possibility of war arising from disputes with other countries, particularly that caused by overlapping territorial claims.” Ironically, the actual Chinese action the Aquino administration would face did not support this assertion.

The policymakers at the NSC spent almost the same number of pages examining internal threats in Chapter V as they did the external threats in Chapter IV. They identified four threats: (1) internal armed conflicts with the Communist Party and secessionist movements, such as Moro National Liberation Front and Moro Islamic Liberation Front; (2) terrorism led by the Abu Sayyaf Group; (3) weak institutions; and (4) poverty. Noticeably, the last two factors represent institutional and socioeconomic challenges to the government. Concerning weak institutions, they enumerated partisan armed groups, including rogue elements of criminality, graft, and corruption in the police and military, which should face the first two threats. Tellingly, they identified poverty as a national security concern, which resulted in economic development as a solution.

They did not pay much attention to maritime security, but they did discuss it in less than half a page out of the seven-page proposal. Specifically, they proposed the creation of a border protection program composed of surveillance, deterrence, and border patrol capability sustained by the Philippine Air Force, Philippine Navy, and PCG. They also asserted that the government should project its defense capability not only in territorial waters but also in the Philippine EEZ.

NSC policymakers revealed their interest in maritime security, but they hardly highlighted the necessity of defense-capacity building to protect sovereignty and maritime interests, considering the extensive discussion on internal threats, including weak institutions and poverty. It is fair to conclude that they reiterated the necessity of socioeconomic development found in the first NSP, following Ramos’s Philippine 2000.

3.2. UNCLOS and the evolution of rule-based diplomacy

While mainstream policymakers advocated comprehensive security through socioeconomic development since the Ramos administration, those who argued for a legal approach toward the South China Sea did not let time pass. The United Nations Convention of the Law of Sea (UNCLOS) of 1982 created a legal dimension of grand strategy in the Philippines. The DFA has provided an institutional foundation to promote rule-based international order in the government since the 1980s. The Philippine government established the Cabinet Committee on the Treaty on the Law of the Sea in 1981 in preparation to sign the treaty. Successive administrations have reorganized the commission several times but have maintained the DFA as a coordinating agency or the secretariat of the organization.

The Arroyo administration made two significant moves to promote rule-based diplomacy in its last year in office. First, the DFA and lawmakers prepared a law to define the archipelagic baseline and the Philippine continental shelf. Senator Miriam Defensor Santiago, the chair of the Senate Committee on Foreign Relations, worked to make the baseline comply with the UNCLOS. In a preparatory stage, Senator Santiago, in cooperation with the DFA, proposed that the Philippines not extend the baseline to the Spratly Islands but claim them as a “regime of islands” whereas Congressman Antonio Cuenco in the lower house proposed that the Philippines should extend the baseline to the Spratly Islands. Finally, Congress passed a bill based on the Senate bill, enacting the Philippine Baseline Law of 2009 (RA 9522), which President Arroyo signed in March 2009.

Immediately after the passage of RA 9522, some legal experts petitioned against the constitutionality of RA 9522, which delimits the Philippine territory created at the Treaty of Paris of 1898. Supreme Court Justice Antonio Carpio, former legal advisor to President Ramos, penned the decision to uphold the constitutionality of RA 9522. The Supreme Court declared that RA 9522 equipped the state to conform to the UNCLOS by setting baselines for Philippine maritime zones and the continental shelf and that RA 9522 was free from “historical claim,” which the UNCLOS did not support. In other words, the Supreme Court declared in its March 2011 decision that RA 9522 would prepare the Philippines to question the validity of China’s claim in the South China Sea.

Second, those who supported the rule-based diplomacy must have appreciated institutional reform under the Arroyo administration. With the PCG Law (RA 9993), the government split the PCG from the Philippine Navy. The PCG is a law enforcement agency, which may play a role in implementing rule-based governance, and developed its missions and equipment consistently after RA 9993 passed in 2009.

The PCG’s capacity building is relevant to Philippine grand strategy, especially because of China’s gray zone operations in the South China Sea, which required the Philippines to counter in legal and physical ways. The PCG may promote rule-based diplomacy by enhancing its capacity to enforce law at sea, and it added physical capacity to show Philippine sovereignty in disputed water, which can be a part of the defense buildup to face gray-zone operations.

Facing rapidly intensifying Chinese aggression in the South China Sea, President Aquino brought a new direction in his foreign policy toward China, especially after he appointed Albert Del Rosario as his foreign secretary in 2011. Del Rosario, who established his career in private businesses and served as the Philippine ambassador to the United States from 2001 to 2006, faced a variety of assertive Chinese actions. In addition to a series of reports on illegal fishing by Chinese vessels in the Philippine EEZ, he received a report in 2011 about Chinese vessels preventing the MV *Veritas Voyager* carrying out a seismic survey in Reed Bank, which is within the Philippine EEZ. Because of Chinese prevention, the *Veritas Voyager* was forced to leave, and Forum Energy, the company that sent the vessel with Philippine government authorization, suspended its activities around Reed Bank.

Aside from the formal exchanges of notes verbales between the DFA and the Chinese Embassy in the Philippines, Del Rosario made the policy toward China public in his op-ed column, “A Rules-based Regime in the South China Sea,” in which he stated, “The rule of law is the bedrock of peace, order and fairness in modern societies,” and he argued that the UNCLOS is the cornerstone defining the territory and maritime entitlements in the

South China Sea. Asserting law as a “great equalizer” among nation states, he mentioned that the Philippine government passed the Philippine Archipelagic Baselines Law (RA 9522) to meet the UNCLOS requirement. We may recall Ramos’ claim that “right is might” in the 1990s.

In April 2012, the standoff between the Chinese and Philippine vessels in Scarborough Shoal would set Filipino policymakers on a collision course against China. In formal diplomatic channels, Secretary Del Rosario first sent his Chinese counterpart a note verbale and negotiated with the Chinese ambassador to the Philippines in vain. Del Rosario accepted U.S. attempts to find a solution to the standoff, which failed because China apparently did not follow the deal. In July, Del Rosario sought help at the ASEAN ministerial meeting in Cambodia but battled in vain to release a joint communique for the first time in ASEAN’s history. After all diplomatic options failed, the Philippine government decided to file the case in the Permanent Court of Arbitration (PCA).

However, it was not Del Rosario but Antonio Carpio who first advocated the legal option. After resigning from the Ramos administration, Carpio continuously studied the cases of the South China Sea. He voluntarily collected old maps, organized the Institute of Maritime and Ocean Affairs – an NGO to disseminate information about the West Philippine Sea – and advocated for the Philippines’ sovereign rights. As mentioned above, Justice Carpio led the Supreme Court’s decision on RA 9544, which stipulated the Philippines’ archipelagic baseline. Prior to the standoff, he delivered a talk at Ateneo de Davao University in 2011, disclosing his ideas to bring China to the PCA.

After the standoff, the DFA searched for a variety of options. Former Defense Secretary Avellino Cruz introduced Carpio to Del Rosario, and they scrutinized the ideas to bring China to the PCA. The Philippine government finally brought the case to the PCA in January 2013. Del Rosario set up a West Philippine Sea Task Force within the DFA. Henry Bensurto, assistant secretary of the West Philippine Center of the DFA, who led the task force, was a specialist on maritime law and a diplomat who had worked under Del Rosario when the latter was the Philippine ambassador to the United States. Carpio’s advocacy was realized under Secretary Del Rosario’s leadership.

3.3. Restored initiative for defense buildup, rule-based diplomacy, and the economic, diplomacy-centered grand strategy

In addition to the legal approach, the Aquino administration revived the failed attempt at military modernization and supported the PCG’s capacity building. In December 2012, President Aquino signed the Revised AFP Modernization Act (RA 10349) into law. With this law, the military was able to plan necessary defense procurements, especially for the navy and air force, for the next fifteen years.

As De Castro rightly noted, however, the Philippine government did not have sufficient financial capability to modernize its military against China by itself. The government sought closer relations with the United States, Japan, Australia, and South Korea for safety, security, and cooperation, thereby fostering a particular policy environment that the successive Duterte administration would carry out in its diplomacy.

The Aquino administration did not abandon economic diplomacy in general but sought a market-friendly approach. In fact, the Aquino administration enacted the

Philippine Competition Law of 2015 (RA10667), which was the country's first antitrust law; President Ramos had tried to pass the law during his tenure in the 1990s but failed.

While bringing the case against China over the South China Sea to the PCA, the Aquino administration did not entirely shut down its relationship with China. In fact, the Aquino administration decided to join the China-led Asian Infrastructure Investment Bank in December 2015 as its last founding member. Because of the confrontational diplomacy led by Foreign Secretary Del Rosario, the Aquino administration did not enjoy political deals with the Chinese government in relation to official development aid (ODA) or Chinese state-owned enterprises through FDI but successfully invited Chinese private investments thanks to the favorable environment for foreign investors, including the Chinese. According to a survey by Camba, the Aquino administration accepted 2.5% of the Chinese FDI to ASEAN whereas the Arroyo administration accepted only 1.25% of the Chinese FDI even though the latter administration enjoyed close relations with China. Rule-based diplomacy did not interfere with the economic, diplomacy-centered grand strategy in economic relations with China.

When the PCA was highlighted, the Aquino administration announced NSP 2011, reflecting the emphasis on socioeconomic development. What the Aquino administration displaced with rule-based diplomacy was not an economic diplomacy-centered grand strategy but the ASEAN-centered diplomacy of the Ramos, Estrada, and Arroyo administrations. Facing the collapse of the ministerial meeting in Cambodia in 2012, the Aquino administration shifted the focus of its diplomatic endeavors from ASEAN to international law.

4. Drifting away from rule-based diplomacy and continuity of the defense buildup

4.1. Reconfirmation of the economic diplomacy-centered grand strategy

Almost a year after his inauguration, President Duterte announced NSP 2017–2022 (hereafter NSP 2017) on 4 April 2017, which did not reflect any drastic changes from the previous administration. Policymakers identified eight national security interests and highlighted international dimensions only in item numbers four and eight, as they pointed out domestic issues, such as public safety, sociopolitical stability, economic solidarity, and sustainable development, in all eight. They then presented a twelve-point national security agenda, which did not show a focus but rather a breadth of interest. Tellingly, policymakers placed military and border security as the fifth item in the twelfth point of the security agenda, following the domestic concerns of human and political security, health security, economic and financial security, and food and water security.

The fields of military and border security underwent little displacement, but slight changes can be categorized into layering among the patterns of incremental change mentioned above. The NSC identified capacity building through modernization of the military and police as a strategic objective as well as international cooperation. Policymakers apparently developed their proposal based on a specific section in NSP 2011.

NSP 2017's analysis of the external environment reflected the emphasis on territorial security in NSP 2011, but it departed from the favorable assessment of globalization found in a part of NSP 2011. First, policymakers examined "overlapping territorial claims and maritime domain issues" and claimed that the Philippines should develop a maritime domain-awareness capability and a response-force capability, which had been noted in the last part of NSP 2011. Second, they stated, "The Philippines won a key victory when the Arbitral Tribunal ruled that the Philippines has exclusive sovereign rights over the WPS [West Philippine Sea] (in the South China Sea) and that China's 'nine-dashed-line' claim is invalid." Third, they suggested that the Philippines start diplomatic negotiations with neighboring countries and enact necessary laws to comply with commitments and obligations under international law.

In their analysis of regional geopolitical issues, they reiterated the significance of ASEAN centrality in the context of geopolitical rivalries among the great powers. However, they mentioned "unsettled Saba issues" as a flashpoint in the region, which may prevent the Philippines and Malaysia working together in ASEAN. One might argue that the words reflected the Duterte administration's detachment from ASEAN-centered diplomacy although they appeared only once in a long list of flashpoints in the world.

4.2. A drifted but persistent quest for rule-based diplomacy

President Duterte apparently did not value the DFA, especially at the beginning of his administration. Unlike the Aquino administration, which retained Del Rosario as foreign secretary for almost five years, the Duterte administration changed its foreign secretary three times in the first three years. Duterte appointed Perfecto Yasay, who did not have any prior experience in foreign service, as his first foreign secretary. After the Congressional Committee on Appointments rejected Yasay's appointment, Duterte appointed Alan Peter Cayetano, who was Duterte's running mate but lost in the 2016 elections. Cayetano was a politician who had served in the Senate and House but did not have much experience in foreign services, either. Cayetano resigned within one year. Only after Teodoro Locsin, a former TV anchor and the former ambassador to the United Nations, assumed office in 2018 did the DFA enhance rule-based diplomacy.

The policymakers at the DFA apparently tried to maximize the short but important addition in Duterte's message for NSP 2017, which states that the administration "will pursue the independent foreign policy anchored on international laws." At the United Nations General Assembly in 2020, President Duterte claimed,

The Philippines affirms that commitment in the South China Sea in accordance with UNCLOS and the 2016 Arbitral Award. The Award is now part of international law, beyond compromise and beyond the reach of passing governments to dilute, diminish or abandon. We firmly reject attempts to undermine it.

Although President Duterte referred to the award as "just a piece of paper" in 2021, the Philippine government did not publish any official document to confirm his view on the award.

The DFA succeeded in publishing official documents in the United Nations. At the United Nations Commission on the Limits of the Continental Shelf, the Philippine government joined other countries to counter China's claim opposing Malaysia's claim

for its continental shelf in the South China Sea, in which Malaysia referred to the UNCLOS to state its position. The Philippine government stated that the Arbitral Award rejected the legal foundation of China's claim based on historic rights.

Duterte's remarks often drifted away from DFA-led rule-based diplomacy but did not entirely stop the DFA from promoting rule-based diplomacy.

4.3. Duterte's independent foreign policy and continuous efforts for defense buildup

President Duterte visited China five times during his first four years in office and promoted closer ties between the two countries. Unlike the Arroyo administration, which suffered from a historically low approval rating among the people and failed to implement a deal with China, the Duterte administration enjoyed a high approval rating and aggressively promoted a project the Chinese ODA and state-owned enterprises funded. The Duterte administration welcomed Chinese state-funded capital, even in the strategic industries of transportation, energy, and infrastructure. The two countries' governments agreed to a USD 9 billion loan for a railway project in Luzon, and the Filipino economic elite collaborated with Energy China to build a USD 2 billion coal-fired power plant in Luzon. Combining the improved macroeconomic environment inherited from the previous administrations with the close diplomatic relations led by President Duterte, the Philippines enjoyed increasing inflows of Chinese FDI and tourists.

Meanwhile, the Duterte administration did not abandon its close relations with the United States. In the case of the Marawi Siege in 2017, for instance, the government sought various types of support from the United States. The U.S. government provided USD 75 million for the Philippines to enhance its intelligence, surveillance, and reconnaissance capacities in the context of counterterrorism operations in 2017. In addition to U.S. support, the Philippine government received USD 18.3 million in assistance from Australia.

Moreover, the National Coast Watch System, which the Aquino administration established with the PCG as a policy implementation arm, developed facilities with financial and technical support from the United States under the Duterte administration. Raytheon, a major player in the U.S. defense industry, was awarded a contract to design the Coast Watch Center, with financial support from the Defense Threat Reduction Agency of the United States.

The Philippines has continuously enhanced its security cooperation with Japan, which Duterte did not change but bolstered. In his first state visit in 2015, President Aquino announced that the Philippines and Japan were considering a status-of-forces agreement to give the Japan Self Defense Forces access to Philippine military bases. Although they have not yet reached an agreement, the two countries have strengthened cooperative relations in various ways, including high-level dialogs between defense officials, joint exercises in the Philippines, and humanitarian assistance as well as ODA loans from Japan to the Philippines for the latter's purchases of patrol vessels. After the Duterte administration's inauguration, the two governments worked together to build the capacities of the Philippine Navy and the PCG.

The Duterte administration led diverse cooperative relations through the PCG, which did not necessarily reflect Duterte's appeasement policy toward China. During his first official visit to China in October 2016, Duterte signed a document to establish a joint coast guard committee on maritime cooperation, under which China provided PCG officers in China training opportunities. Meanwhile, the PCG, in cooperation with the United States Coast Guard, hosted four-week cooperation and training exercises with its counterparts in Southeast Asia as of 2019. In addition to the steady development of the U.S.-supported Coast Watch Center, which is located in the PCG headquarters, the PCG carried out two joint exercises with the U.S. Coast Guard in 2019. Meanwhile, President Duterte continuously received ODA loans from Japan for new vessels for the PCG and received monitoring radar equipment to enhance maritime domain awareness in the waters of Sulu and Sulawesi. The PCG's capacity-building efforts enhanced the Philippines' capacity to deal with China's gray-zone operations in the South China Sea.

President Duterte sought independent foreign policy but ultimately implemented another incremental change in the grand strategy. Although President Duterte sought closer relations with China, he did not abandon the Philippines' established relations with Japan, the United States' closest allied partner in the region. Moreover, because of insurgencies, resilient terrorist networks, and institutional development of maritime domain awareness, the administration depended on the United States under a president with anti-U.S. sentiment.

5. Conclusion

This study revealed a gradual development of the grand strategy in an emerging state, which was assumed a "weak state" in the previous literature. The evolution of the grand strategy reflects various views of Filipino policymakers, who have not simply surrendered their fate to asymmetrical power relations with China.

The Filipino policymakers in foreign and defense authorities have enjoyed a certain autonomy to craft their grand strategy, but they were not free from existing institutional arrangements. In other words, policymakers actually forged institutional foundations, which subsequent policymakers cannot simply neglect but only displace, layer on, or drift.

This case study on Philippine diplomacy toward China has revealed a new dimension of emerging state studies. Those who study emerging states often focus on economic policy management but have rarely addressed diplomatic and security policies. This study has uncovered the roles of policymakers in the National Security Council, Department of Foreign Affairs, and military establishment, including the coast guard. They can be relatively autonomous, even from the president's policy preference, and can demonstrate capacity as pockets of efficacy in given contexts, just like their counterparts in economic policymaking.

As representatives of an emerging state with limited state capacity, however, policymakers have faced several challenges. First, they cannot compete with a great power with its military capability although the Philippines has carried out a gradual defense buildup program. Second, the multiple actors strategizing do not always coordinate well with each other. The case study shows the limitation of the state capacity resulting not from each agency's policymaking capacity but from their coordination capacity.

They have not, however, lost all state capacity to scrutinize a situation and to craft policy solutions as a part of the Philippine grand strategy. Whereas some scholars highlight regional institutions' role to examine the small state's grand strategy, I shed new light on another diplomatic option, international law. Scholars of grand strategy can broaden their research horizons by scrutinizing the creative nature of emerging states' grand strategy.

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