

PHILIPPINES: South China Sea water cannon row works to Marcos' advantage

Videos and photos released earlier this week of a Chinese coast guard ship using its water cannon against a smaller boat attempting to resupply a Philippine naval outpost have triggered some of the most visible anti-China rhetoric and media coverage in Manila in recent years. The outpost is a World War II-era landing vessel which the navy intentionally grounded on the Second Thomas Shoal (known locally as Ayungin) in the disputed Spratly islands.

And unlike his predecessor, former president Rodrigo Duterte, who attempted to tamp down most disputes with China early in his term, President Ferdinand Marcos Jr. is taking advantage of the situation to reinforce his nationalist credentials. After the Chinese foreign ministry asked the Philippines to fulfill its "promises to tow away the warship," Marcos quickly retorted that he knew of no such agreement or promise and that if any did in fact exist, he was immediately rescinding it.

For Marcos, the domestic benefits are clear. Territorial issues are unlikely to become a broad issue, as can be seen in its low ranking in most national surveys and the limited public reaction to Duterte's pro-China pivot. Therefore, the possibility that it may spin out of control and lead to large and unmanageable protests that would significantly reduce his popularity is low.

But while the issue has limited play nationally, it resonates well in Manila, particularly with the middle and upper-income classes and media—both small but noisy constituencies that were visibly more anti-Marcos than the rest of the country in last year's election. Therefore, most of the back-and-forth on the topic have been with the media and in elite discussions, and these have so far been favorable to the president. This has pushed other more urgent issues to the side, particularly inflation and the threat of further increases in rice prices due to India's export ban and the unpredictable global weather of the next few months.

The other benefit is with the military, which was uncomfortable with Duterte's foreign policy, but mindful of its reaction because of the former president's high popularity ratings. The military has now found its footing, as seen when a spokesperson for the Philippine coast guard also called Filipinos taking China's side as "traitors." Marcos may need to keep the military on his side, especially if his government plans to push for changes in its unsustainable pension plan.

The risk is if both sides miscalculate on how far to push the issue. For the Philippines, the government and the military may want to keep the issue in play slightly longer to capitalize on the domestic focus. The coast guard said it would attempt to resupply the vessel next week, which would likely receive more media play. The Philippine military said it would even eventually refurbish the ship, if the budget were to be provided. On Thursday, 10 August, Marcos met with the outgoing Vietnamese ambassador where he emphasized how his government was looking forward to striking a maritime agreement with Hanoi that would bring stability to the South China Sea.

However, this may cause the Chinese to respond, resulting in further escalation. This would be a misreading of the situation because, as with past episodes in the territorial dispute, the Philippine media coverage and government reaction, most of

Bob Herrera-Lim Managing Director

+1 (646) 561 3514 bob.herreralim@teneo.com

© 2023 Teneo. All rights reserved. This material was produced by Teneo for use solely by the recipient. This communication is intended as general background research and is not intended to constitute advice on any particular commercial investment or trade matter or issue and should not be relied upon for such purposes. The views expressed here represent opinions as of this date and are subject to change without notice. The information has been obtained from sources believed to be reliable but no guarantees can be given as to its accuracy, completeness or reliability. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic or otherwise, without the prior consent of Teneo.

which is opportunistic, will eventually die down once there are no new developments, and Manila can claim to have done its job.

Beijing may, in fact, need to recognize that what is happening now is more a regression to the historical mean of Philippine foreign policy, where elite institutions and the military are more comfortable with the country's traditional ally — something Duterte only had limited success in changing. In addition, Marcos may as we had previously written, in the near-term value acceptance by the West, both for personal reasons and to validate the return of his family to the top tier of Philippine politics. In his mind, Beijing can wait.

Client Portal >>

Bob Herrera-Lim

Managing Director +1 (646) 561 3514 bob.herreralim@teneo.com

© 2023 Teneo. All rights reserved. This material was produced by Teneo for use solely by the recipient. This communication is intended as general background research and is not intended to constitute advice on any particular commercial investment or trade matter or issue and should not be relied upon for such purposes. The views expressed here represent opinions as of this date and are subject to change without notice. The information has been obtained from sources believed to be reliable but no guarantees can be given as to its accuracy, completeness or reliability. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic or otherwise, without the prior consent of Teneo.