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FROM ARROYO TO DUTERTE: TWO DECADES OF PHILIPPINES' FOREIGN POLICY NAVIGATION BETWEEN THE US AND CHINA

INTRODUCTION

The global order at the dawn of the 21st century has been characterized by transformative shifts in power dynamics, largely driven by the emergence of new global players such as China, Russia, and India (Hiep et al., 2024). This realignment has fundamentally altered how major powers interact with smaller nations in the international system. Within Southeast Asia, the intensifying strategic competition between the US and China has placed particular focus on the Philippines (Chao, 2022). This has necessitated sophisticated diplomatic maneuvering by the Philippines to effectively manage its complex web of relationships with both global powers, particularly in diplomatic, economic, and security spheres (Winger, 2023).

Throughout the 20th century, the American-Philippines alliance was foundational to Manila's security and foreign policy framework (Velasco, Song, 2023). However, China's ascendance to become the world's second-largest economic and military power has created new strategic imperatives for Philippines policymakers in the 21st century. The Philippines now faces a multifaceted diplomatic challenge: managing territorial disputes with China in the East Sea while simultaneously exploring economic opportunities presented by initiatives like the Belt and Road Initiative (BRI) (Takagi, 2023). This strategic environment requires careful calibration of relationships with both the US as a long-standing security partner and China as an emerging regional economic leader.

This study examines the Philippines' foreign policy responses to this changing geopolitical landscape during the period 2001–2021, a timeframe that encompasses cru-

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cial developments in both bilateral relationships. The selection of this temporal scope is particularly significant as it captures several critical transitions: China's emergence as the world's second-largest economy, the US' strategic "pivot to Asia," and multiple Philippines presidential administrations with varying foreign policy approaches. The period begins with the post-9/11 era, which saw increased US–Philippines security co-operation, and extends through China's BRI and growing assertiveness in the East Sea. The study concludes in 2021, marking the final months of President Rodrigo Duterte's administration, whose distinctive "pivot to China" policy represented a significant shift in Philippines foreign relations. This endpoint allows for a comprehensive analysis of how Philippines foreign policy evolved through different administrations, culminating in Duterte's controversial approach to balancing relations between the two powers.

The importance of this research lies in understanding how medium-sized powers like the Philippines navigate relationships with competing major powers in their region. The Philippines' experience offers valuable insights into the challenges and opportunities faced by Southeast Asian nations in maintaining strategic autonomy while benefiting from relationships with both the US and China.

METHODOLOGY

This study employs qualitative document analysis as its primary research methodology to examine the Philippines' foreign policy towards the US and China from 2001 to 2021. The research primarily draws upon three categories of documentary sources. First, official documents including government policy papers, diplomatic communications, bilateral agreements, and official statements provide primary evidence of policy positions and diplomatic relations. Second, economic data from national statistical agencies, trade reports, and investment agreements offer quantitative support for analyzing economic relationships. Third, academic literature, think tank reports, and media coverage provide contextual analysis and additional perspectives on policy developments.

The analytical process follows three steps: First, documents are evaluated for authenticity and relevance to the research questions. Second, content analysis is applied to identify key themes and patterns in the Philippines' foreign policy approaches toward both powers. Third, comparative analysis examines how policies evolved across different presidential administrations and in response to regional developments. This methodological approach enables a comprehensive examination of how the Philippines balanced its relationships with the US and China during this period, while considering both political-diplomatic and economic dimensions of these relationships.

THE PHILIPPINES' FOREIGN POLICY ADAPTATION BETWEEN THE US AND CHINA IN A SHIFTING GLOBAL ORDER (2001–2021)

The post-Cold War era initially saw American dominance in establishing a unipolar world order from 1991 to 2000 (Sorensen, 2006). However, the early 21st century witnessed a significant shift toward multipolarity, marked by an eastward move-

ment of global economic power (Peters, 2022). This transformation was exemplified by China's rise as the world's second-largest economy and Japan's continued influence as a major economic and political force in the Asia-Pacific region (Jeong, Grix, 2023). Additionally, nations like India, South Korea, and Singapore demonstrated growth rates exceeding global averages, further contributing to the changing international landscape. The intensifying globalization process has created a complex web of international relations characterized by both cooperation and competition, leading to increased interdependence (Goryakin et al., 2015). This new global environment presents both opportunities and challenges, particularly in managing traditional and non-traditional security issues. The relationship dynamics between major powers, especially the US and China, have become increasingly competitive, creating tensions within the international system.

In this evolving global context, the Philippines emerged as one of the pioneering nations in adjusting its foreign policy to enhance international integration. The globalization process presents both opportunities and challenges for the Philippines as a developing nation. While it facilitates development gap reduction, technology access, and investment attraction, it also demands flexible adaptation and human resource development to effectively utilize new technologies (Schneider, 2013). The complex international environment, characterized by intertwined traditional and non-traditional security issues, requires careful policy calibration, particularly concerning its relationships with China and the US. In the period 2001–2021, the Philippines' position has been significantly influenced by the ongoing restructuring of the regional order, as evidenced by several key developments:

- i) The Philippines' relationship with the US experienced a significant shift when it closed US military bases on its territory in 1991. However, China's increased military presence in the East Sea during 2009–2010 prompted the Philippines to reinvigorate its US alliance. Under President B. Aquino's administration, the Philippines took a strong stance against China's aggressive behavior, culminating in the decision to bring China before the International Arbitration Court (Pemmaraju, 2016).
- ii) The relative decline in US global power and China's rapid ascent necessitated a policy adjustment under President Duterte's administration, which began in 2016 (Baviera, 2016). This strategic recalibration aimed to balance regional power dynamics while maintaining national interests. Under President Duterte's leadership, the Philippines implemented significant foreign policy adjustments, including: reducing dependence on US ties, strengthening economic cooperation with China, developing new cooperative mechanisms, and focusing on investment attraction and trade promotion (Magcamit, 2021). Besides, The Philippines has actively pursued diversification and multilateralization of its foreign relations through participation in regional forums such as ASEM, APEC, and ASEAN (Winger, 2023).

The Philippines' strategic adjustment reflects a broader trend in international relations where economic cooperation and dialogue are prioritized over military confrontation. Despite ongoing territorial disputes in the East Sea, both the Philippines and China have demonstrated commitment to peaceful conflict resolution and regional stability. The strengthening of economic, political, social, security,

and cultural linkages through various cooperation mechanisms has created significant opportunities for the Philippines to assert its position on the international stage while pursuing economic development and prosperity. This strategic evolution demonstrates how smaller nations can navigate complex global power dynamics while maintaining their sovereignty and pursuing national interests in an increasingly interconnected world.

PHILIPPINES' POLITICAL RELATIONS WITH THE US AND CHINA (2001–2021)

Early period under President Gloria Macapagal-Arroyo (2001–2009)

For the US, the period 2001–2009 marked a revival in Philippines-US relations after previous strain. The 9/11 events and the US launch of the global war on terror received a positive response from the Philippines. In 2003, the US regarded the Philippines as an important non-NATO ally. The US increased support for the Philippines through the International Military Education and Training (IMET) Program Agreement and the Logistics Support Agreement signed in November 2002. The two sides stepped up annual military exercises to raise maritime awareness and combat the Abu Sayyaf terrorist group. However, security and military relations between the Philippines and the US during this period were mainly focused on counter-terrorism, as Philippines-China relations developed strongly, considered a golden period (2005–2009) in relations between the two countries; and the US did not really pay attention to Southeast Asia (Chao, 2022).

For the China, diplomatic relations between the Philippines and China were established in 1975, and since then, bilateral cooperation between the two countries has developed positively due to their consensus on views related to the peace and prosperity of the region. Although in 1995, the two sides' political and diplomatic relations entered a "freeze" period. However, the efforts of the two countries to mend bilateral relations have achieved positive consensus. Thereby, both countries have created opportunities to strengthen cooperation in the political, security, trade, investment, tourism fields, as well as cultural and people-to-people exchanges for the benefit of the two countries as they entered the 21st century. During President Gloria Arroyo's term, Manila and Beijing conducted bilateral cooperation, such as exchanges of visits by defense and military officials, annual discussions on views on the current regional security situation, and joint patrols in the East Sea (De Castro, 2009). In addition, when Arroyo took power, Philippines-China relations developed comprehensively across various fields. In 2005, recognizing China as a strategic partner, President Hu Jintao proposed various measures to strengthen relations between the two countries, such as increasing the exchange of visits by officials, enhancing bilateral trade levels, strengthening cooperation against international terrorism and transnational crimes, and coordinating policies in implementing the ASEAN-China Free Trade Agreement (Embassy of the Philippines in Beijing China, 2020). In December 2005, at the first East Asia

Summit meeting in Kuala Lumpur, Arroyo met separately with Chinese Premier Wen Jiabao and reaffirmed the Philippines' strategic commitment and cooperation with China. Following the January 2007 East Asia Summit in Cebu City, Premier Wen Jiabao and Arroyo signed 15 agreements on economic joint ventures and cultural exchanges (De Castro, 2016).

Middle period under President Benigno Aquino III (2010–2016)

For the US, this period represented a flourishing time in Philippines-US relations, particularly in security and military cooperation. President Benigno Aquino III, viewed as pro-US, aligned with the US "pivot to Asia" policy. The relationship was strengthened through key agreements, particularly the Enhanced Defense Cooperation Agreement (EDCA) signed by US President Barack Obama and Philippines President Benigno Aquino III in 2014, allowing US military use of five bases on Philippines territory. Therefore, the Philippines-US alliance remained anchored in three key pillars: i) The 1951 Mutual Defense Treaty (MDT); ii) The 1998 Visiting Forces Agreement (VFA); and iii) The 2014 EDCA (Heydarian, 2017). These agreements provide the legal basis for thousands of US troops and assets to rotate through the Philippines and allow the armed forces of the two countries to conduct annual joint exercises, organize military training, and deploy humanitarian assistance, among others. Specially, VFA plays a pivotal role in US-Philippines defense relations by establishing a legal framework for US military operations in the Philippines. The VFA is an integral part of the MDT, providing a foundation for combat coordination between the armed forces of both nations. In terms of military assistance, the Philippines receives the largest military aid among Southeast Asian nations from the US. Statistical data shows that US military support budget increased significantly: from an average of 50 million USD per year (2012–2015) to 127.1 million USD (2015–2016) (Phuong, 2021). Regarding joint military activities, the two countries conduct approximately 30 exercises annually, including three large-scale exercises such as Balikatan (Shoulder-to-Shoulder) in the East Sea region, aimed at enhancing emergency response capabilities. From a strategic perspective, the combination of VFA, MDT, and the EDCA forms a "security shield" helping the Philippines address external challenges and maintain its position amid strategic competition between major powers in the region.

For the China, President Benigno Aquino III's approach to China marked a significant departure from his predecessor's policies, characterized by assertiveness and confrontation rather than accommodation. His foreign policy towards China was substantially influenced by both domestic political imperatives and geopolitical considerations. On the domestic front, Aquino III's "matuwid na daan" (straight path) anti-corruption campaign targeted officials from the Arroyo administration who had maintained close ties with Chinese government representatives (Camba, 2023). This domestic political cleanup inadvertently strained Philippines-China relations, as it dismantled the established networks between Chinese officials and their Philippines counterparts. The criminalization of Arroyo officials, including former President Ar-

royo herself, disrupted the previously cultivated diplomatic channels with China, effectively rupturing bilateral relations.

In terms of territorial disputes, Aquino III adopted a markedly confrontational stance against China's maritime claims. Unlike Arroyo's passive response to China's 2009 nine-dash line declaration, Aquino III actively challenged Chinese assertions of historical rights within the Philippines' exclusive economic zone (Camba, 2023). When diplomatic tensions escalated over the Reed Bank exploration incident in 2011, his administration took unprecedented steps by filing diplomatic protests and deploying military assets to protect Philippines interests. The administration's approach culminated in the historic decision to file a case against China at the Permanent Court of Arbitration in The Hague in 2014. This legal challenge represented a bold departure from traditional diplomatic channels and demonstrated Aquino III's willingness to internationalize the maritime disputes despite potential economic consequences, including Chinese sanctions on Philippines fruits and tourism. Aquino III also sought to strengthen regional alliances as a counterbalance to Chinese influence, particularly with Japan, Australia, and South Korea. However, his efforts to build a united ASEAN front against China were hampered by the organization's consensus-based decision-making structure and member states' reluctance to antagonize China.

Final period under President Rodrigo Duterte (2016–2021)

For the US, the bilateral relationship between the US and the Philippines experienced significant fluctuations during President Rodrigo Duterte's tenure. The initial period was marked by diplomatic tensions, particularly during the final months of the Obama administration, when Duterte expressed strong criticism toward US policies and diplomatic representatives (Phuong, Tok, 2024). A notable shift occurred with the transition to the Trump administration in 2017. The April 29, 2017 phone conversation between Presidents Trump and Duterte signaled an improvement in bilateral relations. During their subsequent meeting in Manila in November 2017, the US administration notably refrained from criticizing the Philippines' controversial anti-drug campaign, despite international concerns about extrajudicial killings (Holmes, 2017). This diplomatic approach, combined with Mike Pompeo's appointment as Secretary of State, facilitated a warming of relations between the two nations. However, this diplomatic rapprochement faced a significant challenge with the arrest of former Justice Secretary Leila de Lima in the Philippines. This event triggered strong reactions from US lawmakers, particularly due to concerns about political motivations behind her detention, given her vocal criticism of Duterte's anti-drug campaign, which had reportedly resulted in over 7,000 deaths. US Senators Dick Durbin and Patrick Leahy proposed legislative measures to deny US entry to Philippines officials involved in de Lima's case (Quinn, 2019). President Duterte's response to these US sanctions was threefold: i) Implementation of entry bans against the involved US senators; ii) Declining President Trump's invitation to the US-ASEAN Leaders' Summit in March 2020; and iii) Institution of travel restrictions to the US for Philippines officials, with an exception for Foreign Secretary Teodoro Lopez Locsin. A critical turning point

in US-Philippines relations occurred when the US denied a visa to Senator Rolando dela Rosa, a close political ally of President Duterte and the former national police chief who led the controversial anti-drug campaign during 2016–2017 (Torio, Doytch, 2023). In response, Duterte took the dramatic step of terminating the VFA in February 2020. This decision represented an attempt to reduce dependence on major powers and significantly impacted bilateral cooperation across economic, political, and security domains.

However, this diplomatic maneuver proved counterproductive for Manila. The Philippines soon recognized that distancing itself from Washington resulted in more losses than gains. A significant diplomatic reset occurred with the transition to the Biden administration in 2021. Following a meeting with US Defense Secretary Lloyd Austin, President Duterte reversed his previous decision and restored the VFA, which had been suspended since February 2020 (Acosta, 2021). This diplomatic reconciliation extended beyond the VFA restoration. Duterte directed various government levels to engage in bilateral discussions with the US, particularly focusing on the continuation of annual joint military exercises under the agreement (Torio, Doytch, 2023). The restoration of the VFA can be interpreted as a calculated political move by Duterte to restore his diplomatic credibility, which had been damaged by his previous decision to terminate the agreement. This strategic pivot was particularly significant given the context of the approaching Philippines presidential election on May 9, 2022. The timing suggests that Duterte was mindful of his administration's legacy and the potential implications of US-Philippines relations for the upcoming political transition. This diplomatic recalibration demonstrates how domestic political considerations can influence foreign policy decisions, particularly during pre-election periods when leaders often seek to strengthen their political position and secure their legacy.

For China, the Duterte presidency marked a significant shift in Philippines foreign policy toward China, characterized by a transition from confrontational diplomacy to strategic engagement. This realignment manifested through multiple diplomatic initiatives and policy measures. President Duterte implemented a multi-faceted approach to strengthen bilateral relations, including public diplomatic gestures, strategic military considerations, and economic cooperation. During his 2016 state visit to China, the two nations formalized 13 bilateral agreements spanning trade, culture, tourism, counter-narcotics, and maritime affairs. The joint statement emphasized “adhering to international law, strengthening economic and trade cooperation, and properly handling the East Sea issue” (Van, 2016). At China's inaugural BRI Forum in 2017, President Xi Jinping characterized the Philippines as a key BRI partner, stating: “The Philippines and Indonesia are important partners in the BRI, and China hopes to achieve mutually beneficial development results by enhancing cooperation in infrastructure construction, trade, investment and people-to-people exchanges between the two countries” (Daval, 2017). A significant diplomatic milestone occurred in 2018 with President Xi Jinping's state visit to the Philippines, resulting in 29 bilateral agreements covering education, culture, industrial development, and oil and gas exploration. The nations committed to “build a comprehensive strategic partnership on the basis of mutual respect and mutual benefit” (Daval, 2017). However, by 2021, the bilateral relationship

encountered significant challenges following maritime incidents, particularly when Chinese coast guard vessels confronted a Philippines supply ship near Ayungin Shoal. Despite President Duterte's efforts to defuse tensions, these events sparked strong anti-China sentiment within Philippines society and placed pressure on his "pro-China" policy.

PHILIPPINES' ECONOMIC RELATIONS WITH THE US AND CHINA (2001–2021)

Early period under President Gloria Macapagal-Arroyo (2001–2009)

For the US, in the aftermath of September 11, 2001, the US implemented a policy of global Americanization aimed at maintaining hegemonic dominance through military superiority and strategic redeployment across vital global regions, including the Philippines. During President Arroyo's administration, economic cooperation between the two nations was subordinated to security considerations, primarily focusing on counter-terrorism initiatives. Nevertheless, the American re-engagement facilitated a revival in bilateral economic relations following a decade of reduced US presence in the Philippines. The initial surge in trade volume from \$15.39 billion in 2001 to \$18.02 billion in 2002 coincided with enhanced political cooperation following the 9/11 terrorist attacks (see Table 1). The US designation of the Philippines as a major non-NATO ally in 2003 created favorable conditions for bilateral economic engagement.

A significant structural shift occurred in 2002 when the trade balance turned negative, with imports exceeding exports by \$662.5 million. This deficit expanded to its peak of \$1.72 billion in 2003 and persisted through 2005, indicating a structural imbalance in bilateral trade relations (see Table 1). This transformation was attributed to President Arroyo's deliberate strategy of trade partner diversification, with particular emphasis on developing economic cooperation with China, redirecting exports away from the traditional US market. The period 2006–2008 marked a notable transition as the Philippines achieved consecutive trade surpluses. During this phase, Arroyo's foreign policy pursued a strategic equilibrium between the US and China to optimize economic cooperation while mitigating geopolitical risks. The trade surplus increased from \$252.5 million in 2006 to \$983.3 million in 2008, demonstrating successful economic policy adjustments while maintaining robust security relationships with both powers (see Table 1). The most dramatic shift coincided with the global financial crisis, when total trade volume contracted from \$15.42 billion in 2008 to \$11.90 billion in 2009 (see Table 1). This period witnessed the Philippines' highest trade surplus of \$1.67 billion, primarily due to a more substantial decline in imports (–29.2%) compared to exports (–17.3%) (see Table 1). These fluctuations in trade patterns reflect Arroyo's pragmatic approach to foreign policy, balancing cooperation with the US while pursuing economic opportunities with other partners, particularly China.

Table 1

Philippines – US trade turnover from 2001 to 2009

Year	Export	Import	Total trade turnover	Balance of trade
2001	8,979,610	6,410,716	15,390,326	2,568,894
2002	8,683,343	9,345,871	18,029,214	-662,528
2003	7,262,950	8,988,894	16,251,844	-1,725,944
2004	7,087,855	8,270,235	15,358,090	-1,182,380
2005	7,417,629	9,096,257	16,513,886	-1,678,628
2006	8,689,532	8,436,963	17,126,495	252,569
2007	8,593,850	7,835,465	16,429,315	758,385
2008	8,204,639	7,221,286	15,425,925	983,353
2009	6,788,626	5,113,105	11,901,731	1,675,521

Source: Authors compiled from *Philippines Statistical Yearbooks 2001, 2009*.

For China, the bilateral economic relationship between the Philippines and China underwent significant transformation during 2001–2009, characterized by unprecedented growth in both scale and complexity. This period marked a strategic shift in Philippines foreign policy under President Gloria Arroyo's administration, which recognized China's emerging economic prominence and sought to establish comprehensive economic partnerships within the broader context of globalization and regional integration (Takagi, 2023). The trade statistics through Table 2 shows remarkable growth momentum. The data reveal a 41% increase in bilateral trade between 2001 and 2009. A particularly notable surge occurred in 2003, when trade value escalated from \$5.26 billion to \$9.4 billion, representing a 78.7% increase. This upward trend continued, with bilateral trade reaching \$17.56 billion in 2005, marking a 31.74% increase from the previous year's \$13.3 billion. The momentum persisted into 2006, when trade volume expanded to \$23.4 billion, reflecting a 33.3% increase from 2005.

China's economic engagement with the Philippines manifested through substantial investments in strategic sectors, particularly agriculture and mining. A significant example was the \$8.75 million investment in the Philippines-China Agricultural Technology Center in Nueva Ecija province, a crucial rice-producing region. By 2006, China's economic significance was quantifiably evident, accounting for 8.3% of the Philippines' global trade, valued at \$8.3 billion, with the Philippines maintaining a trade surplus exceeding \$900 million. However, this growth trajectory encountered challenges during the global economic crisis, resulting in a contraction of bilateral trade from \$9.7 billion in 2008 to \$6.7 billion in 2009 (see Table 2). Despite this setback, the period overall represented what analysts termed a "golden era" in Philippines-China economic relations under President Arroyo's leadership, with China emerging as the Philippines' third largest trading partner after the US and Japan. This economic progression was facilitated through systematic diplomatic engagement, including high-level bilateral visits and comprehensive agreements spanning economic, cultural, and social domains. The relationship's development reflected a pragmatic approach by the Philippines, which pursued economic opportunities despite existing geopolitical complexities.

Table 2

Philippines – China trade turnover from 2001 to 2009

Year	Export	Import	Total trade turnover	Balance of trade
2001	792,757	953,110	–160,353	1,745,867
2002	1,355,825	1,251,727	104,098	2,607,552
2003	2,144,647	1,797,486	347,161	3,942,133
2004	2,653,036	2,659,375	–6,339	5,312,411
2005	4,076,996	2,972,595	1,104,401	7,049,591
2006	4,627,660	3,647,354	980,306	8,275,014
2007	5,749,864	4,001,235	1,748,629	9,751,099
2008	5,466,881	4,245,553	1,221,328	9,712,434
2009	2,933,923	3,807,418	–873,495	6,741,341

Source: Authors compiled from *Philippines Statistical Yearbooks 2001, 2009*.

Middle period under President Benigno Aquino III (2010–2016)

For the US, President Aquino III’s administration marked a significant period of economic cooperation with the US, characterized by steady growth in bilateral trade and strategic alignment. The economic relationship was notably influenced by Aquino’s pro-US political stance and his administration’s strong support for the US “pivot to Asia” policy (De Castro, 2024). Trade statistics reveal a consistent upward trend in bilateral economic relations. Total trade volume increased from \$13.45 billion in 2010 to \$16.43 billion in 2016, demonstrating sustained growth despite global economic challenges. The Philippines maintained a positive trade balance throughout this period, with surpluses ranging from \$565.6 million in 2011 to a peak of \$2.92 billion in 2014 (see Table 3). This favorable trade position reflected the strengthening economic ties between the two nations.

The economic relationship was significantly bolstered by enhanced security cooperation, particularly through the signing of the EDCA in 2014. This agreement not only strengthened military ties but also created a more favorable environment for economic engagement. The increased US military presence and cooperation provided greater stability and confidence for American investors and businesses operating in the Philippines (Tolentino, Ham, 2015). A notable aspect of this period was the correlation between political alignment and economic growth. Aquino’s confrontational stance toward China, particularly regarding East Sea disputes, led to closer alignment with the US both politically and economically. This was evidenced by the steady increase in exports to the US, rising from \$7.56 billion in 2010 to \$8.85 billion in 2016 (see Table 3). The economic relationship benefited from Aquino’s clear positioning of the Philippines as a strategic US ally in Southeast Asia. Furthermore, the US significantly increased its military aid to the Philippines during this period, with the annual support budget rising from an average of \$50 million (2012–2015) to \$127.1 million (2015–2016) (Phuong, 2021). This enhanced military cooperation created spillover effects in economic relations, particularly in defense-related industries and technology transfer. Aquino III’s pro-US foreign policy orientation created favorable conditions for economic cooperation, leading to sustainable trade growth and strengthening bilateral economic relations throughout his term.

Table 3

Philippines – US trade turnover from 2010 to 2016

Year	Export	Import	Total trade turnover	Balance of trade
2010	7,559,105	5,886,656	13,445,761	1,672,449
2011	7,101,909	6,536,264	13,638,173	565,645
2012	7,783,676	7,123,937	14,907,613	659,739
2013	8,318,181	7,019,911	15,338,092	1,298,270
2014	8,660,778	5,738,340	14,399,118	2,922,438
2015	9,022,514	7,468,019	16,490,533	1,554,495
2016	8,851,330	7,575,919	16,427,249	1,275,411

Source: Authors compiled from *Philippines Statistical Yearbooks 2010, 2016*.

For China, the year 2010 marked a pivotal shift in global economic dynamics when China surpassed Japan to become the world’s second-largest economy after the US. In the aftermath of the 2008–2009 global economic crisis, President Benigno Aquino III implemented a diversification and multilateralization strategy to enhance economic and trade relations, with China emerging as a key focus of Aquino’s economic policy initiatives (Bao, 2023). The bilateral relationship initially demonstrated promising developments, exemplified by ambitious targets set by political elites from both nations. They projected bilateral trade value to reach \$30.5 billion by 2020, representing a substantial increase from \$13.6 billion in 2010 (Anh et al., 2024). This projection reflected the strong mutual confidence in economic cooperation potential between the two nations. A significant diplomatic milestone occurred during President Aquino III and President Hu Jintao’s meeting (March 30–September 8, 2011), culminating in a joint statement emphasizing the Philippines-China Strategic Cooperation Action Plan signed on October 29, 2009. Subsequently, bilateral trade value showed robust growth despite both nations’ previous exposure to global economic turbulence.

However, the economic relationship experienced a significant deterioration following China’s assertion of control over Scarborough Shoal in 2012, triggering widespread political and public opposition in the Philippines. As noted by De Castro (2015), bilateral trade began declining from January 2013 when the Philippines formally challenged China’s maritime territorial claims. This geopolitical tension manifested in economic consequences during 2013–2016 specifically the decline in export performance, declining from \$7.025 billion in 2013 to \$6.372 billion in 2016, trade deficit increasingly favored China with an expanding trend, economic relations experienced significant disruption throughout the 2013–2016 period (see Table 4). This period illustrates how geopolitical tensions can substantially impact bilateral economic relationships, despite previous positive trajectory and ambitious cooperative goals.

Table 4

Philippines – China trade turnover from 2010 to 2016

Year	Export	Import	Total trade turnover	Balance of trade
1	2	3	4	5
2010	5,724,467	4,627,559	1,096,908	10,352,026
2011	6,237,326	6,085,075	152,251	12,322,401
2012	6,169,285	6,680,352	–511,067	12,849,637

1	2	3	4	5
2013	7,025,215	8,072,328	-1,047,113	15,097,543
2014	8,467,435	9,869,762	-1,402,327	18,337,197
2015	6,174,784	11,470,735	-5,295,951	17,645,519
2016	6,372,524	15,564,900	-9,192,376	21,937,424

Source: Authors compiled from *Philippines Statistical Yearbooks 2010, 2016*.

Final period under President Rodrigo Duterte (2016–2021)

For the US, the economic relationship between the US and the Philippines during President Duterte's administration experienced significant fluctuations, primarily influenced by his foreign policy orientation toward China and efforts to reduce American dependency. The relationship faced immediate challenges when the US government suspended the planned sale of 26,000 artillery rounds to the Philippines and cut \$9 million in anti-drug assistance in response to Duterte's criticism of the Obama administration and concerns over his drug enforcement campaign (Anh et al., 2024). This diplomatic tension manifested in declining bilateral trade, which dropped from \$15.3 billion in 2015 to \$14.4 billion in 2016 (see Table 3 and 5). The economic dynamics shifted notably with Donald Trump's presidency in 2017, as his administration adopted a less confrontational stance toward Duterte's controversial anti-drug campaign. A significant diplomatic initiative emerged in October 2017, when the Philippines Department of Foreign Affairs actively sought to strengthen economic cooperation with the US. As Jennings (2017a) reported, Philippines officials emphasized that enhanced economic ties would "transcend security issues." The trajectory of US-Philippines relations during this period sparked academic discourse about domestic influences on foreign policy. Some experts, as noted by Jennings (2017b), theorized that military and public pressure could compel Duterte to reinforce ties with the US, their long-standing strategic partner. This analysis proved prescient, as Duterte's pronounced alignment with China and apparent distancing from the US generated significant domestic opposition, particularly in the context of escalating East Sea territorial disputes. This public backlash created substantial pressure on Duterte's foreign policy orientation.

In 2019, the Philippines acknowledged US interests in extending tariff rates on certain agricultural products and committed to evaluating such extensions. On February 14, 2019, the Philippines enacted legislation converting rice import quotas to tariffs. Subsequently, on June 13, 2019, President Duterte issued Executive Order 82, establishing tariff rates of 5% for mechanically deboned chicken and 20% for frozen whole chicken for 2019–2020, maintaining preferential rates under the 2014 US agreement (US Trade Representative, 2021). In January 2020, bilateral relations deteriorated when the US revoked Senator Roland dela Rosa's visa due to concerns about the anti-drug campaign (Sifton, 2020). In response, President Duterte implemented retaliatory measures, including temporarily suspending SPS import permits for various US agricultural products. Consequently, bilateral economic relations declined to \$17 billion from \$19.6 billion in 2019 (see Table 5).

The maritime incident involving three Chinese Coast Guard vessels conducting aggressive actions against a Philippines supply vessel at Ayungin Shoal generated significant negative public reaction regarding the Duterte administration's pro-Beijing diplomatic approach. Under mounting domestic political pressure, the Duterte administration was compelled to adjust its diplomatic strategy and rebuild relations with Washington (De Castro, 2024). The transfer of power in the US with President Biden taking office in 2021, along with positive signals about improving bilateral relations, created conditions for the Philippines to reconnect diplomatically with the US. The bilateral relationship was significantly strengthened through the visit of US Secretary of Defense Lloyd Austin on July 29, 2021, highlighted by President Duterte's reauthorization of the VFA. Economically, bilateral trade recovered to \$19.6 billion, making the US the Philippines' fourth-largest trading partner (see Table 5). Notably, US FDI recorded an increase from \$3.92 billion to \$5.36 billion in 2020 (Paderon, 2022). It can be observed that Philippines-US economic relations under President Duterte's administration had a strong correlation with the bilateral political context. The reestablishment of relations with Washington following incidents in the East Sea with China reflects the Duterte administration's efforts in its final term to strengthen economic cooperation with the US, thereby diversifying foreign economic relations and reducing dependence on China. However, economic relations between the two countries still face unresolved challenges as negotiations for a bilateral free trade agreement have encountered obstacles due to political disagreements under President Duterte's administration.

Table 5

Philippines – US trade turnover from 2016 to 2021

Year	Export	Import	Total trade turnover	Balance of trade
2016	8,851,330	7,575,919	16,427,249	1,275,411
2017	9,661,029	7,783,676	17,444,705	1,877,353
2018	10,635,863	8,062,105	18,697,968	2,573,758
2019	11,566,730	8,072,190	19,633,520	3,494,540
2020	10,017,873	6,921,675	16,939,548	3,096,198
2021	11,848,581	7,751,079	19,599,660	4,097,502

Source: Authors compiled from *Philippines Statistical Yearbooks 2016, 2021*.

For China, the Philippines-China economic relationship experienced significant transformation during President Duterte's administration, characterized by enhanced trade cooperation through China-oriented "pivot" policies. A comprehensive bilateral framework was established through the 6-year Economic and Trade Cooperation and Development program (2017–2022). The economic metrics demonstrate China's emergence as the Philippines' dominant trading partner in 2016, with bilateral trade reaching \$21.937 billion, constituting 15.5% of the Philippines' total trade volume. The trade composition revealed exports of \$6.373 billion and imports of \$15.565 billion, resulting in a trade deficit of \$9.192 billion (see Table 6). This trading partner status was maintained through 2018, with bilateral trade occupying a substantial proportion of the Philippines' overall trade portfolio. The growth trajectory was facilitated

by expansionist foreign policies, competitive pricing structures, diverse product availability, and preferential trading arrangements (Camba, 2023).

The 2018–2019 period witnessed further economic integration, despite persistent geopolitical tensions, particularly regarding East Sea territorial disputes. A significant diplomatic development occurred with the Philippines’ formal participation in China’s BRI in 2017, supported by President Duterte’s administration (Yu, 2017). The bilateral economic relationship demonstrated remarkable resilience, with trade volume reaching \$61.15 billion in 2020, representing a 0.3% year-over-year increase (see Table 6). Chinese non-financial direct investment exhibited substantial growth, reaching \$140 million, a 136% increase from 2019. The first quarter performance metrics indicated continued growth, with bilateral trade achieving \$16.49 billion and non-financial direct investment reaching \$27.36 million, representing increases of 34.7% and 85.2% respectively (Anh et al., 2024). China maintained its position as the Philippines’ primary trading partner, dominant import source, third-largest export destination, and second-largest foreign investor. Despite ongoing maritime territorial disputes, bilateral trade volume expanded to \$82 billion in 2021 (see Table 6), highlighting the economic relationship’s resilience to geopolitical challenges.

Table 6

Philippines – China trade turnover from 2016 to 2021

Year	Export	Import	Balance of trade	Total trade turnover
2016	6,372,524	15,564,900	–9,192,376	21,937,424
2017	8,017,132	17,463,603	–9,446,471	25,480,735
2018	35,040,000	20,610,000	14,430,000	55,650,000
2019	40,760,000	20,200,000	20,560,000	60,960,000
2020	41,880,000	19,360,000	22,520,000	61,220,000
2021	57,290,000	24,760,000	32,530,000	82,050,000

Source: Authors compiled from *Philippines Statistical Yearbooks 2016, 2021*.

CONCLUSIONS

This study demonstrates the complex evolution of Philippines foreign policy from 2001 to 2021, revealing how a medium-sized power navigated relationships with competing major powers amid significant shifts in the global order. The research findings indicate that the Philippines’ approach to balancing relations with the US and China was characterized by strategic adaptation across different presidential administrations, reflecting both domestic political imperatives and changing international dynamics. The period under examination coincided with transformative changes in the Asia-Pacific regional order. China’s emergence as the world’s second-largest economy fundamentally altered traditional power dynamics, while the US strategic “pivot to Asia” represented a conscious effort to maintain its regional influence. This evolving strategic environment presented both opportunities and challenges for the Philippines, necessitating sophisticated diplomatic maneuvering to optimize national interests while managing competing pressures from both powers.

A key finding of this research is the intricate relationship between economic engagement and political alignment. Under President Arroyo (2001–2009), the Philippines pursued a pragmatic approach of economic diversification while maintaining its security alliance with the US, leading to what some analysts termed a “golden era” in Philippines-China relations. This period demonstrated how medium-sized powers could potentially benefit from engaging both major powers simultaneously. However, the Aquino III administration (2010–2016) marked a significant shift toward stronger US alignment, particularly in response to increasing Chinese assertiveness in the East Sea. This political reorientation had direct economic consequences, as evidenced by declining bilateral trade with China and increased economic cooperation with the US. The Duterte administration (2016–2021) initially attempted to fundamentally restructure Philippines foreign policy through a pronounced “pivot to China.” However, this period ultimately revealed the constraints on such dramatic policy shifts, as domestic opposition and persistent security concerns regarding Chinese maritime activities eventually forced a more balanced approach. The administration’s experience highlighted how economic interdependence, while significant, cannot entirely overcome strategic security considerations in foreign policy formulation.

This research contributes to our understanding of how medium-sized powers navigate great power competition in several ways. First, it demonstrates that economic relationships, while important, are increasingly intertwined with security considerations in the contemporary international order. Second, it reveals how domestic political factors significantly influence foreign policy choices, even in the face of structural international pressures. Finally, it suggests that middle powers retain significant agency in managing their relationships with major powers, though this agency operates within distinct constraints imposed by both domestic and international factors. Looking forward, this study’s findings suggest that the management of US-China relations will remain a central challenge for Philippines foreign policy. As competition between these powers intensifies, particularly in the maritime domain, the Philippines’ experience offers valuable insights into how middle powers might maintain strategic autonomy while benefiting from relationships with both major powers in an increasingly complex international order.

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ABSTRACT

This study examines the Philippines' foreign policy towards the US and China during the period 2001–2021, focusing on how the Philippines navigated its relationships with these two major powers in a changing world order. The research analyzes the evolution of the Philippines' diplomatic, economic, and security policies in response to China's rising influence and the US' strategic priorities in Southeast Asia, spanning from the post-9/11 era through the end of President Rodrigo Duterte's administration. Through analysis of bilateral agreements, trade data, and diplomatic exchanges, this study addresses key questions: How did the Philippines balance its traditional alliance with the US against growing economic ties with China? What factors influenced the Philippines' policy shifts between these powers across different presidential administrations? The findings reveal that the Philippines pursued a complex strategy of hedging between the two powers, adjusting its approach based on domestic political changes, economic opportunities, and security considerations, particularly regarding territorial disputes in the East Sea.

Keywords: US, China, Philippines, 21st century, international relations

OD ARROYO DO DUTERTE: DWIE DEKADY FILIPIŃSKIEJ POLITYKI ZAGRANICZNEJ MIĘDZY USA A CHINAMI

STRESZCZENIE

Niniejsze badanie analizuje politykę zagraniczną Filipin wobec USA i Chin w latach 2001–2021, skupiając się na tym, w jaki sposób Filipiny kształtowały swoje relacje z tymi dwoma głównymi mocarstwami w zmieniającym się porządku świata. Badanie analizuje ewolucję polityki dyplomatycznej, gospodarczej i bezpieczeństwa Filipin w odpowiedzi na rosnące wpływy Chin i strategiczne priorytety USA w Azji Południowo-Wschodniej, od ery po 11 września do końca administracji prezydenta Rodrigo Duterte. Poprzez analizę umów dwustronnych, danych handlowych i wymiany dyplomatycznej, badanie to zajmuje się następującymi kluczowymi pytaniami: W jaki sposób Filipiny zrównoważyły swój tradycyjny sojusz ze Stanami Zjednoczonymi z rosnącymi powiązaniami gospodarczymi z Chinami? Jakie czynniki wpłynęły na zmiany polityki Filipin między tymi mocarstwami w różnych administracjach prezydenckich? Wyniki ujawniają, że Filipiny realizowały złożoną strategię zabezpieczania się między tymi dwoma mocarstwami, dostosowując swoje podejście w oparciu o wewnętrzne zmiany polityczne, możliwości gospodarcze i względy bezpieczeństwa, w szczególności w odniesieniu do sporów terytorialnych na Morzu Wschodnim.

Słowa kluczowe: USA, Chiny, Filipiny, XXI wiek, stosunki międzynarodowe