PHILIPPINES, COVID-19 AND THE CHANGING REGIONAL DYNAMICS

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The Philippines is an archipelago with more than 7100 islands spread over 1850 kilometre from North to South and 700 kilometres at its widest reaches with its capital in Manila. The population of the Philippines is about 10 crores and its population density is 392 per square kilometre. This makes it a medium-density population country, thus providing an ample opportunity for spread of a contagion, if not controlled. The population is divided with 33% consisting of children up to 14 years, 19% up to 15-24 years, 37% between 34 to 54 years, 6% up to 64 years and 4% who constitute 65 year of age and above age group.

The Philippines' economy is structured on food processing; production of cement, iron, and steel; telecommunications, among others. The agricultural sector employs 25% of the labour force but contributes only 9.3% of GDP. Its highest contributor to the GDP is the services sector that contributes 59%. It employs 57% of the work force. This is followed by Industry which employs 18% of workforce and contributes about 30% to the GDP. The country works in a multi-party system and often has coalition government with the President being the Head of the state and the head of the government and the commander in chief of the armed forces.

The first case of COVID-19 in the Philippines was reported on 30th January 2019. Initially the reported cases were low. The detection was as low as 7 by the first two weeks of March 2020. The first local case was on 7th March 2020. This was almost a month after the detection of the first case. By April the cases had jumped to about 3660. The spread of infection increased thereafter raising the total number of cases to 20,382 on 4th June 2020. The trend has been rising and seems to peak most mysteriously during the end of the month and thereabout. There are about 1000 people who have died and the ratio of COVID cases is 200 per million. The highest single-day detection has been 1452 on 31st March 2020. The death rate has been comparatively low at a 1:20 ratio approximately. Of the total 20,000 cases, almost 55% are male and are in the age group of 20 to 39. About 40% of cases are youth. Almost 66% of people who died are above 60 years of age.

Implications

Philippines' economic growth has been slow for the past two years for several domestic constraints. The tourism industry which is a big grosser for GDP will lose 7 million tourists' contribution and its associated sector, impact on the pre COVID 12.7% share. Nickel mining, which is a major export to China, is under lockdown indefinitely. More than 700 factories in 400 economic zones are facing an uncertain future that went under lockdown. The government's goal of securing an "A" credit rating is going to be difficult because of the economic fallout from the pandemic. It is also estimated that 0.4 to 0.8 percent10 of GDP in 2020.

Likewise, according to the Government of Philippines report by National Economic and Development Authority (NEDA), the slowdown in economic activities may reduce employment by about 33,800 to 56,600 in 2020. The tourism industry which contributes 12.5% of the GDP will also lose its contribution. The house hold consumption lost about 5 to 10 percent in the non-essential items. On the upside the socio economic debt ratio of Philippines is now at an improved 41% from the previous 70%, according to government reports.

National Strategy

The Philippines, like most nations in the world, grappled with the unexpected and considerably unprecedented complexities that have risen from the Corona Pandemic. The steps at initial phases were reactions to evolving situations. The clampdown on flights from China, Macau, and Hong Kong were its first steps in the direction to contain the situation. However, given that the graph still shows a steady rise, it appears that the countrywide containment strategy has not effectively brought down the infection curve and hence displays some lacunae in the strategy.

Though initially the response for the pandemic was lacking, the government soon brought out the action plan as the severity of the pandemic became evident post-March 7th 2020. The Government of Philippines applied a three pronged strategy, what is known as the Four Pillar Socio Economic Strategy against COVID 19 that included providing immediate financial remittance to the poor, protecting the health care workers and keeping the economy afloat, (finally restoring economic growth). The government is engaged with various multilateral agencies to receive financial concessions.

On 9th March 2020, the Philippines government and the Department of Health set up the mechanism for nation-wide detection and prevention at a relatively early phase. To mitigate socio-economic impacts, it set up an interagency task force and a national action plan. Despite setting up action plans faced challenges. The system could arrange only 2000 testing kits even after a month of setting up the remedial measure. Later domestically manufactured kits were produced at much less cost than the imported kits. The subsequent measures saw the lockdown of the metro area of Manila and Luzon that contribute to the 3/4th of the economy. When panic-stricken public rushed to the market for supplies, the military had to be deployed. However, subsequent days saw the creation of relief plans for 18 million poor households. The distribution of money is said to have been slow initially but now seems to be catching up. It is estimated that the Philippines would be losing 1 trillion pesos (about USD 50 billion) from May 2020 onwards with no scope insight for its recovery. It is also projected that its GDP is going to shrink to around 2%, a first in 22 years. The budget deficit is projected at 3 to 3.6%, more than the pre-COVID estimates due to loss of economic activities.

Contemporary Regional Dynamics

The President of Philippines Rodrigo Roa Duterte had openly declared his pivot to China policy in 2016. His policy has stayed even though China continues to occupy of some islands historically that was claimed by the Philippines. Despite winning an International Court of Justice case against China in 2016 in the disputed island case, the government continued to align towards Chinese influence. In return, China bestowed the Philippines with support for large-scale infrastructure projects.

This growing affiliation has been often visible in the regional context. It was seen in the case of Philippine's decision to ban flights from Taiwan in February 2020. Philippines decision to ban flights from China, Macau, and Hong Kong and then subsequently from Taiwan is said to have shown political consideration towards the one-China narrative. Despite the fact that Philippines do not officially recognise Taipei, its act of severance of flights from Taiwan was considered a political manoeuvre rather than an act for the benefit of the people. This view was also reflected by several political observers.

In another instance, during COVID period, Philippines is said to have suppressed the report of receiving defective face masks from China. Added to this, the decision by the government to severe the US troop agreement seemed to clearly suggest a shift towards China, away from the traditional US-Philippines relation. The decision of the Philippines to pivot with China may have originated from its necessity to garner economic assistance to fulfil the national ambitions. Since the Philippines began to look for alternate sources to secure its economic wherewithal, any continued overtures in the future would put a strain on the long established legacy of US-Philippines relationship.

Changing dynamics

In early June 2020, a sudden U-turn by Philippines government decided to scrap the two decade old US-Philippines troop agreement. This sudden and surprise move suggests that the situation may yet be far from a complete orientation towards China. This reflects the changing dynamic of the Indo-Pacific during COVID phase. It is considered in some circles that the U-turn by the Philippines is due to China’s recent moves against Vietnam, Malaysia and Indonesia, the combined effect of the pandemic and other regional dimensions. In an earlier instance, in the month of May 2020, the US government through the U.S. Agency for International Development

(USAID), in partnership with the Department of Social Welfare and Development (DSWD), Philippines, formally launched the "ReliefAgad" web application to speed up the distribution of financial assistance to Filipinos affected by the COVID-19 pandemic, as reported by the US embassy in Philippines website. These activities in recent times indicate that the decision to orient with China may not be as unidirectional as the last few years had shown.

Philippines' dependency on US or China would increase due to the financial burden that it would find itself in during post-COVID recovery. If its future realignments happen to be closer to Chinese sphere of influence, it would set departure from present day status-quo of geopolitical linkages, since its drift towards China in the pre-COVID past has been self-evident. Any decision to recourse it strategy of pivot to China, could upset US geopolitical interests in the region and cause significant disruptions in normalcy between the US and the Philippines in the distant future. A post-COVID period might just bring it back towards the US folds as recent indicators suggest. It is also possible that an approach to balance the powers may be reached among the decision makers for the sake of its aspirational goals.

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