

# PERSPECTIVE

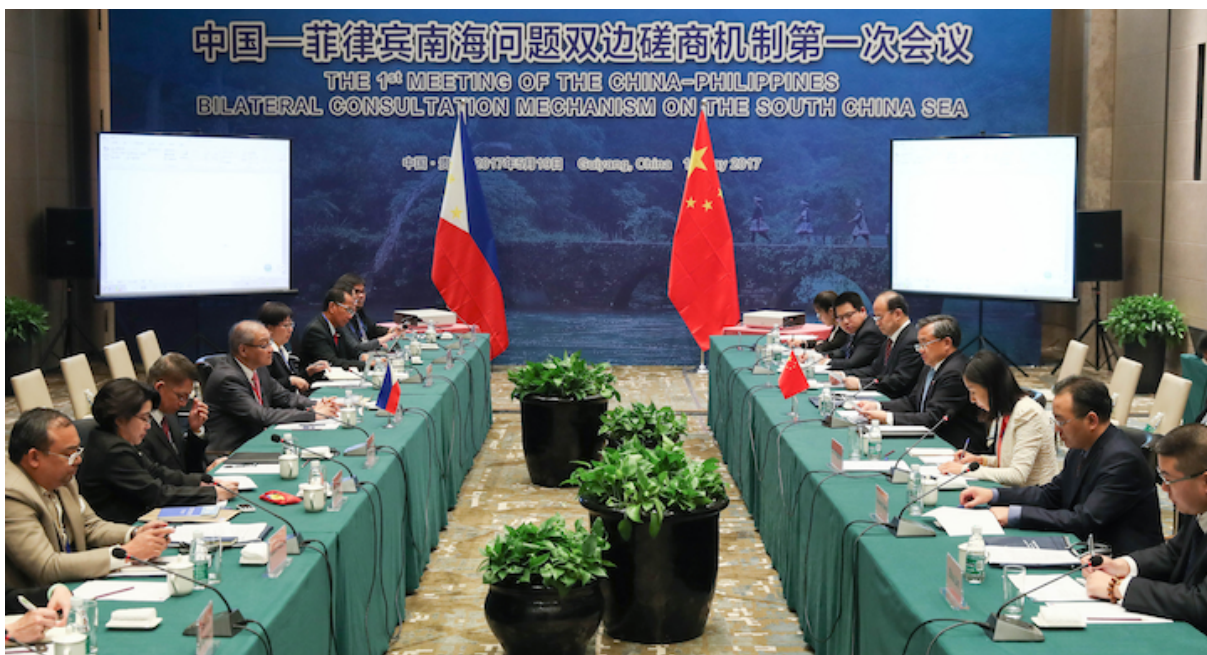
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## The China-Philippines Bilateral Consultation Mechanism on the South China Sea: Has it Worked for China?

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*The first meeting of the China-Philippines bilateral consultation mechanism on the South China Sea was held in Guiyang, the capital of southwest China's Guizhou Province, on 19 May 2017. (Xinhua/Liu Xu) (Photo by Liu Xu/XINHUA/Xinhua via AFP).*

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**EXECUTIVE SUMMARY**

- The China-Philippines Bilateral Consultation Mechanism (BCM) was established in May 2017 for discussing issues of mutual concern in the South China Sea and exploring possible areas of cooperation, especially in oil and gas development. It was intended as a confidence-building measure and to show how China can cooperate with Southeast Asian claimant states.
- However, after eight rounds of meetings, the BCM has yet to embark on any oil and gas joint development. Despite some initial progress, cooperation in this area has stalled, due primarily to constitutional and legal constraints on both sides.
- The 2023 ruling by the Philippine Supreme Court, which declared that the 2005-2008 Joint Marine Seismic Undertaking involving companies from China, the Philippines and Vietnam was unconstitutional, has made it more challenging for Beijing and Manila to achieve a breakthrough in joint oil and gas development.
- China's actions to prevent the Philippines from conducting oil and gas activities in the Philippines' EEZ and Continental Shelf have led Manila to impose a ban on such activities in the West Philippine Sea, thereby complicating efforts to explore joint oil and gas development with China.
- The working groups on fisheries, oil and gas, marine scientific research and environmental protection, and political security, formed under the BCM framework, function more like discussion groups, without producing any concrete results.
- Rising tensions in the SCS between China and the Philippines, compounded by the Taiwan issue, have further hindered the BCM's ability to fulfil its original objectives. Nevertheless, Beijing is likely to press ahead with the BCM, in line with its position that the SCS disputes must be left to the directly concerned parties.

## INTRODUCTION

Almost seven years have passed since the China-Philippines Bilateral Consultation Mechanism (BCM) was established in May 2017 to discuss mutual issues of concern and work towards practical cooperation in the South China Sea (SCS). But at their last 8<sup>th</sup> BCM in January 2024, the two countries failed to reach agreement on any concrete projects, particularly on oil and gas cooperation, despite some initial progress made in the earlier years.

In fact, the 8<sup>th</sup> BCM reflected growing differences between the two countries, with China calling on the Philippines to properly manage maritime emergencies related to Ren'ai Jiao (or Second Thomas Shoal), where Beijing had interdicted Manila's resupply missions to the *Sierra Madre*, a marooned ship on the shoal. More significantly, China demanded that the Philippines abide by the one-China principle on the Taiwan issue.

How did the BCM, meant to foster trust and confidence between the two countries, end up amplifying their differences? To shed light on this issue, this paper examines China's rationale for establishing the BCM, the state of progress of the BCM, the challenges faced by the BCM and China's expectations of the BCM going forward.

## BCM'S ORIGINS AND PURPOSE

Beijing is against the internationalisation of and involvement of third parties on the SCS issue. However, its expansive claims in the SCS came under international spotlight when the 2016 arbitral tribunal ruled that its claims based on its self-proclaimed historic rights had no legal basis.<sup>1</sup> Before the ruling, Beijing had been criticised for building artificial islands in the SCS. After the ruling, Beijing insisted that it would complete the building of these islands and outfit them with military structures and facilities.<sup>2</sup> It even took punitive action against the Philippines for initiating the ruling,<sup>3</sup> and other countries for siding with the United States on this issue.<sup>4</sup>

To improve its image and regain the initiative on the SCS issue, Beijing devised the idea of a BCM to discuss and cooperate on mutual issues of interest in the SCS with the Philippines. If the BCM made progress, it would bolster Beijing's call for the SCS issue to be left to the directly concerned parties, i.e., the claimant states themselves. By extension, argued Beijing, extra-regional powers like the United States would have no grounds to interfere.

Beijing was provided the opportunity to showcase its preferred approach when Philippine President Rodrigo Duterte assumed office in June 2016 and ended his predecessor's policy of confronting China on the SCS issue. During Duterte's visit to Beijing in October 2016, the two countries agreed to establish a BCM that would meet regularly to address mutual issues of concern, and explore areas of cooperation in the SCS.<sup>5</sup>

The BCM convened its first meeting in Guiyang, China, in May 2017,<sup>6</sup> just after the ASEAN-China Senior Officials Meeting (SOM), to discuss the implementation of the Declaration on the Conduct of Parties in the South China Sea (DOC).<sup>7</sup> By hosting the BCM back-to-back with the ASEAN-China SOM, China sought to reinforce the message that the directly concerned parties were taking proactive measures and were capable of handling the SCS issue themselves.

The BCM underpins Beijing's "dual track" approach on the SCS issue. One track involves China and ASEAN working together on the DOC and a prospective code of conduct of parties in the SCS (COC) to address wider issues related to peace and stability in the SCS. The other

track, encompassing the BCM, involves the directly concerned parties working bilaterally to address their differences and finding a way forward on the SCS issue. The BCM was further meant to be a confidence-building measure to build trust and strengthen China-Philippines relations through practical cooperation. If successful, it could be a reference for China to collaborate with other Southeast Asian claimant states in the SCS.<sup>8</sup>

## BCM'S LIMITED OUTCOMES

So far, eight BCMs have been held (see [Annex](#)). At the 1<sup>st</sup> BCM in May 2017, China organised a ceremonial launch, with the Chinese and Philippine co-chairs jointly sounding a gong, followed by an exchange of gifts and a photo-taking session, to get the meeting off on a positive footing. It saw the launch as an indication of the “great importance” the two countries attached to consultations, and their commitment to properly manage the SCS issue with a “positive and constructive attitude”.<sup>9</sup>

Some progress was made in the initial years. The first BCM agreed on its terms of reference, the composition of its members and the frequency of its meetings. The 2<sup>nd</sup> BCM in February 2018 agreed to convene technical working groups in the specific areas of fisheries, oil and gas, marine scientific research and environmental protection, and political security.<sup>10</sup> These working groups were convened in subsequent BCMs although there is scant information to date on what was achieved. It appears that the working group discussions were largely confined to exchanging views and fostering understanding of each other's positions. By the 7<sup>th</sup> and 8<sup>th</sup> BCMs in 2023 and 2024 respectively, there was no further mention of the convening of these working groups.

The only area where there was initially some progress was in the oil and gas sector. At the 3<sup>rd</sup> BCM in October 2018, China and the Philippines discussed the possibility of joint exploration and development in oil and gas. They subsequently signed a Memorandum of Understanding (MOU) on Cooperation on Oil and Gas Development during Chinese President Xi Jinping's visit to the Philippines in November 2018.<sup>11</sup>

China regarded the MOU as a “new step forward” and expressed its wish to comprehensively advance practical cooperation with the Philippines in various maritime areas. It even looked forward to strengthening communication with the other SCS littoral states to cooperate in similar areas to make the SCS a sea of peace, friendship and cooperation.<sup>12</sup> Beijing had expected the BCM to be a model for its cooperation with other Southeast Asian claimant states.

The MOU called for the setting up of an inter-governmental joint steering committee to negotiate and agree to the cooperation arrangements and the maritime areas to which they will apply.<sup>13</sup> The two countries committed themselves to agree on the cooperation arrangements 12 months from the MOU signing, i.e., by November 2019.<sup>14</sup> However, the inter-governmental joint steering committee only convened in October 2019, around the same time as the 5<sup>th</sup> BCM,<sup>15</sup> with no specific agreement reached.

The Covid-19 pandemic further disrupted progress with the 6<sup>th</sup> BCM held online 19 months later in May 2021. In June 2022, the Philippines initiated the termination of joint oil and gas negotiations with China.<sup>16</sup> At the 8<sup>th</sup> BCM in January 2024, there was no more talk about oil and gas cooperation. Instead, China called on the Philippines to properly manage emergencies related particularly to the Second Thomas Shoal. It further brought up the Taiwan issue which was beyond the scope of the BCM.

## OBSTACLES IN OIL AND GAS COOPERATION

### *Intractable Constitutional and Legal Constraints*

The foremost reason for the lack of progress on the China-Philippines oil and gas cooperation are the intractable constitutional and legal constraints, which both sides could not overcome. China's preference was for both countries to temporarily set aside sovereignty-related issues while pursuing joint development in a disputed area.<sup>17</sup> However, setting aside sovereignty-related issues is unacceptable to the Philippines because Manila views this oil and gas cooperation as taking place within its own exclusive economic zone (EEZ), thus falling under the Philippines' sovereign rights. For example, according to the 2016 arbitral tribunal ruling, the gas-rich Reed Bank is a fully submerged feature within 200 nautical miles from the archipelagic baselines of the Philippines, and is hence part of the Philippines' EEZ.

Meanwhile, China sees the Reed Bank as a disputed feature and does not accept that the Philippines has exclusive sovereign rights to resources in this area. Doing so would contravene China's own domestic laws.<sup>18</sup> Article 2, Chapter 1 of China's "Regulation on Foreign Cooperation in the Exploitation of Offshore Petroleum Resources" states that "all petroleum resources in the internal waters, territorial sea and continental shelf of the People's Republic of China and in all sea areas within the maritime jurisdiction of the People's Republic of China belong to the People's Republic of China". The same article further states that in the sea areas mentioned above, "all buildings and structures set up and vessels operating to exploit petroleum, as well as the corresponding onshore oil (gas) terminals and bases, shall be under the jurisdiction of the People's Republic of China."<sup>19</sup>

Two earlier failed attempts underscore the difficulties of overcoming existing constitutional and legal constraints. The first is the Joint Marine Seismic Undertaking (JMSU)<sup>20</sup> between China, the Philippines and Vietnam from 2005-2008 in Block SC-72 on the Reed Bank, which lapsed as Manila considered it a violation of the Philippine Constitution. In 2012, a second attempt was made by China National Offshore Oil Company (CNOOC) and Philex Petroleum (now PXP Energy) to collaborate in SC-72. However, just before the two companies were about to sign an agreement, the Philippine government wanted to include additional wording to clarify the roles of both parties in terms of the owner and developer. This would require China to recognise the Philippines as having sovereign rights over SC-72, which was unacceptable to Beijing. Hence, the deal fell through.<sup>21</sup>

The 2016 arbitral tribunal award, which reaffirmed the Philippines' sovereign rights in its EEZ and Continental Shelf, has become central to Manila's diplomatic positions in the BCM discussions with China.<sup>22</sup> Even President Duterte, who advocated closer China ties, affirmed the award as part of international law and rejected attempts to undermine it in 2020.<sup>23</sup> Furthermore, the 2023 Philippine Supreme Court's ruling that the JMSU was unconstitutional has made it imperative for the Philippines to adhere to the safeguards provided in Section 2, Article 12 of its Constitution in joint oil and gas development with China.<sup>24</sup> This article states that "The exploration, development, and utilisation of natural resources shall be under the full control and supervision of the State."<sup>25</sup>

According to Antonio Carpio, former Supreme Court associate justice, the 2023 Supreme Court's ruling upholds the four modes in the Philippine Constitution for joint oil and gas development, namely, direct undertaking, co-production, joint venture, and production-sharing agreements. Only companies that are 60% owned by Filipinos can participate under the last

three modes; foreign majority-owned companies can only participate in a direct undertaking by the State by becoming a service contractor of the State. Under this arrangement, the Philippine government has full control and supervision over all activities.<sup>26</sup>

### *China's Opposition to the Philippines' Unilateral Oil and Gas Activities*

China's maritime vessels have prevented Philippine vessels and other foreign vessels from working with Manila to conduct research and seabed exploration activities in the Philippine EEZ and Continental Shelf disputed by China.<sup>27</sup> These actions appear to be aimed at pressuring the Philippines to conclude an oil and gas deal with Beijing via the BCM framework. Beijing is cognizant that the Philippines urgently needs alternative oil and gas resources to replace the existing Malampaya gas field that supplies a fifth of the country's energy needs and that is expected to run dry by 2027.<sup>28</sup>

China is also apparently telling the Philippines that it cannot conduct oil and gas activities, either unilaterally or jointly with other countries, in these areas without Beijing's approval. And seeking approval would mean that the Philippines recognises China's claims in its EEZ and Continental Shelf. Even if the Philippines were to conclude an oil and gas deal with China, there is no indication that Beijing would grant permission for Manila to conduct oil and gas activities in these areas.

Rather than give in to Beijing's pressure, the Philippines opted to impose a ban on oil and gas activities in the West Philippine Sea (WPS), which stalled any attempt at reviving oil and gas cooperation between the two countries.<sup>29</sup> One reason behind the ban announced in March 2022 was China's harassment of the survey vessels hired by the Philippine service contractors.<sup>30</sup> The ban was aimed at preventing any untoward incidents at sea in the disputed areas involving Chinese and Philippine vessels.<sup>31</sup> Thereafter, in June 2022, the Philippines unilaterally called off oil and gas negotiations with China, effectively handing over the responsibility to conclude a deal to the incoming Ferdinand Marcos Jr. administration.

Critics regard the ban as the Philippines buckling under Chinese pressure. They noted that Malaysia and Indonesia have persisted with oil and gas activities in their respective EEZs despite China's threats and harassment. In their view, the Philippines should proceed with oil and gas activities in the WPS without being subjected to the restart of joint exploration talks with China.<sup>32</sup>

This is easier said than done. China is likely to continue to interdict such activities, which could lead to an escalation in the event of a miscalculation or mishap. Furthermore, if the Philippines were to provide some form of protection for its companies to harness resources in the WPS, China would probably do likewise, which could complicate matters. In fact, President Duterte disclosed in 2017 that China had threatened "war" if the Philippines insisted on drilling for oil and gas in disputed areas in the WPS.<sup>33</sup>

### *Deteriorating China-Philippine Relations*

The deterioration in China-Philippine relations in the past two years has made it difficult for the BCM to deliver results, especially on oil and gas cooperation despite initial efforts after Marcos Jr. assumed office in June 2022. When Marcos visited China in January 2023,<sup>34</sup> both sides affirmed the importance of the BCM as a confidence-building measure and agreed to resume discussions on oil and gas development at an early date.<sup>35</sup>

However, during the 7<sup>th</sup> BCM in March 2023, two months after Marcos' visit, the meeting merely made a general commitment to promote practical cooperation in areas such as diplomacy, defence, coast guard, oil and gas development, fisheries, maritime affairs, maritime search and rescue, and marine scientific research and marine environmental protection.<sup>36</sup> No breakthrough was achieved in terms of oil and gas joint development.

Moreover, the tone at the 7<sup>th</sup> BCM became more guarded, with the Chinese read-out saying that both sides agreed to “exercise restraint, make good use of the hotline between the two foreign ministries, improve maritime communication and dialogue mechanisms, and enhance talks and exchanges between different departments and on multiple levels”. Both sides further agreed to “manage and control differences and properly handle emergencies at sea through friendly consultations”.<sup>37</sup> This came after a series of incidents at sea especially one involving a Chinese coast guard vessel pointing a military-grade laser at a Philippine coast guard vessel on a resupply mission to Second Thomas Shoal in February 2023.<sup>38</sup> Also in February 2023, much to China's chagrin, Manila granted US access to four more military bases in the Philippines during US Defence Secretary Lloyd Austin's visit to the Philippines.<sup>39</sup>

By the 8<sup>th</sup> BCM in January 2024, China-Philippines relations had hit a new low. China's read-out of the BCM said both sides agreed to “properly handle maritime emergencies, in particular, the situation on the ground at Ren'ai Jiao” (Second Thomas Shoal). This was the first time Second Thomas Shoal was specifically mentioned, reflecting rising tensions between the two countries near the shoal.<sup>40</sup>

More significantly, the 8<sup>th</sup> BCM exceeded its mandate with China lodging “solemn representations with the Philippines on Taiwan-related issues”, demanding that the Philippine “earnestly abide by the one-China principle” and “immediately stop its wrong words and deeds on Taiwan-related issues”.<sup>41</sup> The strong language was directed at Marcos who had earlier congratulated Taiwan's independence-leaning candidate Lai Ching-te on his presidential election victory in January 2024.<sup>42</sup> In contrast, the Philippine read-out did not mention the Taiwan issue at all.<sup>43</sup>

## **WITHER THE BCM?**

The BCM has not met its original objective of being a confidence-building measure, i.e., to discuss issues of mutual concern in the SCS and pursue practical cooperation especially on oil and gas development. Six years after the 2018 MOU was signed, the two countries have not reached agreement on any specific project.

The BCM has also not fulfilled its “pathfinder” role of showing that only the directly concerned parties, in this case the Philippines and China, are able to resolve their differences in the SCS through bilateral negotiations and without external interference. By extension, China's longer-term expectation for the BCM to serve as a basis for similar cooperation with other claimant states such as Brunei, Malaysia and Vietnam, remains elusive.

Nevertheless, Beijing is likely to press ahead with the BCM as it bears President Xi Jinping's personal imprint; he had agreed with Philippine President Duterte to establish this mechanism in October 2016. Discarding the BCM would be tantamount to acknowledging that his diplomacy had failed.

Moreover, the BCM enables Beijing to portray itself as a reasonable party by keeping the door open for consultation and cooperation despite current tensions with Manila. This was evident when China's foreign ministry spokesperson said that the 8<sup>th</sup> BCM enabled both countries to: (i) implement the important consensus reached by the leaders of the two countries on maritime-related issues; (ii) continue to properly manage maritime-related conflicts and differences through friendly consultations; (iii) continue to promote practical maritime cooperation, and; (iv) jointly maintain maritime peace and stability.<sup>44</sup>

There is also a quasi-official Chinese view lauding Beijing's effectiveness in getting the Philippines back onto the BCM track by using various means at its disposal including diplomacy, maritime rights protection, law enforcement, and military preparations.<sup>45</sup> Inherent in this message is a veiled threat that while Beijing remains open to talks with the Philippines, it could resort to tougher action if the need arises.

For the time being, given the tensions in the SCS between the two countries, Beijing is likely to continue with the BCM and hold it up as a strand of its multi-pronged approach in engaging the Philippines on the SCS issue. Even though Beijing appears to be wielding more of the stick now based on actions it has taken against Philippine vessels in the SCS, the BCM is there to show that China stands ready to talk with the Philippines at some future point.



**ANNEX**
**Meetings of the China-Philippines Bilateral Consultation Mechanism (BCM)**

Event	Date	What transpired
1 <sup>st</sup> BCM	19 May 2017 (Guizhou)	<p>Co-chaired by China's Vice Foreign Minister Liu Zhenmin and Philippine Ambassador to China Jose Santiago L. Sta. Romana.</p> <p>Agreed that the BCM should be a platform for confidence-building measures and for promoting maritime cooperation and maritime security. It will comprise equivalent officials from the respective foreign ministries and relevant maritime affairs agencies, and will meet alternately in China and the Philippines once every six months.</p> <p>Discussed the promotion of next-step practical maritime cooperation and possible establishment of relevant technical working groups.</p>
2 <sup>nd</sup> BCM	13 Feb 2018 (Manila)	<p>Co-chaired by China's Vice Foreign Minister Kong Xuanyou and Philippine Foreign Affairs Undersecretary for Policy Enrique A. Manalo.</p> <p>Exchanged views on ways to strengthen cooperation in areas such as marine environmental protection, fisheries, marine scientific research, and oil and gas.</p> <p>Discussed mutually beneficial joint initiatives and agreed to convene technical working groups in the areas of fisheries, oil and gas, marine scientific research and environmental protection, and political security. The technical working groups identified a number of possible cooperative initiatives although details of these initiatives were not made public.</p>
3 <sup>rd</sup> BCM	18 Oct 2018 (Beijing)	<p>Co-chaired by China's Vice Foreign Minister Kong Xuanyou and Philippine Foreign Affairs Undersecretary for Policy Enrique A. Manalo.</p> <p>Exchanged views on ways to enhance maritime cooperation in areas such as on recent developments in the SCS carrying political and security implications, maritime search and rescue, maritime safety, marine scientific research and environmental protection, and fisheries in relevant working group meetings under the framework of the BCM.</p> <p>Discussed possible cooperation in joint exploration and development of offshore oil and gas.</p>
4 <sup>th</sup> BCM	2-3 Apr 2019 (Manila)	<p>Co-chaired by China's Vice Foreign Minister Kong Xuanyou and Philippine Foreign Affairs Assistant Secretary Meynardo LB. Montealegre of the Office of Asian and Pacific Affairs.</p> <p>Exchanged views on strengthening maritime cooperation through the respective working groups. Areas covered included the development of the political and security situation in the SCS, maritime search and rescue, maritime security, marine scientific research and environmental protection and fisheries.</p> <p>Discussed cooperation in offshore oil and gas development.</p>
5 <sup>th</sup> BCM	28 Oct 2019 (Beijing)	<p>Co-chaired by China's Vice Foreign Minister Luo Zhaohui and Philippine Foreign Affairs Undersecretary for Policy Enrique A. Manalo.</p> <p>The working groups on political security, fisheries cooperation, and marine scientific research and environmental protection were convened.</p>

		<p>Considered to undertake mutually agreed practical maritime cooperation initiatives covering maritime search and rescue, maritime safety, and marine research or marine environment protection and fisheries cooperation in the SCS.</p> <p>Discussed establishing possible mechanisms for exchanges of visits and communication.</p> <p>(First meeting of the Philippines-China Inter-Governmental Joint Steering Committee on Cooperation on Oil and Gas Development was convened on the sidelines of the 5<sup>th</sup> BCM.)</p>
6 <sup>th</sup> BCM	21 May 2021 (via video link)	<p>Co-chaired by China’s Assistant Foreign Minister Wu Jianguo and Philippine Foreign Affairs Undersecretary Elizabeth Buensuceso.</p> <p>The working groups on political security, fisheries cooperation, and marine scientific research and marine environmental protection were convened.</p>
7 <sup>th</sup> BCM	24 Mar 2023 (Manila)	<p>Co-chaired by China’s Vice Foreign Minister Sun Weidong and Philippine Foreign Affairs Undersecretary Maria Theresa P. Lazaro (the first face-to-face BCM meeting since the onset of Covid-19).</p> <p>Agreed to promote practical cooperation in areas such as diplomacy, defence, coast guard, oil and gas development, fisheries, maritime affairs, maritime search and rescue, and marine scientific research and marine environmental protection.</p>
8 <sup>th</sup> BCM (Shanghai)	17 Jan 2024	<p>Co-chaired by China’s Assistant Foreign Minister Nong Rong and Philippine Undersecretary of the Department of Foreign Affairs Maria Theresa P. Lazaro.</p> <p>The Chinese side said that both sides agreed to improve maritime communication mechanism, properly manage maritime disputes and differences through friendly consultation, “properly handle maritime emergencies, in particular, the situation on the ground at Ren’ai Jiao” (i.e. Second Thomas Shoal), and constantly promote practical maritime cooperation.</p> <p>The Chinese side added that it “lodged solemn representations with the Philippines on Taiwan-related issues, demanding that the Philippine side should earnestly abide by the one-China principle and immediately stop its wrong words and deeds on Taiwan-related issues. The Philippines reiterates its adherence to the one-China policy and will continue to implement the policy in earnest”.</p> <p>The Philippine side did not mention the Taiwan issue in their read-out of the 8<sup>th</sup> BCM meeting. On the situation near Second Thomas Shoal, it said that “both sides presented their respective positions on the Ayungin Shoal and assured each other of their mutual commitment to avoid escalation of tensions.” It further said that both sides agreed to improve maritime communication mechanisms in the SCS, including communications between foreign ministries and coast guards of the two countries. It added that both sides agreed to initiate talks on academic exchanges on marine scientific research between Filipino and Chinese scientists.</p>

## ENDNOTES

<sup>1</sup> China vehemently objected and dismissed the 2016 award as “null and void” and “nothing more than a piece of paper”. See “Statement of the Ministry of Foreign Affairs of the People’s Republic of China on the Award of 12 July 2016 of the Arbitral Tribunal in the South China Sea Arbitration Established at the Request of the Republic of the Philippines”, China’s foreign ministry, 12 July 2016, [https://www.fmprc.gov.cn/eng/wjdt\\_665385/2649\\_665393/201607/t20160712\\_679470.html#:~:text=With%20regard%20to%20the%20award,Republic%20of%20China%20solemnly%20declares](https://www.fmprc.gov.cn/eng/wjdt_665385/2649_665393/201607/t20160712_679470.html#:~:text=With%20regard%20to%20the%20award,Republic%20of%20China%20solemnly%20declares) and “Vice Foreign Minister Liu Zhenmin at the Press Conference on the White Paper Titled China Adheres to the Position of Settling

Through Negotiation the Relevant Disputes Between China and the Philippines in the South China Sea”, China’s foreign ministry, 13 July 2016,

[https://www.mfa.gov.cn/eng/wjdt\\_665385/zyjh\\_665391/201607/t20160715\\_678560.html](https://www.mfa.gov.cn/eng/wjdt_665385/zyjh_665391/201607/t20160715_678560.html).

<sup>2</sup> PLAN’s Wu to CNO Richardson: Beijing Won’t Stop South China Sea Island Building, *USNI News*, 18 July 2016, <https://news.usni.org/2016/07/18/plans-wu-cno-richardson-beijing-wont-stop-south-china-sea-island-building>.

<sup>3</sup> Philippine banana bonanza sparks debate on shift to China, *Financial Times*, 14 March 2017,

<https://www.ft.com/content/3f6df338-056b-11e7-ace0-1ce02ef0def9>.

<sup>4</sup> How Singapore’s military vehicles became Beijing’s diplomatic weapon, *SCMP*, 3 December 2016,

<https://www.scmp.com/week-asia/politics/article/2051322/how-singapores-military-vehicles-became-beijings-diplomatic>.

<sup>5</sup> Full Text: Joint Statement of China and the Philippines, *Xinhua News*, 21 October 2016,

[http://www.xinhuanet.com/english/china/2016-10/21/c\\_135771815.htm](http://www.xinhuanet.com/english/china/2016-10/21/c_135771815.htm).

<sup>6</sup> Zhong fei nanhai wenti shuangbian cuoshang jizhi di yi ci huiyi juxing (The first meeting of the China-Philippines bilateral consultation mechanism on the South China Sea issue was held), *Renmin Ribao*, 20 May 2017, [http://paper.people.com.cn/rmrbhwb/html/2017-05/20/content\\_1775970.htm](http://paper.people.com.cn/rmrbhwb/html/2017-05/20/content_1775970.htm).

<sup>7</sup> Luoshi “nanhai ge fang xingwei xuanyan” di 14 ci gaoguan hui zai guiyang juxing, *Xinhua News*, 18 May 2017,

[http://www.xinhuanet.com/politics/2017-05/18/c\\_1120997099.htm](http://www.xinhuanet.com/politics/2017-05/18/c_1120997099.htm).

<sup>8</sup> Wushicun: Mei jiang zhongguo nanhai weiquan shi wei tiaozhan qi Haiyang baquan (Wu Shicun: America views China’s sovereign rights protection in the South China Sea as a challenge to its maritime hegemony),

*Global Times*, 5 April 2017, [http://m.cyol.com/content/2017-04/05/content\\_15887149.htm](http://m.cyol.com/content/2017-04/05/content_15887149.htm).

<sup>9</sup> “Kai tai luo” qiao xiang zhong fei nanhai wenti shuangbian cuoshang jizhi di yi ci huiyi (Sounding the opening gong of the first meeting of the bilateral consultation mechanism between China and the Philippines on the South China Sea issue), *Global Times*, 19 May 2017, <https://world.huanqiu.com/article/9CaKrnK2TwU>.

<sup>10</sup> Zhongguo—feilubin nanhai wenti shuangbian cuoshang jizhi di er ci huiyi (The second meeting of the China-Philippine Bilateral Consultation Mechanism on the South China Sea), China’s foreign ministry, 13 February 2018,

[https://www.mfa.gov.cn/web/wjwb\\_673085/zzjg\\_673183/bjhysws\\_674671/xgxw\\_674673/201802/t20180213\\_7671516.shtml](https://www.mfa.gov.cn/web/wjwb_673085/zzjg_673183/bjhysws_674671/xgxw_674673/201802/t20180213_7671516.shtml).

<sup>11</sup> Full text of China-Philippines joint statement, *Xinhua News*, 21 November 2018,

[http://www.xinhuanet.com/english/2018-11/21/c\\_137622271.htm](http://www.xinhuanet.com/english/2018-11/21/c_137622271.htm).

<sup>12</sup> Waijiao bu jiu zhong fei qianshu “guanyu youqi kaifa hezuo de liangjie beiwanglu” deng da wen (The Ministry of Foreign Affairs response to questions on the signing of the “Memorandum of Understanding on Cooperation in Oil and Gas Development” between China and the Philippines, China’s foreign ministry, 21 November 2018, [https://www.gov.cn/xinwen/2018-11/21/content\\_5342298.htm](https://www.gov.cn/xinwen/2018-11/21/content_5342298.htm).

<sup>13</sup> The joint steering committee will also decide on the number of commercial-related working groups to be established and the cooperation area each working group will be responsible for. Each working group will then negotiate and agree on the technical and commercial arrangements that will apply in the relevant working area.

<sup>14</sup> Memorandum of Understanding on Cooperation on Oil and Gas Development between the Government of the People’s Republic of China and the Government of the Republic of the Philippines, China’s foreign ministry, 27 November 2018, [https://www.mfa.gov.cn/eng/wjdt\\_665385/2649\\_665393/201811/t20181127\\_679548.html](https://www.mfa.gov.cn/eng/wjdt_665385/2649_665393/201811/t20181127_679548.html).

<sup>15</sup> At the 1<sup>st</sup> meeting of Philippines-China Inter-Governmental Joint Steering Committee on Cooperation on Oil and Gas Development, the Philippine delegation was led by the Philippine Department of Foreign Affairs Undersecretary for Policy Enrique A. Manalo, and the Chinese delegation by Vice Foreign Minister Luo Zhaohui. See JOINT PRESS RELEASE: PH-CN JOINT COMMITTEE ON OIL & GAS DEV’T HOLD 1ST MEETING IN BEIJING, Philippine Department of Foreign Affairs, 30 October 2019,

<https://dfa.gov.ph/authentication-functions/78-newsroom/dfa-releases/24875-joint-press-release-first-meeting-of-philippines-china-inter-governmental-joint-steering-committee-on-cooperation-on-oil-and-gas-development-was-held-in-beijing>.

<sup>16</sup> PH terminated oil exploration talks with China: Locsin, *Philippine News Agency*, 23 June 2022,

<https://www.pna.gov.ph/articles/1177441>.

<sup>17</sup> Over time, China’s hope was that joint development could build understanding and trust, and possibly lay the groundwork for both countries to eventually address sovereignty-related issues. The idea to set aside sovereignty-related issue to pursue joint development is not new. In the 1980s, Deng Xiaoping had proposed the idea of joint development without prejudice to the sovereign claims of China and the Philippines.

<sup>18</sup> Xu Wenquan, “Zhong fei nanhai zhengyi quyu gongtong kaifa: quzhe guocheng yu jiben nanti (Joint development of disputed areas in the South China Sea between China and the Philippines: Twists and turns and basic problems), in *Guoji luntan* 2020, Issue No. 2 (February 2020), pp. 110-126.

<sup>19</sup> Article 3, Chapter 1 of the same Chinese regulation further states that “all activities related to the cooperative exploitation of offshore petroleum resources within the scope of these regulations shall be subject to the laws and decrees of the People’s Republic of China and relevant provisions of the State; all persons and enterprises taking part in petroleum operations shall be subject to the laws of China and shall accept inspection and supervision by the relevant authorities of the Chinese Government”. See “Regulation of the People’s Republic of China on Exploitation of Offshore Petroleum Resources in Cooperation with Foreign Enterprises”, China’s ministry of justice,

<http://en.moj.gov.cn/pdf/DecisionoftheStateCouncilonAmendingtheRegulationsofthePeople'sRepublicofChinaonExploitationofOffshorePetroleumResourcesinCooperationwithForeignEnterprises.pdf> and “Guowuyuan xiugai ‘duiwai hezuo kaicai haiyang shiyou ziyuan tiaoli’ ” (The State Council revises the “Regulations on Foreign Cooperation in the Exploitation of Offshore Petroleum Resources”), Chinese government website, 12 October 2011, <https://m.in-en.com/article/html/energy-1160165.shtml>.

<sup>20</sup> This was undertaken by companies from China, the Philippines and Vietnam.

<sup>21</sup> Zhong fei nanhai youqi ziyuan gongtong kaifa: Tiaozhan yu nuli fangxiang (China-Philippines joint development of oil and gas resources in the South China Sea: Challenges and directions to work towards), China Institutes of International Studies, 8 October 2018,

[https://www.ciis.org.cn/gjwtyj/qkml/2018n/202007/t20200714\\_1936.html](https://www.ciis.org.cn/gjwtyj/qkml/2018n/202007/t20200714_1936.html).

<sup>22</sup> As Jay Batongbacal notes “The Arbitration Award remained at the core of Philippine diplomatic positions in closed-door meetings of the Philippines-China Bilateral Consultation Mechanism”. See “The Philippines and the South China Sea Arbitration Award: External Appeasement and Internal Dissension”, *Fulcrum*, 6 October 2021, <https://fulcrum.sg/the-philippines-and-the-south-china-sea-arbitration-award-external-appeasement-and-internal-dissension/>.

<sup>23</sup> Duterte affirms arbitral win vs China before UN: It’s now part of international law, *Inquirer.net*, 23 September 2020, <https://www.youtube.com/watch?v=TUOw8PJGkd0>.

<sup>24</sup> The Supreme Court ruling comes almost 15 years since the petition against the Joint Marine Seismic Undertaking was filed in 2008. See “SC Declares Unconstitutional the Joint Marine Seismic Undertaking Among Philippine”, Vietnamese, and Chinese Oil Firms, Philippine Supreme Court, 10 January 2023, <https://sc.judiciary.gov.ph/sc-declares-unconstitutional-the-joint-marine-seismic-undertaking-among-philippine-vietnamese-and-chinese-oil-firms/>.

<sup>25</sup> Article 12, Section 2 of the Philippine Constitution goes on to say that “The State may directly undertake such activities, or it may enter into co-production, joint venture, or production-sharing agreements with Filipino citizens, or corporations or associations at least sixty per centum of whose capital is owned by such citizens”. See “The Constitution of the Republic of the Philippines”,

<https://www.officialgazette.gov.ph/constitutions/1987-constitution/>.

<sup>26</sup> EXPLAINER: Legal limitations set by SC ruling on oil exploration with China, *Rappler*, 13 January 2023, <https://www.rappler.com/newsbreak/explainers/legal-limitations-set-supreme-court-ruling-oil-exploration-china/>.

<sup>27</sup> AMTI: China thrice harassed Filipino vessels in past two months, *GMA News Online*, 30 May 2022, <https://www.gmanetwork.com/news/topstories/nation/833313/anti-china-thrice-harassed-filipino-vessels-in-west-philippine-sea-in-past-two-months/story/>.

<sup>28</sup> The Malampaya gas field supplies a fifth of the Philippine power needs. See “Malampaya to be completely depleted by 1st quarter of 2027”, *Power Philippines News*, 20 May 2021, <https://powerphilippines.com/malampaya-to-be-completely-depleted-by-1st-quarter-of-2027/>.

<sup>29</sup> This is not the first time the Philippines imposed a moratorium on oil and gas activities in the West Philippine Sea. The last time it did so was in 2014, under the Benigno Aquino III administration, to protect the interests of Philippine companies with service contracts in the West Philippine Sea from being harassed by Chinese vessels. This moratorium was only lifted six years later in October 2020 by the Duterte administration, a move regarded as a necessary next step for China and the Philippines to explore joint oil and gas development following the signing of the 2018 MOU. See “Lifting of West Philippine Sea moratorium tests Duterte’s China strategy”, *Rappler*, 24 October 2020, <https://www.rappler.com/newsbreak/explainers/lifting-west-philippine-sea-moratorium-tests-duterte-china-strategy/>.

<sup>30</sup> This was one key reason cited by the Philippine Security, Justice and Peace Coordinating Cluster (SJPC), responsible for protecting the country’s national territory and boundaries, for imposing the ban. See “DOE

Statement on the Announcement of the Termination of Joint Oil and Gas Negotiations with China”, Philippine Department of Energy, 25 June 2022, <https://www.doe.gov.ph/press-releases/doe-statement-announcement-termination-joint-oil-and-gas-negotiations-china>.

<sup>31</sup> Another reason cited for the suspension was the ongoing negotiations with China for an oil and gas deal. DOE Statement on the Announcement of the Termination of Joint Oil and Gas Negotiations with China, Philippine Department of Energy, 25 June 2022, <https://www.doe.gov.ph/press-releases/doe-statement-announcement-termination-joint-oil-and-gas-negotiations-china>.

<sup>32</sup> PH should proceed with WPS oil, gas exploration without joint talks with China – Former DFA chief, *Power Philippines*, 5 September 2022, <https://powerphilippines.com/ph-should-proceed-with-wps-oil-gas-exploration-without-joint-talks-with-china-former-dfa-chief/>.

<sup>33</sup> Xi Jinping jinggao cheng ruo feilubin zai nan zhongguo hai cai you kong yinfa zhanzheng (tu) (Xi Jinping warned that if the Philippines extracts oil in the South China Sea, it may trigger a war (photo), Wenxuecity, 21 May 2017, <https://bbs.wenxuecity.com/wsj/7518.html>.

<sup>34</sup> This was Marcos’ first visit of the year and his first visit to China since he became president in June 2022.

<sup>35</sup> JOINT STATEMENT BETWEEN THE PEOPLE’S REPUBLIC OF CHINA AND THE REPUBLIC OF THE PHILIPPINES, China’s foreign ministry, 5 January 2023, [https://www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/2649\\_665393/202301/t20230105\\_11001064.html#:~:text=China%20expressed%20best%20wishes%20for,4](https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/202301/t20230105_11001064.html#:~:text=China%20expressed%20best%20wishes%20for,4).

<sup>36</sup> China and the Philippines hold the 7<sup>th</sup> Meeting of the Bilateral Consultation Mechanism on the South China Sea, China’s foreign ministry, 24 March 2023, [https://www.fmprc.gov.cn/nanhai/eng/wjbxw\\_1/202303/t20230324\\_11048819.htm](https://www.fmprc.gov.cn/nanhai/eng/wjbxw_1/202303/t20230324_11048819.htm).

<sup>37</sup> Ibid.

<sup>38</sup> China Coast Guard points laser light at PCG ship off Ayungin, *Philippine News Agency*, 13 February 2023, <https://www.pna.gov.ph/articles/1195090>.

<sup>39</sup> U.S., Philippines Add Four More Sites to EDCA Military Basing Agreement, USNI, 2 February 2023, <https://news.usni.org/2023/02/02/u-s-philippines-add-four-more-sites-to-edca-military-basing-agreement>. See also “US advances deal to access more military bases in the Philippines amid protests”, *Global Times*, 2 February 2023, at <https://www.globaltimes.cn/page/202302/1284705.shtml>.

<sup>40</sup> China and the Philippines Hold the Eighth Meeting of the Bilateral Consultation Mechanism on the South China Sea, China’s foreign ministry, 17 January 2024, [https://www.mfa.gov.cn/eng/wjdt\\_665385/wshd\\_665389/202401/t20240119\\_11229115.html#:~:text=On%20January%2017%2C%202024%2C%20Assistant,Lazaro%20in%20Shanghai](https://www.mfa.gov.cn/eng/wjdt_665385/wshd_665389/202401/t20240119_11229115.html#:~:text=On%20January%2017%2C%202024%2C%20Assistant,Lazaro%20in%20Shanghai).

<sup>41</sup> Ibid.

<sup>42</sup> Bongbong Marcos’ X social media, <https://twitter.com/bongbongmarcos/status/1746861926469325157?lang=en>.

<sup>43</sup> Press Statement on the 8th PH-China Bilateral Consultation Mechanism on the South China Sea, Philippine Department of Foreign Affairs, 17 January 2024, <https://dfa.gov.ph/dfa-news/statements-and-advisoriestupdate/33994-press-statement-on-the-8th-ph-china-bilateral-consultation-mechanism-on-the-south-china-sea>.

<sup>44</sup> 2024 nian 1 yue 19 ri waijiaobu fayan ren Mao Ning zhuchi li xing jizhe hui (2024 January 19 foreign ministry spokesperson Mao Ning host a regular press conference), China’s foreign ministry, 19 January 2024, at [https://www.mfa.gov.cn/web/fyrbt\\_673021/202401/t20240119\\_11229416.shtml](https://www.mfa.gov.cn/web/fyrbt_673021/202401/t20240119_11229416.shtml).

<sup>45</sup> Zai shanghai, “zhong fei chong hui tanpan zhuo” (In Shanghai, “China and the Philippines return to the negotiating table”), *Global Times*, 19 January 2024, <https://mil.news.sina.com.cn/2024-01-19/doc-inaczsk8740025.shtml>.

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