

## Guest Column

# The Philippines in the Face of Great Power Technological Competition

By Deryk Matthew N. Baladjay

*The Philippines' approach towards emerging technologies is acutely constrained by domestic and geopolitical realities. It must carefully navigate both issues in pursuit of its strategic interests.*

The Philippines' journey into the digital age is marked by both promise and complexity, as illustrated by President Ferdinand Marcos Jr.'s directive for the digitalisation of vital government services. This mandate underscores the transformative power of digitalisation in reshaping economies, politics, and more broadly, international relations. However, it also highlights the intricate challenges associated with managing cross-border data and technology flows, enforcing intellectual property rights, and safeguarding consumer welfare. These challenges are domestic and regional in nature, reflecting the complexity and interconnectivity of contemporary digital issues. Given its long history with the United States (US) and the recent surge in Chinese influence, this is especially true of the Philippines—wedged in the middle of the China-US competition. It is incumbent upon the Philippines to utilise strategic planning, international collaboration, and domestic capacity building. These are essential in striking a balance between embracing technological



advancements and safeguarding national interests.

## Navigating the Digital Silk Road

The digital sector, propelled by robust government support, serves as a significant driver of the Philippines' economic vitality. With the Internet economy estimated at US\$7.5 billion in 2020 and projected to reach US\$28 billion by 2025, the government's backing plays a crucial role in fostering growth and sustainability in the digital landscape. However, the expansion of Chinese technology in the Philippines through China's economic program Belt and Road Initiative (BRI), particularly its cyber-branch, the Digital Silk Road (DSR), has added a new layer of complexity. The Philippines joined the BRI and the DSR in part to have a cheaper alternative to Western technology and to further accelerate internal technological innovation. Yet, the economic benefits are outweighed by concerns over

data security, privacy, misinformation, and the long-held issue of economic dependency on a foreign entity.

Efficiently handling the intricacies of the BRI and DSR presents significant challenges for the Philippines. These include the lack of institutional capacity, cybersecurity risks, and the need to ensure equitable distribution of economic benefits. All of these are highly reliant on comprehensive legislation to harmonise efforts in both the public and private sector to commensurately meet new and existing challenges.

### **Upkeep of Domestic Regulation in the Face of Technological Competition**

The Philippines' digitisation efforts involve a comprehensive whole-of-government approach. Collaboration among various government agencies is essential for effective planning and implementation. However, outdated legislation and regulatory frameworks hinder progress in digital transformation. Despite pioneering legislation such as the Electronic Commerce Act and the Data Privacy Act, the Philippines lags in ensuring that its laws remain relevant and updated, posing challenges in addressing the evolving digital landscape.

China's BRI and DSR initiatives have presented economic opportunities alongside national security concerns. Ever since 2013, countries, particularly India and the US, have expressed concern over the fiscal and financial aspects of China's initiatives all over the world. This has been evidently true in recent years as participant developing

economies (e.g., Malaysia, Pakistan, Ghana, and Zambia) have all suffered an increase in debt alongside vulnerability and susceptibility to Chinese influence. China's involvement in the Philippines' critical infrastructure projects, telecommunications, energy, and surveillance technology raises questions about data privacy, cybersecurity, and potential geopolitical implications. Concerns about China's authoritarian tendencies and its influence on technology standards further complicate the situation, prompting discussions on potential security risks associated with Chinese investments and partnerships.

The Philippines, like other developing economies, nurtured an economic reliance on China under the administration of former President Rodrigo Duterte. The rationale included a cheaper source of technology and a means to peacefully calm geopolitical activity in contested waters. However, Beijing remained a security threat with its continuation, and indeed escalation, of incursions in Philippine territory, inevitably affecting the stability of economic relations. The intended calming effect of economic concessions could not quell the brewing maritime disputes between Manila and Beijing.

Subsequently, the current Philippine foreign policy under President Marcos Jr. signals a departure from this strategy, with efforts to reinvigorate relations with the US through consistent high-level exchanges and military defense cooperation. This policy includes strengthening relations with middle powers to garner assistance in becoming less

dependent on a single foreign entity and achieving technological self-reliance. However, Manila has not altogether abandoned economic channels with Beijing.

### **Connectivity, Regulations, and Competency**

Transforming the Philippine digital domain, especially in the face of China-US competition, requires remedying several shortcomings in its digital infrastructure. Addressing the Philippines' connectivity challenges is crucial for bridging the digital divide and fostering inclusive growth. Diverse technologies, including fixed lines, wireless mobile, satellite internet, and underwater cables are needed to ensure widespread access to high-quality internet services. However, inadequate funding for infrastructure investment remains a significant obstacle that must be addressed through strategic partnerships and innovative financing mechanisms. This will also include a shift in priorities, particularly with economic partnerships. One of the chief reasons for the Philippines' participation in the BRI was for extensive public infrastructure.

Updating and modernising regulatory frameworks are essential to support the Philippines' digitalisation initiatives and to adapt to emerging technologies. Antiquated regulations and bureaucratic processes deter potential investors and competitors, impeding the country's digital development. Collaborating with foreign and domestic stakeholders to create and update legislation tailored to the Philippines' digital growth is imperative.

Improving digital literacy is crucial to empower users and mitigate security risks in an increasingly digital environment. Government-led initiatives and collaborations with educational institutions and the private sector are essential for promoting digital literacy and responsible digital practices among various demographics.

### **Conclusion**

China, it seems, is winning the economic endurance game by advancing a comprehensive suite of services and bargains *sans* the US. Although the security sector expresses concern over the outpouring of Chinese technologies, the public widely benefited from the increase in cheaper alternatives. This has stimulated economic growth and domestic spending in the interim. However, the Philippines shares with other BRI-participating states the dilemma of combating sole dependence on the Chinese economy while safeguarding economic growth and national security. It is difficult for any of these states to address the challenges due to the lack of cheap alternatives and an underdeveloped digital domain. The US and the broader West will need to match China along these lines.

However, China's expansive role in the Philippines is not a foregone conclusion; nor is the broader narrative of geopolitical contestation between Beijing and Washington in the Philippines. Manila finds itself perfectly wedged between the two major powers' struggle for strategic dominance,

especially in the cyber- and technological domains. Both powers have a strategic interest in the Philippines and can be leveraged. Manila will need to actively demand its need and put on the table what it cannot accommodate between the two major powers. Additionally, collaboration with foreign partners, strategic planning, and updating regulatory frameworks are essential for navigating the complexities of the digital domain. ASEAN is one such platform.

But the broader concern for the Philippines, and for other countries, rests on resilience and self-reliance. It can only do so by equipping itself with the necessary tools and mechanisms to harness the benefits of digitalisation while safeguarding national interests and ensuring digital security in an increasingly interconnected yet polarised world.

**Deryk Matthew N. Baladjay is a Lecturer at the International Studies Department of the De La Salle University.**