SHARP POWER:
THE SOURCES OF BEIJING’S CONDUCT
Asia’s Democratic Fortress

Earlier this year, one of the most momentous elections of our era took place. Despite suffering disastrous midterm elections in 2018, and constantly threatened by Beijing and barraged by its Taiwanese surrogates, Taiwan President Tsai Ing-wen secured a decisive re-election victory with almost 60% of total votes. Drenched in a Confucian past, and perched at the crossroads of mainland Asia and the vast Pacific Ocean, the tiny island-nation of Taiwan is a testament to the courageous resilience of democracy even under the most impossible conditions. Against all odds, including the long and dark shadow of Beijing’s interference and threats, Taiwanese voters reelected the firebrand incumbent, who has emphasized Taiwan’s distinct identity and de facto independence from the communist mainland. With her victory, Tsai also exposed the limits of Chinese influence among its closest neighbors.

Beijing considers Taiwan a renegade province that should be incorporated, perhaps even forcefully, under the leadership of the Chinese Communist Party. China’s all-powerful leader, President Xi Jinping, has warned about his country’s “firm will, full confidence and sufficient ability to defeat all activities to split the country.” More menacingly, he made it clear that he is unwilling “to abandon the [option to] use of force,” because Beijing “retain[s] the option of taking all necessary measures” against Taiwan. Not enough people seem to have taken notice, but the geopolitical implications are compelling and undeniable. Much of the world has understandably been keyed into the 2020 US presidential elections, pitting a flamboyant incumbent against a former vice-president and paragon of ‘centrist’ politics, Joseph Biden. And then there is the untidy, soul-crushing Brexit in the United Kingdom, which has unleashed a toxic mélange of clownish atavism and tribal partisanship thought to have been long discredited in the world’s oldest parliamentary democracy.

Against the backdrop of political decay in the cradles of modern democracy, however, it’s Taiwan that has carried the burning torch of the democratic project unlike any country in recent memory. Tsai trounced her main rival Han Kuo-yu, a vivacious provincial mayor who mysteriously gained unprecedented traction in social media to become a top contender for Taiwan’s highest office. Catapulted from virtual obscurity to nationwide stardom, Han is notorious for his “authentic” style, unorthodox rhetoric, and, not least, his perceived intimacy with China. In effect, Tsai heavily defeated what many Taiwanese saw as their own version of Rodrigo Duterte. Interestingly, Duterte (38.5%) and Han (38.6%) received almost the exact share of votes in their respective elections.

To understand the significance of Tsai’s electoral domination, one should remember that Taiwan is where the sharp edge of China’s influence operations, otherwise known as “sharp power,” is most apparent. While “hard power” refers to brute military force, “soft power” pertains to, according to Harvard academic Joseph Nye, the ability of a nation to shape the preferences of others through noncoercive means, namely culture, ideology, and economic resources. As Nye puts it, soft power is relevant because “it is also important to set the agenda and attract others in world politics, and not only force them to change by threatening military force or economic sanctions.” But as an oft-cited report by the National Endowment for Democracy argues, the term ‘soft power’ has had diminishing utility, since “the conceptual vocabulary that has been used since the Cold War’s end no longer seems adequate to the contemporary situation.” This is because, according to The Economist, we are confronting a new kind of power exercised by authoritarian superpowers, which are increasingly relying on “subversion, bullying, and pressure, which combine to promote self-censorship.”

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SHARP POWER: THE SOURCES OF BEIJING’S CONDUCT

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And this brings us to the concept of “sharp power”, which is both a combination of and distinct from the two other forms of power, both soft and hard. As political scientist Christopher Walker explains, sharp power is unique to authoritarian superpowers such as Russia and China which seek to “project their influence internationally with the objectives of limiting free expression, spreading confusion, and distorting the political environment within democracies.” The main tools are systematic disinformation campaigns, the sabotage of electoral institutions, and the co-optation of the elite and thought-leaders in targeted democracies. As the guru of ‘soft power’ Joseph Nye explains, “Whereas soft power harnesses the allure of culture and values to augment a country’s strength, sharp power helps authoritarian regimes compel behavior at home and manipulate opinion abroad.” In the past decade, Nye argues, “Beijing and Moscow have spent tens of billions of dollars to shape public perceptions and behavior around the world” through the deployment of both “tools new and old that exploit the asymmetry of openness between their restrictive systems and democratic societies.” Unlike ‘soft’ power, which is inherently benign, sharp power is “the deceptive use of information for hostile purposes”, thus it’s “a type of hard power”, which harkens back to the Cold War era of “manipulation of ideas, political perceptions, and electoral processes” amid the US-Soviet rivalry, especially in the post-colonial world.

If there is one country that knows sharp power best (especially in its Chinese form), it’s Taiwan, where an independent-minded leader paid a heavy price during the 2018 midterm elections, prompting her resignation as the head of the Democratic Progressive Party (D.P.P.). In the run-up to that crucial election, which served as a referendum on the early years of the Tsai administration, Beijing stepped up the intimidation and infiltration campaign. A veteran Hong Kong-
Thanks to her administration’s vigilance, including the introduction of the new policy and legislative measures to curb ‘sharp power’ disruptions by China without undermining basic freedoms at home, and her tenacity, Tsai snatched victory from the jaws of defeat.

The Philippines, one of Asia’s oldest democracies and a century-old American ally, is vulnerable to sharp power operations.

China’s intensified sharp power operations in Singapore are likely driven by as well as accelerators of Singapore’s gradual but steady pivot to the U.S. and its allies.

Eager to prevent neighboring Pacific Islands from falling into a Chinese ‘debt trap,’ Australia ensured it maintained its role as a leading source of development assistance in the region.

The Philippines need to consider at least five important policy options if it seeks to protect the integrity of its democratic institutions and national sovereignty in the age of sharp power.

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based journalist Yi-Zheng Lian explains, Beijing sought to influence the course and outcome of the elections through a sophisticated but increasingly aggressive campaign, including “curb[ing] tourism from the mainland, conduct[ing] military maneuvers around Taiwan and even threaten[ing] to invade” the island nation.\(^9\)

But there were also more subtle forms of ‘sharp power’ operations, namely Beijing’s co-optation of “influential media conglomerates”, which have taken a more pro-Beijing stance after “their major shareholders have been given greater business opportunities in China’s vast market.” The upshot, Lian explains, is “Major Taiwanese newspapers and TV stations regularly feature content that hardly differs from that in China or routinely heap praise on Chinese leaders.”\(^10\) Even more troubling is Beijing’s growing influence over former top military officers, including those with intimate knowledge of the country’s national security infrastructure, as well as key members of the Kuomintang (KMT), the historically hegemonic party in Taiwan and former archrival of the Chinese Communist Party (CCP).

No less than KMT’s presidential candidate, Han Kuo-yu, the rabble-rousing populist notorious for his pro-Beijing stance, is widely suspected of having benefited from systematic assistance from mainland-based elements. Reviled by Beijing for her uncompromising spirit, Tsai faced the wrath of China and its local proxies, which cuts across Taiwanese society, ranging from the mainstream media and tycoons to influencers and opportunistic politicians.\(^11\) During the 2018 midterm elections, pro-Beijing elements significantly increased their presence in elected offices, gobbling up majority of top posts. The Tsai administration, however, didn’t sit idly by, instead choosing to learn the right lessons to enhance national safeguards against external interference, ensure the integrity of electoral institutions, and ultimately come back stronger in the 2020 presidential elections.\(^12\)

At the same time, the Taiwanese government stepped up its charm offensive in the West, most especially in Washington, where the Trump administration showed unprecedented openness and support. This was partly because the Pentagon believes that China aims to leverage its growing military superiority to intimidate Taiwan into acquiescence and, if necessary, launch a successful invasion of the island nation. In response, the Trump administration stepped up both diplomatic support and security assistance to Taiwan. Washington cleared multi-billion-dollar arms sales to Taiwan, which aim to enhance the island nation’s ability to deter, forestall, or significantly slow down a potential Chinese
invasion, providing sufficient time for military intervention by the US forces in the Pacific. And there is growing legislative, bipartisan support for the Trump administration’s Taiwan-friendly policy.13

Upon clearing the National Defense Authorization Act for the 2020 fiscal year, the U.S. Senate called for expanded military support to “improve the predictability of its arms sales to Taiwan by ensuring that Taipei’s requests for defensive articles and services are reviewed and responded to in a timely manner.”14 From Trump’s unprecedented phone conversations with Taiwan’s leadership to visits and expanded diplomatic contacts between senior American officials and legislators and the Tsai administration, the two sides are also enjoying a quiet diplomatic renaissance. By 2020, the Trump administration cleared multiple high-level contacts between the two countries, including a visit by a U.S. cabinet member to the island nation.15

“We are now [more] confident about America’s commitment to our alliance,” a senior Taiwanese national security adviser told me in mid-2019.16 But the more clear and present danger stems from China’s efforts to infiltrate Taiwan’s democratic institutions through elite co-optation, disinformation campaigns, and outright propaganda, Taiwanese officials added. As Taiwan’s Foreign Minister Joseph Wu told me,17 “The Chinese will try to push the envelope short of military conflict...They are engaged in hybrid warfare...trying very hard to infiltrate our society.” According to a senior official, China is deploying a “sophisticated strategic plan”, which aims at co-opting the business elite, celebrities, political figures, and even low-level political leaders in order to promote a Beijing-friendly policy in Taipei.18

In particular, Taiwanese officials are worried about China’s attempts to co-opt contenders for top political offices, particularly the presidency in 2020. Both of Tsai’s potential rivals have been accused of either receiving support from China or known as having warm ties with the Chinese leadership. The populist Kaohsiung Mayor Han Kuo-yu, for instance, experienced a massive surge in his social media following and popularity likely with backing from China-based cyber groups. The other likely presidential contender, businessman-turned-populist Terry Gou, former chairman of the electronics giant Foxconn, which has maintained huge manufacturing plants in China. Throughout his long years of business dealings in the Mainland, Gou cultivated warm ties with the Beijing leadership, including President Xi.19

Both Gou and Han have criticized pro-independence movements at home, while welcoming warmer ties with China, ostensibly for maintaining cross-strait peace and stability as well as expanding bilateral investment deals. The Tsai administration, however, remained optimistic for two reasons. First of all, Taiwan has been experiencing gradual economic decoupling from China, as Taiwanese businessmen seek more attractive opportunities in Southeast Asia. As President Tsai told me, the upshot is that “We now have more liberty to speak for our independence,” because, “People have to bear in mind that you need to be independent [economically too] since China uses economics as leverage.”20

Moreover, the Taiwanese public, particularly the youth behind the “sunflower movement”, is turning increasingly critical of Chinese influence in Taiwan. Most recent surveys show that a majority of citizens prioritize the preservation of
Taiwan’s de facto sovereignty over further economic engagement with China.\textsuperscript{21} The widespread protests in Hong Kong throughout 2019, which led to the defeat of a perceived pro-Beijing extradition bill, only emboldened the pro-independence movement in Taiwan.\textsuperscript{22} With all sides hardening their respective positions, democratic Taiwan quickly turned into the frontline of the Sino-American Cold War in the Indo-Pacific.

Thanks to her administration’s vigilance, including the introduction of the new policy and legislative measures to curb ‘sharp power’ disruptions by China without undermining basic freedoms at home, and her tenacity, Tsai snatched victory from the jaws of defeat. Taiwan managed to minimize Chinese co-optation strategy by, inter alia, adopting cutting-edge safeguards against electronic warfare and systematic hacking, clamping down on fake news and disinformation campaigns, mobilizing youth and middle-class support for its democratic agenda, and imposing restrictions on the mobility of former high-level military officials, especially visits to China and potentially compromising contacts with foreign defense and intelligence agencies. All of this policy vigilance was achieved without undermining fundamental freedoms of expression and assembly for the Taiwanese citizenry. Taiwan shows the path forward for the principled victory of freedom and collective autonomy in the face of tyrannical aggression. It’s not only one of the world’s most dynamic economies, but it’s now also Asia’s democratic fortress, offering refuge to Hong Kong activists and businessmen escaping the Damocles Sword of China’s new national security law, which has effectively criminalized political dissent in the once semi-autonomous city-state. As Tsai put it, “China is getting more and more aggressive, [but] we will not back down.”\textsuperscript{23}

Strategic Vigilance

As the ruthless crushing of Hong Kong protests and its long-cherished legal and political autonomy demonstrates, China is willing to go the distance to achieve its strategic aims. And Taiwan is only the tip of the iceberg. Another Chinese-majority polity of high concern is Singapore, where the government has cultivated strong military ties with Taiwan, taken an increasingly independent stance on regional affairs, including the South China Sea disputes, and hued ever-closer towards the U.S. and other like-minded naval powers in the Indo-Pacific in recent years. This is particularly striking since historically Singapore has played a major role as a strategic bridge between the West and post-Mao China, especially under the late Singaporean Prime Minister Lee Kuan Yew, who mentored almost all of the top Chinese leaders following the end of the Cultural Revolution.\textsuperscript{24}

In recent years, Singapore has more openly expressed its concerns over Chinese influence operations, including alleged recruitment of spies and creation of a potential ‘fifth column’ within the Chinese-majority city-state. As veteran Singaporean diplomat Kausikan Bilahari has publicly warned, Beijing’s sharp power has taken an increasingly overt form, including efforts to rally Chinese ethnic groups across the Southeast under the flag of the Chinese Communist Party (CCP). Alarm bells were set off when the Overseas Chinese Affairs Office (OCAO) was incorporated into the United Front Work Department (UFWD) in recent years, a potentially direct contradiction of Beijing’s rhetoric of “non-interference.” The “very point of [the ongoing] united front work is to blur the distinction between the domestic and international and promote the party’s interests wherever it may be, domestic or international,” declared Bilahari during a
major speech in 2018 at a conference on the threat of sharp power and influence operations. “In this sense, it represents a rejection or a negation of the Westphalian norm of non-interference in internal affairs, which is enshrined in Article 41 of the Vienna Convention on Diplomatic Relations,” warned the former top bureaucrat in Singapore’s foreign ministry.25

Bilahari underscored Beijing’s “tendency towards self-deception” and strategic “overreach”, especially in relations with neighboring states with a significant ethnic Chinese population. Back in 2017, Chinese sharp power operations became a central issue in national discourse, when the city-state expelled Huang Jing, a prominent China-born academic at the Lee Kuan Yew School of Public Policy, following investigations that suggested “collaboration with foreign intelligence agents [from China]” in an attempt at “subversion and foreign interference in Singapore’s domestic politics.”26 The issue was once again at the center stage following the apprehension of a Singaporean citizen Jun Wei Yeo on charges of espionage for Chinese intelligence elements operating in the United States. “One fool like this can get all Singaporeans suspected,” warned Bilahari, highlighting the fact that Yeo’s former Ph.D. supervisor was no less than suspected Chinese spy, Huang Jing. A US-based Singaporean academic, Chong Ja of Harvard University, echoed Bilahari’s trepidation, lamenting “People might be more suspicious of Singaporeans if there is a perception that Singapore is compromised.” Bilveer Singh of the National University of Singapore has warned that the city-state could turn into a Chinese recruitment ground, a prized space to “acquire intel” and “agents of influence”. As far as Yeo’s case is concerned, Singh argued, “[it] definitely not an isolated case.” In fact, a Mexican researcher based in Singapore was recently arrested by U.S. authorities on charges of espionage for another authoritarian superpower, Russia.27

According to a report by the Australian Strategic Policy Institute in 2018, Singaporean universities have the highest level of collaboration with research centers affiliated with China’s People Liberation Army (PLA). Meanwhile, the Jamestown Foundation has found that Beijing has systematically used supposedly innocuous organizations and
business groups to spread pro-Chinese propaganda, including the advocacy of a “greater China” identity in a city-state where 3 out of 4 citizens have Chinese descent. A major area of concern for Singapore is Beijing’s troubling and deliberate blurring of the long-held distinction between Huaren (ethnic Chinese of all nationalities) and Huaqiao (Chinese citizens overseas). This is especially the case in light of Chinese President Xi’s call for “The realization of the great rejuvenation of the Chinese nation requires the joint efforts of Chinese sons and daughters at home and abroad.” There are as many as 60 million Huaqiao ethnic Chinese denizens globally, but a large number of them are concentrated in neighboring Southeast Asian nations such as Singapore, Thailand, Indonesia, Malaysia, and the Philippines. Singapore expressed its profound dismay with China’s toxic combination of cultural paternalism, geopolitical revanchism, and sharp power operations by building a $110 million Singapore Chinese Cultural Center (SCCC) to assert, protect and juxtapose its own unique Chinese cultural heritage as opposed to that of Mainland China under a communist regime.

China’s intensified sharp power operations in Singapore are likely driven by as well as accelerators of Singapore’s gradual but steady pivot to the U.S. and its allies. Beginning in mid-2015, Singapore provoked China’s ire by taking a strong stance in defense of international law, including the United Nations Convention on the Law of the Sea in light of the Philippines’ arbitration case against Beijing over the South China Sea disputes. Singapore has also deepened defense ties with Taiwan, prompting China to impound 9 Singaporean armored vehicles transiting via Hong Kong from military exercises in Taiwan in 2016. The event culminated in months-long diplomatic tensions and high-level negotiations for the return of the Singaporean Terrex troop carriers. But far from succumbing to Beijing’s pressure campaign, Singapore has stepped up its countermeasures, including the introduction of new safeguards against disinformation campaigns on social media, granting of permanent naval access to America littoral combat ships, and growing embeddedness in a U.S.-led “SQUAD” of like-minded naval powers, namely Singapore and the four members of the Quadrilateral (QUAD) grouping of Australia, India, Japan, and the United States. In 2019, Singaporean authorities pushed defense spending to a 12-year high despite an economic slowdown, reflecting a growing determination to shore up the city-state’s defense capabilities in light of new and emerging threats, especially from China.

The End of a Long Honeymoon

But China’s “sharp power” tentacles are now extending far beyond Chinese-majority polities such as Taiwan and Singapore, and now reaching deep into the heart of established democracies and the Western world. This dynamic has been on full display in Australia, a country that was once China’s most enthusiastic partner in the Western world. The Sino-Australian honeymoon arguably reached its apogee during the tenure of Mandarin-speaking Prime Minister Kevin Rudd, who was a central figure in the early dissolution of the QUAD alliance before its recent revival. But Australia’s strategic flirtation and economic entwinement with China echoed far beyond Rudd’s laborite administration. As recently as 2017, for instance, the country’s Foreign Policy White Paper underscored Canberra’s commitment to “strong and constructive ties with China,” welcoming the Asian power’s “greater capacity to share responsibility for supporting regional and global security.” The strategic document underlined the Indo-Pacific country’s hope to “strengthen our Comprehensive Strategic Partnership for the benefit of both nations.”

In the past three years, however, there has been a marked shift in Australia’s China policy, culminating in a full-scale crisis in late-2020, with the conservative Scott Morrison administration calling a spade a spade by, among others, demanding greater transparency on the part of Beijing vis-à-vis the origins of the COVID-19 pandemic, highlighting China’s strategic aggression in adjacent waters, and underscoring threats posed by China’s predatory investment practices as well as attempts to influence free speech in Australian universities. Beijing’s sloppy attempt at intimidating Canberra through weaponization of economic ties, namely the imposition of restrictions on importation of Australian coal and wine, has only hardened Australia’s policy towards China. Nonetheless, what we are witnessing is the upshot of years-long build up in bilateral tensions, especially in light of Australia’s concern over Chinese sharp
power operations in the country, most dramatically captured in Clive Hamilton’s book, “Silent Invasion,” which broadly echoes similar concerns raised by prominent political scientist Anne-Marie Brady in neighboring New Zealand.

Red flags were raised as early as 2005 when Chinese defector Chen Yonglin revealed a deep network of Beijing-paid informants to keep tabs on Australians of Chinese descent, especially the Falun Gong practitioners. Over the next decade, China’s influence operations extended to overseas students in Australian universities, with Australian writer Yang Hengjun exposing how Chinese apparatchiks mobilized thousands of red-flag-waving students against pro-Tibet and pro-democracy protesters in the run-up to the Beijing Olympics. Over the succeeding years, other Australians of Chinese descent such as Australian iron ore executive Stern Hu were targeted, some of whom were eventually jailed and stripped of their assets sans standard due process. Investigative reports by The Sydney Morning Herald also revealed efforts by CCP to create false perceptions of grassroots pro-Beijing political movements, just as campaign donations to top Australian politicians picked up. Journalists such as Alex Joske, meanwhile, mapped China’s “united front” efforts in Australia, with the Chinese Students and Scholars Association serving a major node in Beijing’s propaganda offensive, often at the expense of independent ethnic Chinese civil society groups.

In the words of one Australian observer, “for every story of state-sponsored coercion and co-option that Chinese Australians publicize, there are dozens that never surface.” Things came to head in 2017 when Labor Senator and Beijing-leaning politician Sam Dastyari was revealed to have illegally received gifts from Chinese elements. The conservative Malcolm Turnbull administration was quick to tag the opposition senator as an “agent of a foreign country”, unleashing a wave of investigations, countermeasures, and legislations to curb foreign interference in Australian democracy. Up to two-thirds of voters expressed support for the move to secure the country’s democratic institutions from nefarious influence. Then Prime Minister Malcolm Turnbull highlighted the need to counter “covert, corrupting, or coercive” influence by shoring up a “sunlight, enforcement, deterrence, and capability” approach to securing Australian democracy.

Meanwhile, Australia also adopted an offensive approach, taking the fight against China by actively dissuading allies and neighbors from signing up to predatory Chinese investments, most especially Huawei 5G network, which could seriously jeopardize national security-related communications. The following year, Australia effectively prevented the Chinese telecom giant from gaining a foothold in the South Pacific by bankrolling an alternative package of underwater Internet cables as well as a cybersecurity center for the Solomon Islands. Australia also successfully lobbied lobbying neighboring Fiji against hosting a Chinese regional military hub in the Fiji Military Forces’ Black Rock Camp in Nadi. Australia also pushed for co-development of a vital naval base in the Manus Island in Papua New Guinea with the Americans, another effort at keeping Chinese nefarious influence in the region at bay.
Eager to prevent neighboring Pacific Islands from falling into a Chinese ‘debt trap’, Australia ensured it maintained its role as a leading source of development assistance in the region. Snubbing the Belt and Road Initiative (BRI) at the federal level, Australia has been a major advocate for greater transparency in Chinese investments in the Indo-Pacific, while gradually joining the US’ Freedom of Navigation Operations in China’s adjacent waters. In short, Australia hasn’t only recognized the nature of sharp power threats, but has responded with verve and vigor, both domestically and, along with allies, on the global level.

The Low-Hanging Fruit

The Philippines, one of Asia’s oldest democracies and a century-old American ally, is vulnerable to sharp power operations. To begin, the country lacks even basic legislation when it comes to foreign financing and interference during the elections period, and the fragile nature of its democratic institutions makes it especially brittle in face of systematic interference by authoritarian superpowers. Hosting large numbers of American soldiers, officers, and military hardware annually, not to mention a key rival to China in the South China Sea, the Philippines is a particularly tempting target for authoritarian superpowers. Under a Beijing-friendly president, Rodrigo Duterte, the Philippines is ripe for sharp power offensives on at least three interrelated levels, which will be discussed in the following sections.

a. Disinformation and Distortion

Throughout the years, Facebook has served as the unwitting enabler of populists and right-wing elements across the world. The social media company has provided a free-for-all platform that has become synonymous with disinformation and discord, empowering fringe and anti-establishment figures in troubled democracies. No less than Philippine President Rodrigo Duterte has been among the greatest beneficiaries of Facebook which is available for free to tens of millions of mobile subscribers in the Southeast Asian country. But as the California-based tech company cracked down on networks of disinformation ahead of the crucial US elections, the undeclared alliance with reactionary populists has taken an ugly turn. In late-September, the Filipino populist openly accused Facebook of “censorship” and threatened decisive action following the shutdown of dozens of allegedly state-sponsored accounts engaged in ‘coordinated inauthentic behavior’. The latest crackdown by Facebook, however, also exposed a troubling development, namely the advent of China-backed disinformation networks in the Philippines. It underscores the threat of “sharp power” operations by foreign powers ahead of the Southeast Asian country’s presidential elections in the near future. It’s hard to overstate the importance of Facebook, especially in the developing world, where access to the internet and cable television is prohibitively expensive. In places such as the Philippines, the social media network has become the penultimate public square, a primary source of news, commentary, and information. In effect, Facebook has become the biggest and most profitable publisher without the requisite responsibility for its contents and their viral dissemination. As a result, the social media platform became a perfect magnet for political hacks and unsavory advertisers. An authoritative study by the University of Oxford scholars showed that Duterte’s presidential campaign spent up to $200,000 on a state-of-the-art ‘troll army’, which was organized by former advertising and media executives. Even the notorious Cambridge Analytica consultancy firm, which has been accused of manipulative microtargeting of swing voters, was allegedly also involved in Duterte’s 2016 campaign. Its parent company, Strategic Communications Laboratories, has openly boasted of propping up the “strong, no-nonsense man of action” image of a successful candidate after its research showed large chunks of the electorate were “likely to be swayed by qualities such as toughness and decisiveness.” Duterte decisively won the 2016 elections based on a tough and uncompromising anti-crime agenda, threatening to kill thousands of criminals and drug peddlers if necessary. Practically all other candidates ran on a standard platform focusing on economic development and political reforms. Upon his ascent to power, the Filipino populist leveraged his elaborate network of social media propagandists, some with millions of followers, to denigrate and intimidate mainstream media networks and liberal critics. Among the chief victims of this Facebook-driven offensive are leading journalists such as Maria Ressa, opposition Senator Leila de Lima, and liberal-leaning networks such as ABS-CBN.
Practically all prominent critics of Duterte’s controversial policies have faced one form of seemingly coordinated online harassment or the other. In short, social media platforms have been systematically ‘weaponized’ against independent voices and broader opposition. Under pressure at home and across the world, Facebook has, albeit reluctantly, begun to get its house in order. Back in 2018, Facebook removed more than a hundred “spam networks” in the Philippines, a large number of which spewed out pro-Duterte propaganda and disinformation. But the latest round of Facebook crackdown has revealed China’s sharp power operations through the employment of “deceptive methods”. According to Nathaniel Gleicher, head of Facebook’s Security Policy, “we regularly see these networks using pages that don’t fully disclose who’s behind them. The patterns of engagements that they may have with these accounts aren’t just the fact that they’re fake, but it’s how they use the accounts to boost their contents.”

As many as 57 personal and 31 public pages on Facebook as well as 20 Instagram accounts were suspended for engaging in “coordinated inauthentic behavior”, namely the systematic deployment of “fake accounts to evade enforcement, post content, comment and manage Pages.” A large number of them were allegedly tied to the Philippine security agencies. What was deeply revealing with the episode was Facebook’s warning against “foreign or government interference, which is coordinated inauthentic behavior conducted on behalf of a foreign or government actor” and “foreign-led efforts to manipulate public debate in another country.” The company’s latest crackdown involved over 150 suspicious accounts based in China, advancing pro-Beijing disinformation on sensitive geopolitical issues such as the South China Sea disputes and Hong Kong; denigrating liberal media personalities and platforms, as well as supporting the potential presidential bid of Duterte’s daughter, Sara, for the 2020 elections.

Facebook’s latest crackdown revealed the growing threat posed by China’s “sharp power”, which proved particularly decisive in 2018 elections in Taiwan and has forced other democracies such as Australia to tighten their legislations against foreign influence operations. In absence of proactive counter-disinformation efforts by Facebook and host governments, fragile democracies such as the Philippines will be left hopelessly at the mercy of right-wing populists and authoritarian superpowers.

b. Encirclement and Surveillance

Another major area of vulnerability for the Philippines is the wholesale opening up of the country to shadowy investments from China, precipitating a massive wave of inward migration throughout the first four years of Duterte’s presidency. When Philippine authorities announced a moratorium on the issuance of new gaming licenses in late-2019, the move had more in mind than curbing a recent proliferation of Chinese-run online gambling operations. Known officially as Philippine Offshore Gaming Operations (POGOs), Chinese online gaming sites boomed under Duterte, facilitated in part by his administration’s easing of visa regulations for Chinese nationals. Under the Beijing-friendly president, the Philippines’ gambling industry has experienced a four-fold expansion, with total revenues reaching $4 billion last year. Licensing fees topped $150 million in 2019. Gambling is illegal in the Mainland. But in a rare act of defiance, Duterte rejected Chinese President Xi Jinping’s call for closing down the Chinese POGOs in the Philippines, arguing “I decide that we need it. Many will lose their jobs.” In 2019, the Philippine government expected to collect $152 million in licensing fees alone, an almost 11-fold increase since the beginning of Duterte’s administration.

But growing security concerns, including defense establishment suspicions that POGOs could be involved in spying on key military installations, have now put a break on the industry’s rapid expansion. Despite restrictions on POGOS, especially in light of the COVID-19 lockdowns this year, reports suggest many operators simply moved into residential areas. As a result, many wonder if the Duterte administration’s obstinate ‘open door’ policy towards China, even days and potentially weeks after the Wuhan outbreak, is partly due to a desire to maintain the Chinese-dominated online casino industry. Not to mention, the likelihood of exacerbating the epidemic threat by keeping the country open to large numbers of Chinese citizens earlier this year, including from Wuhan. POGOs are highly opaque in nature and, worryingly, have been accused of alleged association with the criminal underworld. In recent years, there has been a surge in criminal activities, including dozens of kidnappings and several homicides involving elements directly or indirectly involved in the online
casino industry. Between 2017 and 2019, the Philippine National Police recorded at least 67 gambling-related kidnappings.\(^4^9\) The POGOs have also been linked to human trafficking and en masse entry of foreign prostitutes to serve the sprawling online casino employees. Government agencies have also warned of suspicious transactions, with a portion reportedly funding drug trafficking, as well as large-scale tax evasion by Chinese online casino operators.\(^5^0\)

The law and order concern is so dire that the Philippine authorities are eying a special Chinese-speaking law enforcement unit. More broadly, critics warn of erosion of good governance and the widespread corruption of government agencies. A recent legislative investigation revealed a thick web of corruption, conspiracy, and large-scale illegal entry of Chinese citizens into the Philippines. Under the so-called “pastillas” scheme (named after the paper wrapping of a Filipino delicacy), up to 90% of Immigration Bureau personnel have been allegedly involved in facilitating the illegal entry of “VIP” Chinese citizens amid China’s crackdown on online casino employees, including cancellation of their passports. But the biggest source of concern is national security. Earlier this year, Philippine Senator Panfilo Lacson, former police chief and current head of the Senate Committee on National Defense and Security, publicly warned that there could as many as 3,000 members of the Chinese People’s Liberation Army (PLA) embedded among foreign workers. The senator claimed that his sources in the Philippines’ security establishment warned of a large-scale ‘immersion mission’. When the Chinese Embassy in Manila questioned the claim, Lacson argued that his source is “fairly accurate,” although it may need further verification.\(^5^1\)

“That’s what my ‘source’ who used to give me some fairly accurate info told me so I have no reason to doubt his reliability as a ‘source’,” Lacson said. A graduate of the elite Philippine Military Academy (PMA), many of Lacson’s closest batchmates became senior officials in the defense and intelligence services. Lacson’s explosive statements came shortly after two Chinese citizens suspected of involvement in a casino-related murder were reportedly in possession of military IDs. Another senator, Richard Gordon, warned that $150 million in suspicious transactions via POGOs were likely used to fund “fifth column” operations in the country. “I believe that they (POGOS) have been infiltrated by the PLA,” warned Gordon (in Tagalog) during an interview earlier this month.\(^5^2\)

Defense Secretary Delfin Lorenzana and others have also openly questioned whether POGOs are serving not only as platforms for Chinese organized crime but also as hubs for espionage activities against the Philippines. The suspicions were sparked by a series of aerial photos posted online back in 2019, including in known defense forums, that showed POGOs are concentrated near-critical army, navy, and air force facilities in Manila. POGOs in the Araneta Center and Eastwood business districts in Metro Manila, for instance, are within eavesdropping distance of major military establishments. Moreover, as many as 130,000 Chinese workers and online casino operators have clustered around Philippine Air Force and Navy headquarters, Philippine National Police headquarters at Camp Crame, and even Camp Aguinaldo, which hosts the Philippine Army and the National Defense Department offices. “When you already see many people [at the POGOs], who are always there…it’s very easy for all these [Chinese] people to perhaps shift their activities to spying,” Lorenzana said in a mixture of English and Tagalog. “They are near [military facilities].”\(^5^3\)

The surveillance scare comes as other security agencies warn about a recent unregulated influx of Chinese nationals, whereby tens of thousands are believed to have overstayed their initial tourist visas to work in the online gaming industry. Philippine National Security Adviser Hermogenes Esperon portrayed last month the recent large influx of Chinese nationals, especially those that are “undocumented” or on “false documentation”, as a security “threat.” That assessment is based on Philippine surveillance of the alleged spying migrants. “You’d also start getting worried when a whole building, condominium or tower is occupied by only one nationality where you would not be able to guard all their activities,” Esperon said. “Some unwelcome activities could transpire there so we need to prevent those,” he said. “You will see something like a rotation of every eight hours of people going in and out [of buildings in POGO areas] then you would begin to wonder what they are doing,” he added. Top brass said a suspension of new POGO licenses isn’t enough and are calling for harder measures, including a collective relocation of POGOs to areas more distant from military and other strategic facilities. “I support the idea to put them in a hub which is away from the military camps,” said Lorenzana. He has called for them to be moved into isolated, “self-contained hubs” where their immigration, finance, and logistical needs can all be processed in one place.\(^5^4\)
c. Bargain Hunting

The third area of “sharp power” vulnerability for the Philippines is Chinese infiltration of critical infrastructure and investments in sensitive and strategic locations, especially the proximity to military facilities. This concern could be particularly acute in light of the Duterte administration’s desperate efforts to revive the Philippine economy, among the worst-hit by the COVID-19 pandemic. Over the past few years, China has dominated the South China Sea disputes and, subsequently, secured the acquiescence of most other claimant states. Now, it has fixed its gaze on gaining a foothold in strategic locations and sectors of those claimants, a strategy that—in a nod to its layered paramilitary encirclement strategy in the disputed waters—could be called its “economic cabbage strategy”. From Malaysia to the Maldives, China has sought to dominate critical infrastructure across sea lines of communications, gradually building a global network of access and dependencies, often at the expense of smaller nations’ sovereignty.

Under this approach, Chinese companies—most of them state-affiliated if not state-owned enterprises—zero in on prized infrastructure projects in critical sectors like electricity, telecommunications, police surveillance projects, and, most recently, major port facilities. The blossoming Philippines-China relationship has opened a floodgate of potential Chinese investments, unnerving domestic players including the influential military establishment. In particular, China’s reported bid in 2019 for a 300-hectares shipping yard in Subic Bay, the former site of one of the United States’ largest overseas naval bases, unleashed a political firestorm. After failing to repay up to $1.3 billion in debt, the Philippine subsidiary of South Korean shipbuilding giant Hanjin Heavy Industries and Construction sought the assistance of the Philippine government. At the height of its operations, Hanjin Philippines employed close to 10,000 workers, but its production levels dramatically decreased in recent years, largely due to financial difficulties and competition from China. Nevertheless, there are still close to 3,000 jobs at stake, putting pressure on the local government to find new investors and bail out the troubled company.

In January 2019, a senior government official revealed that at least two Chinese companies, one state-affiliated, were bidding for the shipbuilding facility, which is the fifth-largest in the world. The government, however, has refused to reveal the exact identity of the bidders. Ostensibly, China’s interest in taking over the operation of the strategic port facility is part of its broader Maritime Silk Road Initiative, which thanks to improving bilateral relations now extends to the Philippines. During President Xi Jinping’s visit to Manila last November, the two countries signed a series of strategic agreements, among them a pledge for greater cooperation under the Belt and Road Initiative (BRI). Since the BRI’s launch earlier this decade, Chinese companies have embarked on a “going global” strategy, taking over the operation and construction of more than 40 ports in 34 countries. From Piraeus in Greece to Gwadar in Pakistan and Darwin in Australia, Chinese logistics companies have placed themselves in some of the most strategically located ports across global sea lines of communications. Two companies, in particular, namely

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China Merchants Group and China Ocean Shipping Company, have spearheaded these global acquisition efforts. At least one of them is likely behind the Hanjin Philippines bid.56

Subic Bay, where Hanjin shipyard is located, lies just 50 miles northwest of Manila and just over 100 nautical miles away from the hotly disputed Scarborough Shoal. It has state-of-the-art deep-water port facilities, which have in the past catered to large vessels and warships, especially from traditional allies such as the United States. Though the United States no longer has a naval base at Subic, its warships regularly visit and conduct joint exercises in the area. Under the previous administration of Benigno Aquino, Manila initially considered granting Washington the right to regularly utilize bases in the area under a “rotational access” regime. Under the Enhanced Defense Cooperation Agreement (EDCA), U.S. forces would also be permitted to pre-position weapons in the area and at other critical Philippine bases, serving as a form of deterrence against external threats, particularly China. Duterte, however, has sought to water down the plan and to downgrade bilateral security cooperation.

Nevertheless, the Subic area continues to be a focus of the annual Philippine-U.S. Balikatan exercises, which include war games simulating joint operations against a potential adversary in the South China Sea. Recent years have seen expanded participation by other key strategic partners, especially Japan and Australia, which have recently stepped up their deployment of warships to Subic Bay. The prospect of the Chinese takeover of a major shipyard in the area has alarmed observers outside the Philippines as well. Those traditional partners, like the United States, Australia, and Japan, are also unnerved by the prospect of surveillance, espionage, and other security threats stemming from Chinese ownership of the facility. In a sign of resistance from the traditional quarters, the Philippine defense establishment openly opposed the move, instead suggesting the Philippine Navy take over the Hanjin facility for domestic warship production. A senior defense official told the author they are open to private sector assistance from “anyone but China”. Amid a multi-billion-dollar military modernization program, the Philippines is seriously considering developing its indigenous warship production capacity.

The government, therefore, considered a $1.6 billion rescue plan drafted by the Department of Finance with direct input from the military and security agencies. They are looking at forming a consortium that includes domestic and non-Chinese foreign investors to finance and operate the large port facility with dual military-civilian purpose, the author learned from top sources. Still, there are other areas of concern. Despite repeated warnings, Duterte has backed a multi-billion-dollar international airport project at Sangleys Point, which also hosts the Philippines’ naval command-and-control center. Adding insult to injury, the project is led by an affiliate of China Communications Construction Company, which was recently sanctioned by the United States for its involvement in illegal land reclamation activities in Philippine-claimed waters.57

In response, both the former and current Philippine Navy chiefs have lashed out at the proposed project, warning that it could force the closure of naval facilities that guard the entrance to Manila Bay, saying “Manila bay is the center of gravity of the national government. If Manila falls, the whole country falls.” Meanwhile, another China-backed company, Dito Telecommunity, has been allowed to “build facilities in military camps and installations” in the Philippines, even as both an internal military report and the United States have warned of potential espionage and threats to intelligence-sharing among allies. Across the country, Chinese state-backed companies are seeking investments in areas close to key military bases, from resort islands close to Taiwan in the north to Subic and Clark near Scarborough Shoal and Bautista Airbase near the Spratly Islands.58
Policy Recommendations

In one of the most consequential essays of the 20th century, “The Sources of Soviet Conduct” (1947), Moscow-based diplomat George Kenan laid down the foundations of America’s Cold War strategy. In the Foreign Affairs essay, initially published anonymously under the appellation “x”, America’s foremost grand strategist analyzed the “political personality of Soviet power” based on the dynamic interactions between Kremlin’s organizational ideology and its inherited post-war geopolitical circumstances. He discussed the post-Lenin Russia, where the ruling elite suffers from “[a] sense of insecurity...too great”, which will not “tolerate rival political forces in the sphere of power which they coveted.” He spoke of Kremlin, which believed “they alone knew what was good for society and that they would accomplish that good once their power was secure and unchallengeable.”

The Soviet Empire was ruled by men, who were “predominantly absorbed with the struggle to secure and make absolute the power which they seized,” by the “basic antagonism between the capitalist and Socialist worlds”, and the hostility of the Western powers. The upshot is a regime, where “the pursuit of unlimited authority domestically” is “accompanied by the cultivation of the semi-myth of implacable foreign hostility”, thus “shap[ing] the actual machinery of Soviet power as we know it today.” Without a doubt, modern China is distinct from the Soviet Union in many crucial aspects, most importantly the centrality of the Asian powerhouse to the global economy and its interdependence with the Western capitalist world in ways Kremlin and Marxist-Leninist ideologues of the 20th century could have never imagined. And surely, President Xi, a patron of Chinese corporate behemoths from his early days in power, is no Stalin, at least in a certain superficial comparative sense.

But to ignore the common fears, insecurities, and sense of historical mission shared by both communist regimes betrays innocence and folly. Even more foolish is willfully ignoring the comprehensive nature of Chinese power, and the corresponding threats it could pose to democracies and rival states across the world. While deploying a Kennan-like “containment” strategy against Beijing is both anachronistic and close to impossible, especially given its pivotal role in the global economy, ‘constraining’ China’s worst instincts through vigilance and necessary countermeasures is a strategic imperative.

In the words of former Philippine Navy Rear admiral Rommel Jude Ong, countries like the Philippines are facing China’s “unrestricted warfare”, which poses a direct threat to “our way of life” as a democratic nation. This threat is especially urgent, because “If we want to counter China’s sharp power, then we should prepare for the national elections in 2022” and “China’s preferred candidates.” In fact, former Ambassador Laura del Rosario has warned of at least “two Manchurian candidates” for China in the upcoming elections, where the edge of Beijing’s sharp power operations could become most consequential.

Investments from China, meanwhile, should be treated with calibrated caution, because they could serve as a trojan horse for more nefarious activities. China’s major corporations, in particular, and economic influence, more broadly, are unique for at least three reasons. First, the consensus among experts is that China’s rapid catch-up is the product of massive state subsidy and, more worryingly, unprecedented technological theft, especially since the introduction of the “Going Global Strategy” for its national champions. In China’s state-driven capitalism, under the yoke of an ostensibly communist party, all major companies and corporations rely directly or indirectly on the state. There is no such thing as “free enterprise.” Thus, it’s foolish to draw parallels between Silicon Valley companies such as Google and Facebook, on one hand, and Chinese state-owned and state-backed corporations, on the other.

Not to mention, the former operates in an allied nation with privacy laws, no matter how imperfect, while the others hail from a full-fledged authoritarian regime, which is a direct rival in the West Philippine Sea. Beware of the folly of false parallelism. Second, experts are also worried about new Chinese legislation that could further blur the distinction between the government and broader society, but most especially state-owned companies. Chapter 7 of China’s new National Intelligence Law states: “Any organization or citizen shall support, assist, and cooperate with the state intelligence work in accordance with the law...” In a country ruled by a paternalistic regime, where there is not even a linguistic counterpart for the word “rights,” one could deduce the implications of such legislation. Lastly, experts believe that the 5G network is a completely new ball game since it gives Beijing unprecedented ability to potentially monitor, manipulate, sabotage, and redirect communications flow. No wonder, then, that the US Secretary of State warned earlier this year: “America may not be able to operate in certain environments if there is Huawei technology adjacent to that.”
In short, Chinese investments could deal a double blow to countries such as the Philippines by even compromising their alliance structures.

Thus, the Philippines need to consider at least five important policy options if it seeks to protect the integrity of its democratic institutions and national sovereignty in the age of sharp power:

1. Legislate and effectively implement strict monitoring of and necessary restrictions on foreign financing during elections, especially vis-à-vis the country’s top political leaders;

2. Establish a Committee on Foreign Investment, which will monitor, assess and accordingly make recommendations on the safety and viability of potentially risky foreign investments;

3. Adopt best practices from robust democracies such as Taiwan and Australia, which have implemented a range of foreign interference legislation without undermining fundamental freedoms for the citizenry;

4. Enforce restrictions on foreign investments, especially from rival or hostile powers, in strategic locations, including areas close to military facilities; accordingly, also minimize, if not eliminate, foreign control in critical infrastructure; and

5. Work with allies and like-minded democracies to minimize areas of vulnerability, secure viable alternatives to sensitive Chinese investments, and jointly advocate for full transparency in Chinese big-ticket projects and overseas economic initiatives.
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The key link to idea and action – is the on-line newsletter of ADR (Albert Del Rosario Institute) that covers socio-political, economic and security analysis of timely issues that affect the direction of the economy and political landscape governing the Philippines.

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