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The Chinese Wave in The Philippines

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The Chinese Wave in The Philippines

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SUMMARY

The “Chinese Wave” that has unfolded in the Philippines comes in the form of an overwhelming increase in economic and social presence (capital, migrant workers, tourism).

The Chinese Wave is a result of the Philippines’ positive economic prospects, the enabling business environment under Duterte, and the political convenience brought about by Duterte’s China policy.

China’s Belt and Road Initiative (BRI) is an added factor for the expanded economic interaction between the Philippines and China. Contrary to the mainstream notion that China’s BRI is mainly about infrastructure, the BRI actually encompasses all facets of bilateral issue-areas (policy coordination, trade, investment, financial integration, people-to-people ties) except defense and security.

While there have been greater investments and commercial interaction between the Philippines and China, there are apparent negative economic, social, and political implications that both China and the Duterte government ought to address.

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The Chinese Wave in The Philippines

Aaron Jed Rabena

Unlike the “Korean Wave” or Hallyu that is based on the cultural export of cuisine, entertainment (movies, pop music, TV dramas) and fashion, the “Chinese Wave” that has unfolded in the Philippines comes in the form of an overwhelming increase in economic and social presence (capital, migrant workers, tourism), which some have dubbed as “The Chinese Invasion.”¹ But if history is to be any guide, the Chinese have since been coming to the Philippines as early as the Song Dynasty or 9th century AD. Presently, under President Rodrigo Duterte, the Philippine policy of engagement with China has arguably resulted in economic dividends where China has become the Philippines’ largest investor (2018) and second largest tourist market. In 2018, data of the Department of Tourism (DOT) revealed that China had the highest rate of increase (30 percent) of tourist arrivals (1,059,788).²

Overall, from 2016 to 2018, around 3 million Chinese have entered the country as tourists.³ But despite the increased influx of Chinese tourists into the country, the figure pales in comparison with that of Thailand, which drew 10 million Chinese tourists in 2018 alone. The volume of inbound tourists from China should not be surprising as China, with its burgeoning middle class, has become the world’s largest supplier of outbound tourists since 2012.⁴ Against this backdrop, the DOT has set its sights on drawing 8 million tourists by 2019.⁵ Relatedly, the Philippine Retirement Authority (PRA), with the aim to attract more foreign investment, has announced an ambitious plan to absorb 80,000 international retirees by 2020. As of 2017, most retirees were Chinese, Koreans, Taiwanese, Indians, Japanese, Americans, and Australians.⁶

There are multiple factors that can explain the ongoing Chinese Wave in the Philippines. First, Chinese companies and firms want to capitalize on the Philippines’ promising economic prospects and market potential, with the country being one of the fastest growing economies in Asia.⁷ International consulting firms such as Oxford Economics has reported that the Philippines is one of the 10 emerging markets that will dominate the economy in the next decade, while PricewaterhouseCoopers (PwC) forecasts that the Philippines will be 24th largest economy in the world by 2030.⁸

Second, the Philippines has an enabling business environment with respect to the gambling/casino industry. As early as 2007, under the administration of then President Gloria Macapagal-Arroyo (GMA), the Philippines began to project itself as a “casino hub” by liberalizing the gambling market to international bidders, which is apparent in the rise of five-star integrated casino/entertainment resorts such as City of Dreams (COD) Manila, Okada Manila, Resorts World Manila, and Solaire Resort and Casino, making the Philippines Asia’s third most popular gambling destination after Macau and Singapore. Quite similarly, a few months after Duterte took office, the jurisdiction for issuing online gaming licenses was transferred to the Philippine Amusement and Gaming Corporation

(PAGCOR) from the Cagayan Economic Zone Authority (CEZA) where online gaming operations were previously confined.⁹ This served as an impetus for the issuance of 56 Philippine Offshore Gaming Operations (POGO) licenses to Chinese companies situated all over the country and has led to an increase in gaming revenue streams for the Philippine government.

It is important to note that in Mainland China, gambling is illegal. Article 303 of the Criminal Law of the People's Republic of China (PRC) states that: "Whoever, for the purpose of profit, gathers people to engage in gambling, runs a gambling house or makes gambling his profession shall be sentenced to fixed-term imprisonment of not more than three years, criminal detention or public surveillance and shall also be fined."¹⁰ Moreover, even if gambling is allowed in the Macau Special Administrative Region (SAR), proxy betting or online/offshore gaming has been banned since 2016 and casino operations are strictly monitored by the Central People's Government, especially since Chinese President Xi Jinping launched a comprehensive anti-corruption campaign.

These factors helped spur the rise of gross gaming revenues (GGR) of brick-and-mortar casinos in the Philippines and the number of Chinese nationals directly (players) and indirectly (employees) involved with POGOs.¹¹ Chinese POGO employment is evident in the spike in applications and issuances of Alien Employment Permits (AEPs) by the Department of Labor and Employment (DOLE), and Special Working Permits (SWPs) by the Department of Justice (DOJ) through the Bureau of Immigration (BI).¹² For instance, in 2015-2018, 53.3 percent of issued AEPs were given to Chinese nationals in the following industries: administrative and support services (e.g., POGOs) (35.9 percent); manufacturing (24 percent); arts and recreation (17.5 percent); and information and communications technology (10.6 percent).¹³

As per DOLE, the number of issued AEPs in 2016 upon Duterte's assumption into office, jumped by more than 100 percent.¹⁴ Most Chinese AEP holders are concentrated in Metro Manila, while others are in Clark Freeport and Special Economic Zone, Subic Freeport Port Zone, Cagayan Economic Zone Authority, and Cagayan de Oro City.¹⁵ As for SWPs, from 2015-2017, the BI issued 119,814 SWPs to Chinese nationals, with the bulk being handed out in 2016 (27,136) and 2017 (75,038).¹⁶ In 2018, more than 85 percent of SWPs were given to Chinese nationals.¹⁷ Working in POGOs is highly attractive to Chinese nationals, particularly for those without tertiary education, because of the promising salary (₱70,000 - ₱100,000) and the simple job requirement which is proficiency in the Chinese language (Mandarin, Cantonese, Fukien).¹⁸ Competence in the Chinese language is needed because POGOs cater to the Chinese market; hence, the preference for Chinese nationals.¹⁹

Third, Duterte's China policy has been perceived by many Chinese as a sign of a welcoming political environment. For real estate corporations and consultancy firms such as Ayala Land, CBRE,

Colliers, and Leechiu Property Consultants, the warm bilateral relations and renewed economic engagement between China and the Philippines have boosted business confidence and interest in the Philippine investment market thus prompting more Chinese firms and individuals to acquire real estate units.²⁰ In fact, there is a trend that a great number of Chinese individuals and firms desire to invest money overseas in order to hedge against domestic (slowing Chinese economy) and external uncertainties (e.g., economic tensions with the US).²¹ Moreover, China's Belt and Road Initiative (BRI) is an added factor for the expanded economic interaction between the Philippines and China. Contrary to the mainstream notion that China's BRI is mainly about infrastructure, the BRI actually encompasses all facets of bilateral issue-areas (policy coordination, trade, investment, financial integration, people-to-people ties) except defense and security.²² Real estate consultancy firm Santos Knight Frank believes that the BRI will increase the Philippines' value as a prime destination for business ventures and property investments.²³

The BRI gaining ground in the Philippines may also be seen in the increase of BRI-related Chinese business organizations – apart from the traditional groups from China's Fujian and Guangdong provinces – such as Philippine Hunan Chamber of Commerce (菲律宾湖南商会), Philippine Hubei Chamber of Commerce (菲律宾湖北商会), Philippine Zhejiang Chamber of Commerce (菲律宾浙江商会), Philippine Jiangsu Chamber of Commerce (菲律宾江苏商会), and the Philippine Anhui Chamber of Commerce (菲律宾安徽商会), among others.²⁴ To avoid confusion, these groups should be distinguished from those that were established or are managed by “Old Chinese Migrants” (旧侨) or “Filipino-Chinese” (华人) such as the Federation of Filipino-Chinese Chambers of Commerce and Industry (菲華商聯總會) and the Philippine Soong Ching-ling Foundation (菲律宾宋庆龄基金会).²⁵ However, even in spite of Duterte's policy towards China, Chinese investments and China as an actor, continue to be controversial, viewed with suspicion, and tainted with political color.²⁶

The Upside of the Chinese Wave

The Philippine tourism industry is one of the major beneficiaries of the Chinese Wave. Apart from the increase in tourism volume, more Chinese carriers have launched direct flights to major Philippine cities and tourist spots such as Cebu, Clark, and Kalibo. Colliers projects that the continued influx of Chinese tourists will sustain hotel occupancy in Metro Manila to around 65 percent to 70 percent this year.²⁷ Apart from tourism, there is also a palpable rise in Chinese direct investment. A report by Santos Knight Frank notes that “[t]he Philippines is increasingly becoming a much-sought after destination for Chinese capital, helping push the country's infrastructure development and expand industrial, logistics, manufacturing, residential and tourism sectors.”²⁸

Between 2017 and 2018, Chinese investments constituted the largest percentage (28.3 percent)

of approved FDIs in the Philippines, which registered a 2,000 percent growth rate (₱2.3 billion to ₱50.6 billion).²⁹ Specifically, in 2017, real estate (₱1.2 billion) and manufacturing (₱693 million) were the top recipients of Chinese investment. In 2018, investments in manufacturing rose by more than 60 times while other industries also experienced a marked increase: electricity, gas, steam, and air-conditioning supply (424 percent), construction (460 percent), wholesale/retail trade and repair of motor vehicles (134 percent); accommodation and food service activities (1,176 percent); ICT (133 percent); finance (132 percent); and administrative and support service activities (122 percent), while real estate still received an immense ₱776 million.³⁰ Some prominent Chinese companies that have made or increased their investments in the said industries include the Bank of China (BOC), Lenovo, Sinochem, carmaker BAIC, China Ocean Shipping, China CAMC Engineering, Huawei, and SAIC Motor, among others.³¹

Of Chinese investments in the Philippines, one of most sensational has been the growth in property segments such as commercial office and residential spaces.³² This should be anticipated because as per Chinese international property website Juwai (局外), the Philippines has been on the top 15 (ranked 13th) of the most favorite destinations of Chinese real estate investors in 2017.³³ One major reason in the surge of Chinese property investments in the Philippines is the POGOs. POGOs have been hailed as the “unsung heroes” that took up the slack in demand in office spaces from the information technology and business process management (IT-BPM) sectors in Metro Manila, especially in Makati, the Bay Area (Paranaque and Pasay), Pasig, Las Pinas, Mandaluyong, and is poised to dethrone IT-BPM as the largest consumer of office spaces in Metro Manila by yearend.³⁴

According to property consultancy firm Pronove Tai, apart from Metro Manila, there are already significant presence of POGOs in Cebu, Laguna, and Cavite.³⁵ Bloomberg estimates that there are around 100,000-200,000 Chinese nationals working in the POGO industry.³⁶ Logically, the rise in demand for POGO office spaces carries with it the rise in needed residential spaces for POGO employees. As per Leechiu, the Chinese have already overtaken Overseas Filipino Workers (OFWs) as the top buyers in the Philippine residential market, particularly in the Bay Area, Makati, Ortigas, and Quezon City.³⁷ The same is true in Cebu, Laguna, and Pampanga.³⁸ It should be noted though that not all procurement of residential units by the Chinese are related to POGOs as some are personal investments as was the case with Ayala.³⁹

In terms of benefits to Philippine employment, some POGOs such as “Oriental Game” has a staff made up of 70 percent Filipinos.⁴⁰ And as per PAGCOR, POGOS are not limited to the “actual gaming experience,” but also include back office processes such as gaming software platform development, marketing strategies, customer relations, BPO services, and IT and other support solutions.⁴¹ Given this, jobs open to Filipinos are in the areas of IT and gaming sectors/IT solutions, back office support, online casino dealers, and auxiliary jobs (e.g., logistics and support,

food enterprises, transportation facilities).⁴² Chinese speakers, on the other hand, are mainly engaged in customer relations and BPO services, and Filipinos (or Chinese-Filipinos) may be employed as long as they are proficient in Chinese.

POGOs have become a substantial source of revenue for the Philippine government in the form of the 5 percent franchise tax of total GGR. As reported by PAGCOR, government earnings from POGOs amounted to ₱657 million, ₱4 billion, and ₱7.3 billion in 2016, 2017 and 2018, respectively. Similarly, in 2018, DOLE gained ₱700 million pesos from processing AEPs, while the BI collected ₱1.2 billion in SWP fees. This year, PAGCOR expects that tax collection from POGOs will reach ₱8 billion. This is apart from the ₱33 million required to set up a POGO (which include application and processing fees, licensing fees, security bond fees) and the new policy of the government to withhold taxes from POGO employees. Overall, the estimated revenue collection from the POGO industry can be as much as ₱24 billion a year.⁴³

The growth in the number of Chinese nationals in the country naturally comes along with it the culture that they bring. This is now manifest in the proliferation of Chinese restaurants, convenience stores, parlors, and massage spas in areas where Chinese nationals work or reside. This is similar to that of Korean presence in Baguio and in Cebu, and that of Japanese presence in Davao City. Incidentally, greater Chinese presence also causes a trickle down effect on the domestic economy as Philippine goods and services (e.g., transportation, proliferation of malls with digital payments such as WeChat Pay and Alipay) are availed of. But apart from these, the Chinese Enterprises Philippine Association (CEPA) records that 50 large Chinese companies operating in Manila have provided jobs to some 14,000 Filipinos.⁴⁴ There has likewise been a commitment by China to maximize the use of Philippine labor in Chinese ODA-funded projects by setting up training facilities for construction workers.⁴⁵

Economic, Social and Political Implications of the Chinese Wave

Pockets of incidents and/or frequency of media coverage are what often give rise to stereotypes or sweeping observations. Examples of these include the negative Philippine perceptions of the Middle East where numerous Philippine domestic workers have been abused and killed; the conflict-ridden image of Mindanao to the international community; the impression of many Hongkongers of the Philippines due to the prevalence of Philippine domestic helpers in Hong Kong; and the substandard notion of many Filipinos of “Made-in-China” products. The same is true with regard to the prevailing Philippine views of repeated reports of illegal Chinese workers and businesses, and misbehaving Chinese nationals in the country. And as then Chinese paramount leader Deng Xiaoping himself said, “If you open the window for some fresh air, you have to expect some flies to blow in” (打开窗户, 新鲜空气和苍蝇就会一起进来). In view of this, it can be argued that the Chinese

Wave has had economic, social, and political implications for the Philippines and Sino-Philippine relations.

Economically, the Chinese Wave in the Philippines has sparked widespread controversy due to the massive acquisition and occupation of real estate units, periodic apprehensions of improperly documented (canceled passports, no proper working permits/visas, overstaying Chinese nationals, multiple cases of illegal businesses) and illegal POGOs/gambling operations. First, the immediate economic impact of the Chinese Wave is the substantial uptick in the price of office (by 27 percent) and residential units (by 15 to 65 percent) in areas in Metro Manila.⁴⁶ This condition, following the law of supply and demand, has forced members of the Philippine labor force to look for cheaper rates elsewhere and has raised the cost of office spaces for other industries such as IT-BPM.

Second, there has been a series of raids and arrests, within and outside Manila, by Philippine law enforcement agents against Chinese nationals for involvement in illegal gambling and cyber fraud. A prominent example include the arrest of over 1,200 Chinese nationals in November 2016 in Clark Freeport Zone for illegal gambling. On other occasions, dozens to hundreds of Chinese nationals have either been arrested or deported for illegally performing blue collar jobs such as barbers/hairstylists, cashiers, construction workers, electricians, sales clerk, waiters, welders, and other manual labors.⁴⁷ Even China-funded infrastructure projects had presence of Chinese workers performing manual labor.⁴⁸

Apart from “illegal foreign workers” or “illegal aliens,” there are also cases of illegal businesses (e.g., restaurants or shops without business permits/issuing Chinese receipts, and menus and signages written only in Chinese) compounded by reports of illegal mining/quarrying and money laundering.⁴⁹ The ramifications of these for the Philippine economy are the following: forgone sources of revenue for the government (tax evasion), unfair competition, loss of economic opportunities for Philippine labor, and concentration risk or overreliance of investment on a single source (e.g., POGOs).⁵⁰ To a certain extent, the presence of illegal aliens also has the potential of artificially distorting the real estate market because as real estate units are purchased or occupied, the demand for the same will be inflated, which, in the first place, would not have happened if not for the “illegal” presence.

Similar to the sizeable gambling-related Chinese presence in Sihanoukville, Cambodia, the Chinese Wave, in spite of the economic gains and business opportunities generated, have coincided with reports of other adverse activities involving Chinese nationals, and these have resulted in social costs and have left a negative impression on many Filipinos.⁵¹ Examples include gambling-related crimes (e.g., torture, extortion, kidnappings, suicides, homicides, murders), other criminalities (e.g., illegal drugs and prostitution), and unruly behaviors of Chinese nationals (e.g., cutting lines, disrespect for law enforcement agents, noise pollution, sexual assault, ordinance violations).⁵² Because of these,

most foreign nationals that have been arrested and deported have also been Chinese.⁵³

In particular, due to gambling, Chinese loan sharks have surfaced and have committed kidnappings and extortion against their fellow nationals, with Filipinos as accomplices.⁵⁴ There has also been a case where Chinese high rollers have been targeted by Philippine kidnap-for-ransom (KFR) syndicates.⁵⁵ This is why even members of the Filipino-Chinese community have expressed objections over alleged plans to put up POGOs in Binondo (Chinatown) because such would only put inflationary pressures on the real estate market and lead to a rise in gambling-related crimes.⁵⁶

The political ramifications of the Chinese Wave is evident in cases where Philippine government officials have been implicated in the conduct of illegal activities for the benefit of Chinese nationals and where opposition members have made political statements involving the Chinese. An example of the former was when two BI deputy commissioners received bribes in exchange for the release of 1,200 Chinese nationals arrested inside Clark Freeport Zone in 2016 and reported unofficial transactions (without receipt) for the Chinese at the BI in Taguig where “quick” processing of SWPs may be arranged for ₱5,000.⁵⁷ Cases of the latter include Duterte drawing flak from members of the opposition (and even political allies) for allegedly prioritizing Chinese nationals to the detriment of Philippine labor, and Senate inquiries and legislative objections on illegal Chinese workers and China-related projects (e.g., Safe Philippines surveillance system project, terms of loan of Chinese development assistance, island development project).

Likewise, a disrespectful behavior of a Chinese national towards a Philippine law enforcement agent has been condemned by no less than the Vice President and lawmakers, and have likened the incident with the overbearing attitude of China in the West Philippine Sea (WPS). The Vice President also called the presence of Chinese workers without proper documents in the Philippines “a huge insult to Filipinos” while members of the Philippine Senate have been eager to call for the shutdown of “Chinese-only” businesses establishments in order to safeguard Philippine small and medium-sized enterprises (SMEs).⁵⁸ More recently, however, the influx of Chinese tourists, in the wake of two Chinese nationals caught for taking photographs of a naval base in Parola, Palawan, have been seen by the Philippine security establishment as a “national security threat.”⁵⁹ This, together with the other infractions of Chinese nationals, have triggered calls for “POGO hubs” (or zoning) where POGO sites would only be allowed on designated areas.

Conclusion and Policy Considerations

The “Chinese Wave” in the Philippines is a result of the Philippines’ positive economic prospects, the enabling business environment under Duterte, and the political convenience brought about by Duterte’s China policy. But while these have led to greater investments and commercial

interaction, there are apparent negative economic, social, and political implications that both China and the Duterte government ought to address. This is especially that there are already four traditional sources of China's unpopularity in the Philippines: China's copycat image/substandard "Made-in-China" goods, illegal drugs, tensions in the WPS, and international media coverage on China (e.g., Debt Trap Diplomacy, China Threat).⁶⁰

Although in the early 2000s, when there was an influx of South Koreans into the Philippines, there were also negative media publicity about illegal Korean businesses and improperly documented Koreans.⁶¹ However, compared with South Korea, there are more sensitive and negative issues associated with China. There are three ways on how the rewards of the Chinese Wave could duly be maximized, its unfavorable outcomes mitigated, and the rise of anti-Chinese sentiment or Sinophobia in the Philippines prevented.

First, issues need to be clarified so that the default attitude towards the China or the Chinese will not be in the negative and be outright equated with illegalities.⁶² For instance, there has to be a distinction between legal and illegal POGOS or gambling operations; there is no excuse for the latter but the former is a question of policy and not of law just as the State of Nevada in the United States saw certain advantages in cultivating Las Vegas as an international casino and gambling hub. With regard to employment, even if there over 2 million unemployed Filipinos, not all desire to work in POGOs and possess the necessary language proficiency. Similarly, with respect to construction workers, as per Colliers and the Philippine Chamber of Commerce and Industry (PCCI), there is a shortage of skilled labor in the Philippine construction industry.⁶³

In this regard, there needs to be more data gathering by the relevant government agencies to determine how much skilled workers the country actually needs (or needs to train) – for the Build Build Build Program – and how much are already in force and are available. But should the Senate insist on training Filipinos on Chinese proficiency to increase the competitiveness of Philippine labor insofar as employment in POGOs is concerned, TESDA's [Technical Education and Skills Development Authority] Language Skills Institute can partner with Confucius Institutes (CI/孔子学院) in the Philippines.

Second, to contain negative perceptions from spilling over and for China to be able to salvage its charm offensive in the Philippines, China has to understand that tapping local labor (e.g., adherence to amended Republic Act 8182 on hiring of local workers) for development assistance projects is actually an investment in people-to-people relations which is as important as facilitating the completion of development projects. And to better acquaint Chinese nationals with Philippine culture and avert sociocultural backlashes, the Philippine government in cooperation with the Chinese government, may come up with a Philippine tourism/cultural handbook which can be simultaneously handed out

with the issuance of Philippine visas to Chinese applicants.

Third, for the Philippine government to ensure the legitimacy of the present foreign (China) policy, maintain social order, and safeguard national security, there has to be stricter regulatory measures and law enforcement with regard to illegal aliens/workers, exploitative labor conditions (e.g., Chinese nationals working in POGOs), and foreign businesses, investments, and criminal activities. Citing threats to social order, Cambodia, on August 18, has decided to ban cyber gambling altogether.⁶⁴ While this may be a valid policy option, the Philippines could adopt other measures to address the problems on gambling and the other unfavorable aspects of the Chinese Wave (e.g., minimizing the number of issued POGO licenses over a certain time period, zoning, and intensified crackdown on illegal activities). One possible issue, though, with zoning is that there might be a further entrenchment of foreign presence on a certain area and further isolate foreigners (i.e., the Chinese) from being immersed in the mainstream Philippine society.

Unilaterally, to prevent further public antipathy to the government's China policy, slanted statements by government officials (e.g., pronouncements of Presidential Spokesperson Salvador Panelo and Special Envoy to China Mon Tulfo on Chinese loans and workers) should be eschewed.⁶⁵ At the same time, the Duterte government should apply better risk governance measures on local and national government officials who enable or are complicit in the consummation of illicit Chinese activities. And in order to screen and closely monitor the nature of foreign investments and activities in the country, there needs to be closer inter-agency coordination and consultations between the following line agencies: Bureau of Internal Revenue (BIR), Department of Finance (DOF), Department of Foreign Affairs (DFA), DOJ/BI, DOLE, Department of National Defense (DND), Department of Trade and Industry (DTI), National Economic and Development Authority (NEDA), National Security Council (NSC), and PAGCOR.

But for the government to avoid economic overdependence and avoid exposures in potential shifts in industrial trends going forward, there should a diversification of sources of investment and industrial priorities.⁶⁶ Bilaterally and to better address threats to social order in both countries, Manila and Beijing should step-up law enforcement cooperation on crimes such as extortion, illegal drugs, human trafficking, kidnapping, money laundering, and illegal gambling (as per President Duterte's Executive Order No. 13), among other nefarious activities.

END NOTES / REFERENCES

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⁵ Even during the time of former President Benigno Aquino, the inflow of Chinese tourists to the Philippines saw a continued, albeit slower, rate of increase.

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⁸ See Ben de Vera, “Oxford Economics: PH will be 2nd fastest growing market in 2019-2028,” *Philippine Daily Inquirer*, February 20, 2019, <https://business.inquirer.net/265379/oxford-economics-ph-will-be-2nd-fastest-growing-emerging-market-in-2019-2028>; Lianna Brinded, “RANKED: These will be the 32 most powerful economies in 2030,” *Business Insider*, February 7, 2017, <https://www.businessinsider.com/ranked-pwc-predicts-the-most-powerful-economies-in-2030-2017-2>.

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¹⁰ Forms of gambling that are allowed include: lottery, sports betting, and scratch cards. On the Chinese law, see “Criminal Law of the People’s Republic of China,” *China.org.cn*, February 11, 2011, http://www.china.org.cn/china/LegislationsForm2001-2010/2011-02/11/content_21899017.htm.

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¹² Under Article 40 of the Labor Code of the Philippines, an AEP can only be issued to foreigners after a “Labor Market Test” has been conducted, that is, upon an announcement in a newspaper of general circulation that there are no Filipinos “competent, able and willing” to perform the services for which an alien is desired. AEPs can be valid up to three years, while the SWPs are only good for short-term working engagements and can be valid for up to six months (renewable after three months) and can be given without an AEP. If after six months a foreigner still desires to work in the Philippines, he/she must apply for a [9G] Working Visa at the BI. Before any kind of visa is issued (including special visas), an AEP is required. AEPs are issued to those that will be engaged in long-term work (more than 6 months to 3 years) in administrative/support services (e.g., POGOS) and managerial, supervisory, or highly specialized technical jobs (e.g., work that require Chinese/Mandarin proficiency).

¹³ Raissa Robles, “CHINESE WORKERS ‘FLOOD’ THE PHILIPPINES, YET DUTERTE’S OFFICIALS ‘DON’T KNOW’ HOW MANY THERE ARE,” South China Morning Post, December 22, 2018, <https://www.scmp.com/week-asia/economics/article/2178749/chinese-workers-flood-philippines-yet-dutertes-officials-dont>

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ See *ibid.*; Solita Collas-Monsod, “The Chinese invasion.

¹⁸ Phila Siu and Sarah Zheng, “China holds the cards as online betting booms in the Philippines,” South China Morning Post, December 15, 2018, <https://www.scmp.com/week-asia/geopolitics/article/2177683/china-holds-cards-online-betting-booms-philippines>. In a Senate hearing conducted by the Committee on Labor, Employment and Human Resources chaired by Senator Joel Villanueva in November last year, it was found that Chinese nationals working in the Philippines have done so in three ways: first, some arrive as tourists but engage in employment; second, upon their expiration, tourist visas get converted to work permits or visas; and third, some opt to renew work visas/permits upon expiration. Apart from the first, problems also emerged in the third scenario. For instance, in the case of SWPs, no labor market test is required, which means that blue collar jobs that can be performed by Filipinos may be discharged by foreign workers even if only for half a year. This, as a consequence, goes against Section 12, Article XII of the 1987 Philippine Constitution which provides that the “preferential use of Filipino labor” should be guaranteed. But as of March this year by way of Operations Order No. JHM-2019-008 of the BI, in order to regulate the influx of foreign workers into the country and protect Philippine labor (i.e., avoid blue collar jobs from being performed by foreigners), it was decided that to apply for SWPs, working visas – as a prerequisite – would already have to be secured from a foreigner’s country of origin and may no longer process the same in the Philippines as tourist.

¹⁹ To access online gambling websites, Mainland Chinese nationals use VPNs [Virtual Private Networks] to circumvent “The Great Firewall” or Chinese internet censors.

²⁰ See Katlene Cacho, “Chinese investors drive PH real estate industry,” SunStar Cebu, October 22, 2018, <https://www.sunstar.com.ph/article/1770471>; Othel Campos, “Chinese investors interested in PH property market,” Manila Standard, December 9, 2016, <http://manilastandard.net/business/223385/chinese-investors-interested-in-ph-property-market.html>; Property Report, “Why Chinese sentiment for Philippines property will only grow stronger,” Property Report, March 19, 2018, <http://property-report.com/detail/-/blogs/why-chinese-sentiment-for-philippines-property-will-only-strength-8>.

²¹ See He Huifeng, “Desperate Chinese middle class take big risks to move money, and themselves, overseas,” South China Morning Post, October 14, 2018, <https://www.scmp.com/economy/china-economy/article/2167731/desperate-chinese-middle-class-take-big-risks-move-money-and-themselves>; Coco Liu, “Why are middle class Chinese moving their money abroad?” South China Morning Post, May 27, 2017, <https://www.scmp.com/week-asia/society/article/2095827/why-are-middle-class-chinese-moving-their-money-abroad>; Janina Lim, “Trade department notes investors lured from China,” BusinessWorld, May 21, 2019, <https://www.bworldonline.com/trade-department-notes-investors-lured-from-china/>.

²² These also imply is that risks that could arise from the BRI are multifaceted.

²³ See Margaret Layug, “China’s Belt and Road Initiative to fuel Philippine economic growth,” – property consultant,” GMA News, November 14, 2017, <https://www.gmanetwork.com/news/money/economy/633119/china-s-belt-and-road-initiative-to-fuel-philippine-economic-growth-property-consultant/story/>.

²⁴ For an example of a provincial Chinese business association in the Philippines, see “菲律宾湖南商会·主页 [Philippine Hubei Chamber of Commerce Homepage] , 菲信网 [Feixinnet], <http://www.feixinnet.com/club/news/368.html>. On how Chinese business associations are relevant to the BRI, see Rommel Banlaoi, “China’s rise new immigrants (新桥): Impact on the Philippines,” Tulay, October 26, 2018,

<http://tulay.ph/2018/10/02/chinas-rise-new-immigrants-新橋-impact-on-the-philippines/>. For the role of overseas in the BRI, see Kinling Lo, “Overseas Chinese ‘have role to play’ in building political trust abroad for belt and road,” South China Morning Post, August 24, 2018, <https://ph.news.yahoo.com/overseas-chinese-role-play-building-230036401.html>. For a relevant Chinese association in the Philippines on China’s Peaceful Development, see “菲律宾中华和平发展促进会新届就职 施逸川任新届会长” [Philippine Council for China Peaceful Development Association Induction, Mr. Si Yichuan is New President], 东南网菲律宾站 [Southeast Philippine Website], May 7, 2019, http://www.fj.chinanews.com/news/fj_qbxdb/2019/2019-05-07/440017.html.

²⁵ For the sake of distinction, the difference between Mainland Chinese (old and new migrants) and Filipino-Chinese is that the former remain to be Chinese passport holders, while the latter (including Chinese mestizos) are Philippine passport holders. Although there are many instances were old Chinese migrants, given their length of stay in the Philippines, speak fluent Filipino (Tagalog).

²⁶ See public opinion poll on China, Patricia Lourdes Viray, “Filipinos’ trust in China falls,” Philippine Star, July 19, 2019, <https://www.philstar.com/headlines/2019/07/19/1936093/filipinos-trust-china-falls-us-rises-svs>.

²⁷ See Richmond Mercurio, “China pivots benefit property sector,” Philippine Star, April 14, 2018, <https://www.philstar.com/business/2018/04/14/1805673/china-pivot-benefits-philippine-property-sector-colliers>; Richmond Mercurio, “China pivot benefits Philippine property sector,” Philippine Star, April 14, 2018, <https://www.philstar.com/business/2018/04/14/1805673/china-pivot-benefits-philippine-property-sector-colliers#S53VpVQUQ0HeL8F6.99>.

²⁸ Cited in Vincent Mariel Galang, “PHL seen as preferred destination for Chinese investment – Santos Knight Frank,” Business World, May 9, 2019, <https://www.bworldonline.com/pbl-seen-as-preferred-destination-for-chinese-investment-santos-knight-frank/>.

²⁹ Data gathered and provided by the Philippine Trade and Investment Center (PTIC)-Shanghai.

³⁰ Ibid.

³¹ See Maggie Zhang, “Philippines to see steady investment from Chinese firms ‘excited’ by the opportunities, top official says” South China Morning Post, October 1, 2017, <https://www.scmp.com/business/global-economy/article/2113586/philippines-see-steady-investment-chinese-firms-excited>.

³² See Richmond Mercurio, “China pivot benefits.”

³³ See Cheyenne Holis, “Chinese real estate investors target the Philippines for value and second homes,” Dot Property, June 18, 2018, <https://www.dotproperty.com.ph/blog/chinese-real-estate-investors-target-southeast-asia-value-second-homes>.

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³⁵ “Reporting the hearing on foreign workers.”

³⁶ Bloomberg, “100,000 Chinese move to Manila and trigger property price surge,” Manila Bulletin, May 4, 2018, <https://business.mb.com.ph/2018/05/04/100000-chinese-move-to-manila-and-trigger-property-price-surge/>

³⁷ See Ian Cigaral, “Mainland Chinese overtake OFWs as top buyers in Philippine residential market — report,” Philippine Star, March 19, 2019, <https://www.philstar.com/business/2019/03/19/1902780/mainland-chinese-overtake-ofws-top-buyers-philippine-residential-market-report#Ej4C5RmiZmLTJkoU.99>.

³⁸ Amy Remo, “Warmer PH-China relations benefit PH property sector,” *Philippine Daily Inquirer*, September 8, 2018, <https://business.inquirer.net/256832/warmer-ph-china-relations-benefit-ph-property-sector>.

³⁹ Doris Dumlao-Abadilla, “Chinese nationals, companies now ALI’s biggest foreign condo buyers,” *Philippine Daily Inquirer*, February 26, 2018, <https://business.inquirer.net/246564/chinese-nationals-companies-now-alis-biggest-foreign-condo-buyers#ixzz5fbol145x>. Owing to the vast take up of office and condominium units, real estate companies such as Ayala Land (Alveo, Avida), Consunji, DMCI, DoubleDragon Properties, Federal Land, Megaworld, Rockwell Land, and SM Prime Holdings have been at the forefront of the Chinese economic windfall.

⁴⁰ See Phila Siu and Sarah Zheng, “China holds the cards.” Types of gaming include e-casinos and sports betting.

⁴¹ Watch “Senate hearing on influx of Chinese, illegal foreign workers to PHL,” GMA News, February 20, 2019, <https://www.youtube.com/watch?v=zxrOCEHfegM>.

⁴² Ibid.

⁴³ Daxim Lucas, “Crackdown on illegal Pogo operators looms,” *Philippine Daily Inquirer*, July 9, 2019, <https://business.inquirer.net/274255/crackdown-on-illegal-pogo-operators-looms#ixzz5wARDNUtW>.

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⁴⁵ Vince Ferreras “PHL obtains China commitment to maximize Filipino workers in building projects,” *Business World*, May 6, 2019, <https://www.bworldonline.com/phl-obtains-china-commitment-to-maximize-filipino-workers-in-building-projects/>.

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⁶⁴ On exploitative labor conditions, see “我们坚信” [We Firmly Believe], “东北一大学生被骗入菲国做“奴隶”，那里竟圈着无数中国人……” [A college student from China’s Northeast region was deceived]

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