

A SURVEY OF PHILIPPINE RELATIONS WITH SOCIALIST COUNTRIES

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One of the significant developments in Philippine foreign relations in recent years has been our government's decision to open diplomatic ties with the socialist countries. This policy was actually part of the innovations enunciated by the Marcos regime in restructuring Philippine foreign relations to meet what is considered as "the increased requirements of national growth and the altered character of the global community." It is a significant innovation since it involved a shift in a long-standing policy -- from a self-imposed policy of isolation from the socialist world to a policy of active collaboration with the same.

The term "socialist" is being used here to refer to those countries whose political systems are based on the Marxist/communist ideology. Specifically, it refers to the following countries: the USSR, People's Republic of China, Cuba, Vietnam, Laos, Cambodia, North Korea, Yugoslavia, Czechoslovakia, Romania, Poland, Hungary, Albania, Finland, Bulgaria and East Germany.

This paper endeavors to trace Philippine relations with the socialist countries from the time of independence up to the recent years. It attempts to answer the following questions: Why did the Philippines isolate itself from the socialist world in the past? Why did she decide to open relations with the socialist states thereafter? How has the Philippines benefited from the opening of such relations?

Philippine relations with the socialist countries may be divided into the following periods: a) 1946-1965, or the period of isolation; b) 1966-1971, or the period of innovation and exploration; c) 1972-1976, or the period of normalization of relations; and d) 1977 to the present, which is the period of expansion of relations with the socialist world.

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1946-1965, Period of Isolation:

When the Philippines regained her independence from the United States in 1946, one of the major characteristics of the foreign policy it then adopted was a self-imposed isolation from the socialist states. This was exemplified by the complete absence of both diplomatic as well as trade relations with this group of countries for about two decades. Consequently, Philippine foreign policy and relations became unidirectionally oriented towards non-socialist countries only, particularly the so-called free-world states, and its trade and economic relations confined to almost the same (Meyer, 1965).

This policy of diplomatic and economic isolation from the socialist nations could be said to have been prompted by a number of factors. Fortez (1979) lists them as follows: 1) the nation's historical and generally anti-communist, pro-western orientation; 2) the Hukbalahap uprising, the emergence of the People's Republic of China and the subsequent start of the cold war between the free-world countries and the communist bloc; and 3) the country's close economic and political relations with the United States of America.

It is said that a correlation exists between a state's post-independence behavior and its "colonial inheritance situation." In the case of the Philippines, her past experience with the relative leniency of the American colonial administration, the heroic Filipino-American resistance during the Second World War, and the recognition of Philippine independence by the United States in 1946, had led to the development of a strong, pro-American sentiment among the Filipinos in general, a friendship that had undoubtedly led to the "special relations" which consequently developed between the two countries. Thus, the country's foreign policy which was first enunciated by President Manuel Roxas in 1946 became, in the words of S.P. Lopez (1975), "a linear, unidirectional foreign policy anchored on the principle of total support of, and identification with, the foreign policy of the United States." It was, therefore, but understandable that when the Cold War started pitting the free world against the communist bloc, the Philippines was easily drawn into an alliance with the United States against the communist world.

In addition, the Filipinos' pro-Western political stance, plus its religious orientation, may be considered added determinants to this anti-socialist policy. Having been exposed and committed to the western, albeit American, style of democracy, Filipinos in general consider non-democratic ideologies like communism as unacceptable or undesirable ways of life. Also, the adherence to Christianity by the majority of Filipinos and to other precepts like Islam by the rest of them, has contributed to an aversion of the fundamentally materialistic and atheistic views of communism.

Furthermore, Philippine fear of communist aggression and/or communist-backed subversion also contributed to her anti-socialist orientation. This fear was

heightened by the government's almost traumatic experience with the Hukbalahap rebellion in 1949-50. Until then, the Philippine non-recognition of the socialist states may be considered to have been mainly a matter of choice as dictated by the country's colonial experience and the people's generally pro-Western orientation. After 1949, however, non-relation with the said countries has become a measure of security as these countries were then imagined to be enemies of the Philippines.

Occurring well within the time-frame of the successful communist revolution in mainland China and the other communist-inspired disturbances elsewhere in Asia, the Huk rebellion in 1949-50 magnified the communist threat to the Philippines in the minds of Philippine officials and led to a shift in perception of the principal threat to the country's security from Japan to the People's Republic of China. This consequently led to the adoption of a number of measures specifically aimed against the communist threat.

Among these would be the passage of Republic Act 1700 or the Anti-Subversion Law, which outlawed the Communist Party of the Philippines and other groups which intend to overthrow the duly-constituted government. In line with the American initiatives to counter the perceived communist threat, the Philippines also entered into a mutual defense agreement with the United States in 1951 and later on became a member of the Southeast Asia Treaty Organization in 1954.

These treaties, including those which had already been entered into by the Philippines earlier like the Military Bases Agreement and the Military Assistance Pact of 1947, further strengthened the country's military alliance with the United States. At the same time, however, these treaties left the Philippines with virtually no choice but to align herself with the United States and other free world countries in counteracting the advances of communism during the cold war. In other words, in the process of strengthening the country's external defense bilaterally and multilaterally with the United States and other non-communist countries, Philippine policy-makers ended up clinging even more tenaciously to their anti-communist mental habits.

It was not, however, just her close military alliance with the United States that heightened the Philippines' self-imposed isolation from the socialist camp. Confident of developing her export trade and obtaining the much-needed investments from abroad under the umbrella of parity rights granted to the Americans and her preferential trade relations with the United States, the Philippines also shunned all sorts of direct and formal trade relations with the socialist countries.

The Philippines emerged from the last world war with staggering economic losses and with practically no resources to reconstruct and rehabilitate the country and its economy. With the United States emerging out of the last war as the richest and most powerful nation in the world, the Philippines had "literally nowhere else to turn to but Washington for the much-needed money, equipment and materials" for the government's immediate post-war goals. As a result, the Philippines entered

into a number of economic agreements with the United States, among which were the Bell Trade Act and the Philippine Rehabilitation Act of 1946. At the same time, the Philippines appended to her 1935 Constitution the parity rights amendment. In 1954, Republic Act 1335 or the Laurel-Langley Agreement superseded the Bell Trade Act of 1946. In accepting the provisions of these arrangements, the national leadership was of the belief that the country's post-war economic ills would be solved by developing the country's export trade and encouraging foreign or American investors to invest in the Philippines.

The Philippines' close economic ties with the United States gave her a strong sense of economic security. This, however, likewise contributed to the country's total negation of direct and formal commercial relations with the socialist countries and resulted in an economic over-dependence on the part of the Philippines upon the United States and, later on, Japan.

Ideological and security considerations, therefore, ruled out the possibility for the establishment of political and economic ties with the socialist world, and dictated the rigidity in Philippine attitude toward these countries until 1965. For Filipino leaders then, any sort of contact with the socialist countries was regarded with the fear of exposing the country to communist infiltration. Furthermore, they believed that the country's trade with the non-communist world was already sufficient for the country's needs.

Despite our past leaders' rather narrow viewpoint, it was clear that unidirectional trade relations with just the non-communist states, particularly the United States, had adversely limited the country's international options. The country, in the long run, incurred tremendous disadvantages in terms of its failure to expand and diversify its export markets. According to then Undersecretary of Industry Andres Araneta (Fortez, 1979):

"To a great extent, the historical pattern of Philippine exports have been shaped by preferential trade relations with a single big market which has resulted in structural displacements in two areas: (a) product policy, and (b) marketing strategy. The response to the umbrella of the Laurel-Langley Agreement was the over-reliance on primary products, to the extent that industrial exports have been neglected. In short, we have fostered the colonial economy. We have been lured by the opportunity gains from the short-run such that the structure of production was geared towards getting maximum benefits from advantages accruing to industrial exports. However, if there were indeed opportunity gains, there were also opportunity losses . . .

"The opportunity losses have been great, particularly with regard to the sphere of market which could have been developed hand-in-hand with the development of industrial exports. Had we diversified our export markets and, at the same time, structured our production towards the expansion of industrial exports, while benefiting from the Laurel-Langley Agreement, the economy would have been in a better position to avoid whatever dislocations may arise

upon termination of the agreement. It is very likely that if these were pursued, our balance of payments position would be in a better shape than it is now by virtue of a strong export sector."

On the other hand, our close association and identification with just the non-communist countries, particularly the United States, had equally led to a limitation in our foreign policy options, and estranged us from almost a third of the world's population from whom we could have learned so much. It certainly obstructed the growth and delayed the maturation of an independent Philippine foreign policy.

It was probably with these views in mind that the new leadership that took over in 1966 decided to undertake a change in this narrowly-conceived Philippine policy toward the socialist states.

1966-1971, Period of Innovation and Exploration:

The Philippines began moving out of its self-imposed isolation from the socialist world in 1966 upon assumption of the Philippine presidency by Ferdinand Marcos. Economic and political considerations, both domestic and international, clearly influenced this shift in Philippine policy (Fortez, 1979; Marcos, 1978). These are: 1) the desire to alleviate the country's persistent balance of payments difficulties; 2) the desire to offset the anticipated adverse effects on the national economy of the generally shrinking international trade between the world's industrialized and non-industrialized sectors, the impending termination of the Laurel-Langley Agreement, and the looming international monetary crisis; and 3) the loosening of the tension between the conflicting cold war power blocs.

The Philippines in 1966 was in economic crisis. The country's balance of trade deficit was up to \$39.51 million at the end of 1965, compared with just \$22.66 million in 1964. The government was spending more than what it was earning so that, in that same year (1965) its overall cash position was at negative P 228 million. The government's total net borrowing was also very high, and its international reserves, already at a very low level, was further going down. (Fortez, 1979). Given this bleak economic condition, there was, therefore, a need for the institution of economic measures to enhance the government's economic development programs. The expansion of the country's export markets was one such economic measure; however, due to the government's existing narrowly-conceived commercial policy which allowed trade only with the non-communist world, this option looked dim. In addition, international trade between the industrial states like the United States, and the non-industrial states like the Philippines was generally declining. The total export of non-industrial areas to industrial countries increased by only 5% in 1965, as against 10% in 1964, while their imports grew also by only 5% in 1965 as against 10.5% in 1964. The British pound and the American dollar were also then progressively weakening as international trading currencies, even as the United States was facing chronic difficulties in her balance of payments. As the Philippines had been

trading principally with the United States and keeping mostly American dollars as international reserves, these developments were anticipated to seriously affect the country's economic well-being. There was, therefore, a need for the Philippines to start exploring non-traditional or new export markets to make her program for economic development viable.

The impending end of the country's preferential trade with the United States upon the expiration of the Laurel-Langley Agreement in 1974 was another factor. In 1966, the Philippine government attempted to negotiate for the continuance of the country's preferential trade with the United States under a new economic arrangement which would replace the Laurel-Langley Agreement. This was delved into by the Braderman-Virata inter-governmental trade discussions held in Baguio City from November 20-30, 1967. The failure of the Philippines in her request for continuance of preferential trade under a new treaty after July 1974 undoubtedly heightened the national leadership's reason to explore new export markets for Philippine products among the socialist countries of the world.

While economic reasons may have occupied the center-stage in the Philippine policy re-orientation toward the socialist states, certain political developments partially determined the Philippines' initial moves. By this time, the cold war between the free world and the communist bloc had started to weaken. Abusive polemics between the United States and Soviet Russia had considerably diminished and, in fact, both were already exploring the possibilities of peacefully coexisting with each other, as proven by the start of formal talks between them on possible bilateral trade, air and consular agreements. This political thaw between the two blocs, therefore, augured well for possible Philippine opening to the socialist world. Furthermore, there was also the split between the Soviet Union and the People's Republic of China which was perceived by the free world as a break in the hitherto monolithic structure of the communist world. This development could, therefore, give countries the option to open relations with one as a possible check against the other.

Thus, in the face of the worsening economic difficulties of the country, the looming worldwide economic and monetary crises, and the relaxation of cold war tension, President Marcos undertook to initiate the "new policy" of the Philippines toward the socialist countries.

This policy innovation took on the form, first, of a relaxation of its long-standing restriction on travel by Filipinos to socialist countries in 1966 which, as indications would show, was intended by the government to pave the way for the sending of exploratory trade missions to these countries. This was later followed by the exploration of trade possibilities with the socialist states, and finally, by the launching of experimental commercial relations with the Eastern European socialist countries during the period from 1968-1971.

On May 10, 1967, the House of Representatives adopted Resolution No. 26, calling for "a re-examination of the Republic's policy toward the communist coun-

tries, with the view in particular, of exploring the wisdom, or otherwise, of opening economic and cultural relations with such countries." Pursuant to this resolution, the Special Committee to Re-examine Philippine National Policy Toward Communist Countries was created, with Congressman Enverga as chairman. After conducting public hearings on the matter, this special committee went on an exploratory mission to the socialist countries from July-December 1967 in order to study the wisdom and practicability of the country's refashioning its policies vis-a-vis the socialist states.

The Enverga Mission submitted its report to the Philippine Congress in February 1968. After dwelling on certain reasons which, the mission believed, necessitated a drastic recasting of Philippine policy towards the socialist states, among which was the weakening economy and trade of the United States which could have adverse effects on the Philippine economy, the Enverga report proceeded to touch on the mission's observations and findings about the socialist countries. Among the relevant observations were:

1. Socialist Europe is a vast export area for Philippine products of all sorts, and trading patterns and habits do not offer any serious obstacle to the Philippines' seeking to develop for her products so huge and varied a market;
2. The quality of level of living in all the socialist countries visited in Europe appeared to be rising, giving the impression that culturally and economically, relations with any or all of them should be good for the Philippines;
3. The socialist peoples of Europe showed no animosity or any negative attitude towards the mission; on the contrary, they uniformly demonstrated eagerness to have friendly relations with the Philippines;
4. The larger socialist states visited also expressed both the willingness and capability to aid in various ways toward the rapid development of the Philippines; and
5. In any relations which may materialize, the mission is convinced that whether it be loans, technical aid, exchange of goods, or cultural exchanges, there is absolutely no danger of the Filipinos being subjected to any form of exploitation and their having to worry about the subversion of Philippine constitutional institutions and processes.

On the basis of its findings and observations, the Enverga report recommended the following:

1. For Congress to remove from our statute books and operational policies, anything that is inimical or serves as an obstacle to the establishment and cultivation of relations with the socialist peoples of the world;
2. For Congress to authorize and cause to be accomplished, missions of various objectives, to be created as soon as practicable for the purpose of

- conducting objective and comprehensive studies on possibilities of trade, cultural relations, and other policies and practices involving foreign relations of each of the socialist countries;
3. For Congress to establish within the Department of Foreign Affairs, a well-manned division to concern itself mainly with affairs in all countries of the socialist world;
 4. For Congress to establish institutes in state and other universities for the study of the languages and histories of socialist countries; and
 5. For Congress to urge the President to establish such relations as he would deem proper and suitable, on a case-to-case basis, with each or any or all of the socialist countries.

Meanwhile, President Marcos also sought the opinion of the Foreign Affairs Department on the advantages/disadvantages of trading with the socialist countries. In his report to the President in March 1968, Foreign Secretary Narciso Ramos cited the favorable report of an UNCTAD study on the record and potentials of trade with socialist countries but, however, cautioned that trading with the socialist countries is fraught with economic and political pitfalls, e.g. unfair trading practices, inferior quality of communist products, attachment of unfair preconditions for loans, and most of all, the problem of security that trade with them would present, e.g. in the form of assistance to the communist movement in the country. In the light of these, he recommended that:

1. An exhaustive but confidential study be made of the conditions under which the Philippines may deal in economic matters with communist countries, to what extent, in what form, and in what areas, taking into consideration the experiences with socialist states of other developing countries
2. Pending such study, the Philippines should neither embark on full-scale trade relations with communist countries, nor should the door to trading with these countries be completely and permanently shut;
3. In any event, should definite proposals be made for trading with a communist country, these should be considered on a case-to-case basis; . . . provided they are approached with caution and prudence, specific commercial transactions, strictly on an unofficial basis for the present, could be possibly considered;
4. In considering trade with communist states, they should not be treated as a homogeneous bloc but rather individually.

In line with the recommendations of both the Enverga mission and the Department of Foreign Affairs, President Marcos announced in 1968 the opening of experimental or limited trade — trade on a country-to-country basis — with the socialist states of Eastern Europe. The policy was a cautious one inasmuch as only unofficial trade through non-government or private individuals and/or groups under the close supervision of the National Export Trading Corporation (NETRACOR)

was permitted. Direct and formal trade relations on a government-to-government basis was not yet allowed.

Meanwhile, events that were to have a crucial influence on the evolution of the country's normalized relations with the socialist countries began to unfold this time. The United States started the process for a possible negotiated settlement of the Vietnam conflict, leading eventually to America's phased military disengagement from the Vietnam War as contained in the so-called Nixon Doctrine. At the same time, the so-called "ping-pong diplomacy" between the United States and Communist China was begun culminating eventually in a rapprochement between the two states in 1971. In the face of these indications of America's new attitude and its possible implications, Filipino officials started to revise the basic assumptions of Philippine policy, particularly in the field of security, which heretofore had been predicated on dependence on American military strength. For the Philippines, the planned withdrawal of the United States from Vietnam, and probably from Asia, spelt a problem to regional defense and security. It would mean the victory of the North Vietnamese and the entry of either Communist China or the Soviet Union into the political vacuum that would be created by the American withdrawal. While the American departure instilled a heightened fear of China, the same, however, led to the necessity on the part of the Philippines to enter into diplomatic relations with the People's Republic of China in order to lessen or neutralize her expected bellicosity. As what President Marcos had declared, the Asian peoples would have to acknowledge the reality that is Red China and thus must look for a *modus vivendi* or peaceful co-existence with such power. The fears which this rather "forced" accommodation with the People's Republic of China brought was partially allayed when the said state was admitted into the United Nations, a development which was perceived to lessen Communist China's assumed belligerence. Understandably, if such a changed situation would force a Philippine recognition of Communist China, the same would also lead to an opening up of the Philippines to Soviet Russia as a possible check to the expected growth of Chinese influence in the region.

As a result of this changing power configuration in the region, an "innovative" approach in foreign policy was immediately initiated and enforced under the leadership of Foreign Secretary Carlos P. Romulo. This innovative policy rested on the premise that the Philippines will not reject any ties with any country "that seeks ties with us, wishes us no harm, and is willing to abide by our freedom and respect our sovereignty." The most important feature of this new approach to Philippine foreign relations was its negation of ideological considerations in the conduct of the country's dealings with other states, which was an indication of the shape of things to come in our relations with the socialist countries.

In line with this, the Philippines earnestly pursued her initiatives toward normalized relations with the socialist states. At the Philippine Congress, the Senate

began conducting public hearings on the possibility of normalizing relations with the socialist countries. These were followed by the separate visits to the socialist countries in 1970 by then Congressman Yunquez, and Executive Secretary Alejandro Melchor; by another exploratory trade mission of the Chamber of Commerce of the Philippines to the People's Republic of China in September 1971; and by then Senate President Gil Puyat to Russia in November of the same year. These officials returned and joined those who had undertaken similar visits to those countries ahead of them in recommending for the opening of direct and formal relations with the socialist states.

In response to these developments and the imperatives of change, the Philippines finally launched its program for worldwide rapprochement with the socialist countries in early 1972.

1972-1976, Period of Normalization:

The year 1972 may be considered as the turning point in Philippine relations with the socialist countries. In January of that year, the decision to normalize or open direct and official relations with the socialist states was finally made, with the Foreign Policy Council approving in principle the formalization of both commercial and diplomatic relations with Romania and Yugoslavia, and direct trade relations with all the other socialist states including the Soviet Union and the People's Republic of China. This decision was formally announced by President Marcos in his state-of-the-nation message to the Philippine Congress on January 24, 1972. In his speech, he averred that the opening of relations with Romania and Yugoslavia should be regarded as but the first step in a worldwide rapprochement with socialist countries, and expressed the hope that before his term expires, relations with the Soviet Union and thereafter, the People's Republic of China, shall have been set up on a firmer basis.

In line with this, then Leyte Governor Benjamin Romualdez was sent to Peking as part of the government's efforts to normalize relations with Communist China. Among Governor Romualdez's recommendations in his four-page report to the President upon his return from China was the immediate opening of diplomatic relations with that country.

The travel of Governor Romualdez to Peking was followed by the visit of Mrs. Imelda Marcos to the Soviet Union to follow up initiatives in exploring the possibility of establishing relations with Moscow. On the basis of the favorable recommendations of both Governor Romualdez and Mrs. Marcos, the President issued Executive Order No. 384 on March 11, 1972 entitled, "Promulgating Guidelines on Trade with Socialist or Communist Countries," officially authorizing the opening of direct and formal commercial relations with some socialist countries in Eastern Europe and set the start of direct and formal trade relations with all socialist countries.

The Philippine government, however, was not able to push to conclusion its plan to normalize relations with the socialist countries as promptly as had been widely anticipated in 1972. While it is true that from September 1972 to the end of 1973, diplomatic relations with Bulgaria, Poland, Czechoslovakia, East Germany, Hungary and Mongolia were formalized, the Philippines was not able to open diplomatic relations with the two largest socialist states, Soviet Russia and the People's Republic of China. In fact, it took the Philippines about four more years to finally complete her rapprochement with these countries. Two reasons can be forwarded: a) the growth of internal subversion in 1971-72, which Philippine leaders believed, could be heightened by the opening of ties with Communist China or Soviet Russia, and, corollary to this, b) the presence of some 150,000 Chinese minority in the country which can be a source of communist infiltration. To check the first problem, martial law was declared on September 21, 1972, thus countering the growing strength of communist subversives. The second problem necessitated the passage of Letter of Instruction No. 270 on April 11, 1975, as amended by Letter of Instruction No. 292, which gave aliens, particularly the Chinese, three options: apply for naturalization, elect to be citizens of their country of origin, or remain stateless. This move was aimed primarily to neutralize or eliminate a means of communist infiltration as the country moved toward normalized diplomatic relations with the People's Republic of China.

Under the aegis of "development diplomacy," initiatives were resumed during the period of martial law toward the opening of diplomatic ties with the socialist countries. As earlier mentioned, relations with the rest of the European socialist states and Mongolia were normalized between 1972 and 1973. In March 1974, Ambassador Eduardo Romualdez was sent to Communist China to follow up earlier visits to said state. He made at least three more visits to Peking in July-August of the same year, followed by Mrs. Marcos's visit in September of the same year. Finally, diplomatic relations were consummated with the People's Republic of China when President Marcos visited said country in June 1975. Then, in August of the same year, Mrs. Marcos went to Cuba to revive relations with that socialist state. On June 2, 1976, or one year after entering into relations with Communist China, the Philippines opened diplomatic relations with Soviet Russia. This was followed later by the opening of ties with Vietnam. With these, the world-wide rapprochement by the Philippines with the socialist countries of the world was finally achieved.

1976 to the Present, Period of Expansion:

Following the attainment of a world-wide rapprochement with the socialist bloc, relations between these countries and the Philippines, now already on a firmer ground, expanded. Although just over a decade old, the benefits for the Philippines, particularly in terms of trade, derived from this relationship are already being felt.

A look at the trade statistics would show this. In March 1974, for example, or two years after the opening of direct trade relations with the socialist states under Executive Order No. 384, the volume of Philippine trade with these countries reached

\$80.39 million, with the exports totalling \$46.37 million and imports \$34.02 million, or a favorable balance of trade amounting to about \$12.3 million for the Philippines (Fortez, 1979). By 1975, total trade increased to \$99.184 million, and by 1981, to \$912.456 million (see Table I). This constitutes a staggering 1,035% increase of total trade over a period of eight years. Furthermore, it constitutes a total balance of trade favorable to the Philippines in the amount of \$488.008 million. Finally, the 1981 figures correspond to 6.7% of total Philippine world trade, 12% of its total world exports and 2.7% of its total world imports.

The socialist region continues to rank as the fifth most important export market for Philippine products. Among the socialist countries in Europe, the Soviet Union, German Democratic Republic, Romania, Czechoslovakia and Poland are the Philippine's leading trade partners. The People's Republic of China, on the other hand, continues to be a major market for various Philippine products and a significant source of a growing number of important requirements. It is to be noted that the People's Republic of China is the Philippines' major trading partner among the socialist states, ranking as the 13th major trading partner of the Philippines in terms of total Philippine trade, valued at \$272.742 million or 2.0% of the total Philippine world trade. China is followed by the German Democratic Republic which ranks 14th, North Korea and the Soviet Union, which rank 17th and 18th, respectively. Among the socialist countries, the top Philippine markets are the German Democratic Republic, North Korea, the Soviet Union, the People's Republic of China and Cambodia, while the top sources of Philippine imports from the same group of countries continue to be the People's Republic of China, the Soviet Union, German Democratic Republic, Romania, Czechoslovakia and Poland (see Table II).

Philippine products marketed to the socialist states are diverse. The East European countries are interested in buying abaca, copra and sugar products. The Soviet Union deals in bananas, canned pineapples, nutmeg, ground copra, coconut oil, cotton, woven fibers, rope, copper concentrates, lead concentrates, natural gums and resins, essential oils, veneer, maize, knitted and sewn garments, nylon shirts and blouses, and leather footwear. The People's Republic of China's interest lies in refined nickel, Virginia leaf tobacco, bananas, pineapples, tropical fruits, abaca fibers, Manila rope, coconut coir fibers, sulfuric acid, ethyl alcohol, glycerine, plasticisers, aluminum sulfate and detergents.

In addition to the increase in the volume and value of trade, expansion of relations between the Philippines and the socialist world can be further seen in the number of economic, technical, scientific and cultural agreements entered into between the Philippines and the socialist states. Cultural agreements were signed by the Philippines with Czechoslovakia (1974), Romania (1975), Hungary (1976), Yugoslavia (1977), Bulgaria and the Soviet Union (1978), and Communist China (1979). Trade/economic agreements were also forged with Romania and Bulgaria in 1975, Hungary, Poland and Soviet Russia in 1976, Czechoslovakia and West Germany in

1977, Vietnam in 1978, and Communist China in 1979. In addition, economic, scientific or technical agreements were inked with the following socialist countries: Romania in 1976, Vietnam in 1978, Communist China in 1978, Finland in 1978 and 1980, Bulgaria in 1979, the Soviet Union in 1979 and 1982, Hungary in 1980, Cuba in 1982, and Yugoslavia in 1982. (Domingo, 1983a)

Finally, in terms of actual diplomatic representation, the Philippines, despite its limited manpower, has endeavored to maintain its presence in all socialist countries. Thus, the Philippine resident embassies in Peking, Moscow, Bucharest, Belgrade and Hanoi have been given concurrent accreditation to as many other socialist capitals as feasible. Moreover, exchange of visits, both private and official, between the Philippines and the socialist states have also been increasing.

Given all these indicators, one can easily conclude that Philippine relations with the socialist camp has been quite beneficial and that future relations would similarly augur well. This could be colored, however, by certain possible issues that would face the Philippines and some of her socialist partners. These issues include: the question of Cambodia, which invariably affects Vietnam and the Soviet Union; the yet-to-be-given acceptance by the socialist bloc of the Zone of Peace, Freedom and Neutrality (ZOPFAN) proposal of the ASEAN countries which includes the Philippines; and the seemingly dormant issue over the Philippine territorial claim on the so-called Kalayaan Islands (Freedomland) in the Spratley group which is also the object of the claim not only by Vietnam but also by Nationalist as well as Communist China.

Table I: Total Philippine Trade with Socialist Countries: 1975, 1978-1981
(F.O.B. value in U.S. dollars)

Year	Total Trade	Exports ¹	Imports	Balance of Trade
1975	99,184,263	36,289,768	62,894,495	26,604,727-
1978	226,509,244	98,333,626	128,175,618	29,841,992-
1979	307,319,713	149,606,430	157,713,283	8,106,853-
1980	506,595,894	261,593,914	245,001,980	16,591,934+
1981	912,456,293	700,232,317	212,223,976	488,008,341+

¹Sum of domestic exports and re-exports

Source: Benjamin R. Domingo, *Philippine Trade*, Foreign Service Institute, Manila, 1983, p. 164.

Table II: Philippine Trade with Individual Socialist Countries 1981
(F.O.B. value in U.S. dollars)

Country	Total Trade	Exports ¹	Imports	Balance of Trade
China (PRC)	272,742,410	78,225,492	194,516,918	116,291,426 -
U.S.S.R.	172,816,349	171,007,224	1,809,125	169,198,099+
Romania	2,485,010	5,938	2,479,072	2,473,134 -
Poland	2,388,267	375,718	2,012,549	1,636,831 -
Yugoslavia	4,113,671	3,828,866	284,805	3,544,061+
Czechoslovakia	2,474,849	219,957	2,254,892	2,034,935 -
North Korea	199,928,440	198,300,846	1,627,594	196,673,252+
Hungary	884,457	226,682	657,775	431,093 -
East Germany	245,438,069	240,253,467	5,184,602	235,068,865+
Bulgaria	1,419,590	82,467	1,337,123	1,254,656 -
Vietnam	2,050,608	2,041,860	8,748	2,033,112+
Cuba	—	—	—	—
Albania	—	—	—	—
Laos	117,100	117,100	—	117,100+
Cambodia	5,494,305	5,494,305	—	5,494,305+

¹Sum of domestic exports and re-exports

Source: Benjamin R. Domingo, *Philippine Trade*, Foreign Service Institute, Manila, 1983, pp. 164-168

Summary:

In resume, the decision to open relations with the socialist states was not made overnight. Indeed, it took the Philippines a decade from 1966, when travel restrictions to the socialist countries were lifted, to complete the normalization of her relations with these states. Close to three years were spent by the administration under President Marcos in merely exploring the possibility of opening experimental trade relations with a few socialist states in Eastern Europe. About three more years were dedicated to the further evaluation of the advantages and disadvantages of having direct and official relations with the socialist states. About four years were also additionally required for the full implementation of the government's decision to establish direct and official ties with socialist countries of the world.

A combination of domestic and international events brought about this drastic change in the country's foreign policy. The shift from non-recognition to recognition of the socialist states was partly a reaction to the changes in the policy of the United States toward the Vietnam War and the People's Republic of China. A desire to widen the country's commercial and political options in foreign relations also prompted the adoption of the decision. The opening of commercial relations with the socialist states was also aimed at alleviating the country's persistent balance of payments difficulties. The formalization of relations with these states was also intended to enhance the security of the republic.

The desirability of normalized relations with the socialist countries, from both the economic and political viewpoints, had been clearly established prior to the start of the opening of direct and official relations with these states in 1972. But just as the direction and decision to normalize relations was determined by both domestic and international variables, so was the immediate implementation of the government's program for world-wide rapprochement with the socialist states. Several factors caused the apparent slow pace in the implementation of this government program, particularly with regard to the People's Republic of China and the Soviet Union. Relations with these states were formalized only after the Philippine government surmounted these assumed hindrances to the speedy implementation and/or conclusion of the program for world-wide rapprochement with the socialist bloc. Thus ten years after the Philippines first relaxed its long-standing travel restriction to socialist states in 1966, or three decades after regaining its independence, Philippine foreign policy and relations may be said to have finally become truly international.

In conclusion, we can say that the opening of full relations with the socialist countries has enabled the Philippines to reduce its dependence on a limited export market in the socialist world. In addition, the normalization of ties with the socialist states has broadened the country's international affairs, reduced its dependence on the United States and thus helped attain for the country not only a more mature and independent posture in international affairs but also, in the words of Perfecto (1983), "a more balanced foreign policy which could yield the widest latitude of choices for promoting the national interest."

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