



Defend Press
FREEDOM!

**Rappler and Duterte's aversion to criticism:
An ominous sign for Philippine Democracy?**

Table of Contents

▶ Executive Summary	1
▶ Rappler’s license suspension: Comprehending the Fine Print.....	2
▶ Politics and geopolitics of the suspension: Implications on foreign- linked entities	5

Executive Summary

On January 11, the Securities and Exchange Commission (SEC) of the Philippines issued an order revoking the media license of a prominent digital media outlet Rappler. The decision was reportedly invoked on grounds that the media organisation had violated constitutionally mandated foreign equity restrictions by having American investors on board. Rappler is still operational in the country while it awaits decision on its final appeal on the decision, which is likely to be made in a fortnight. Notably, the media outlet which began operations in 2012 rose to prominence through its skilled use of social media tools and other digital means to become the third-most popular newspaper in the country over the years.

One of the most critical points to be noted regarding the developments is Rappler's history as being critical of the incumbent government led by President Duterte. The media outlet famously exposed a number of fake accounts online that were being used to discredit the incumbent President's opposition, particularly during the 2016 presidential elections and since. Deciphering the fine points of the decision even as it is perceived to be an unprecedented one in the Democratic history of Philippines assumes significance, particularly at a time when the international arena is trying to understand the personality of President Duterte and the rationale behind his geo-political maneuvers.

The most significant question raised following Rappler's suspension is the likelihood of a large-scale impact on foreign, especially-American-owned, businesses operating in the country. Given the perception regarding President Duterte's underlying antagonism toward American control over any entity that may act as a check on the government, media and civil society organisations operating in the country with funds from American sources are likely to be in a precarious position while operating in the country. In this context, the report seeks to understand the likely long-term pattern set in motion by the suspension of Rappler and the international condemnations and perceptions that are liable over the coming weeks and months.

Rappler's license suspension: Comprehending the Fine Print

While delivering his second State of the Union address in July 2017, President Rodrigo Duterte had famously singled out Rappler as a media organisation “fully-owned” by Americans and forewarned it of violating the Philippine constitution drafted in 1987. He had earlier notably criticised and forewarned two other media outlets, The Inquirer and ABS-CBN, on their ownership and license. These two organisations also had a history of criticising the Duterte government's policies since he assumed office in June 2016.

It is significant to understand the underlying aspects of the SEC's suspension and how the commission, which is perceived to be independent of the government's influence is legitimising the suspension. Under the country's Constitution, mass media remains a sector wherein the prerequisite is for the outlet to be 100 percent Filipino-owned. In 2015, Rappler accepted Philippine Depository Receipts (PDRs) from two foreign investors, Omidyar Network and North Base Media. The Omidyar Network is a fund created by ebay founder Pierre Omidyar. Rappler CEO Maria Ressa has claimed that the PDRs facilitated the two foreign entities to invest in the media organisation but does not make them a shareholder or a board member. Therefore, this directly negates the two entities dictating the details for the daily working of the media outlet and Ressa has also claimed that the 2015 PDRs were allowed only with the SEC's complete knowledge.

The SEC's defense for its decision was Rappler's creation of a company called as Rappler Holdings to attract more foreign investments via PDRs after 2015. One of the provision linked with the PDRs was reportedly a condition that would not allow Rappler Holdings to alter, modify or change their Corporate By-Laws without the approval of the Omidyar Network PDR holders. Alternatively, such a move will require at least approval from the owners of two-thirds of the total PDRs issued.

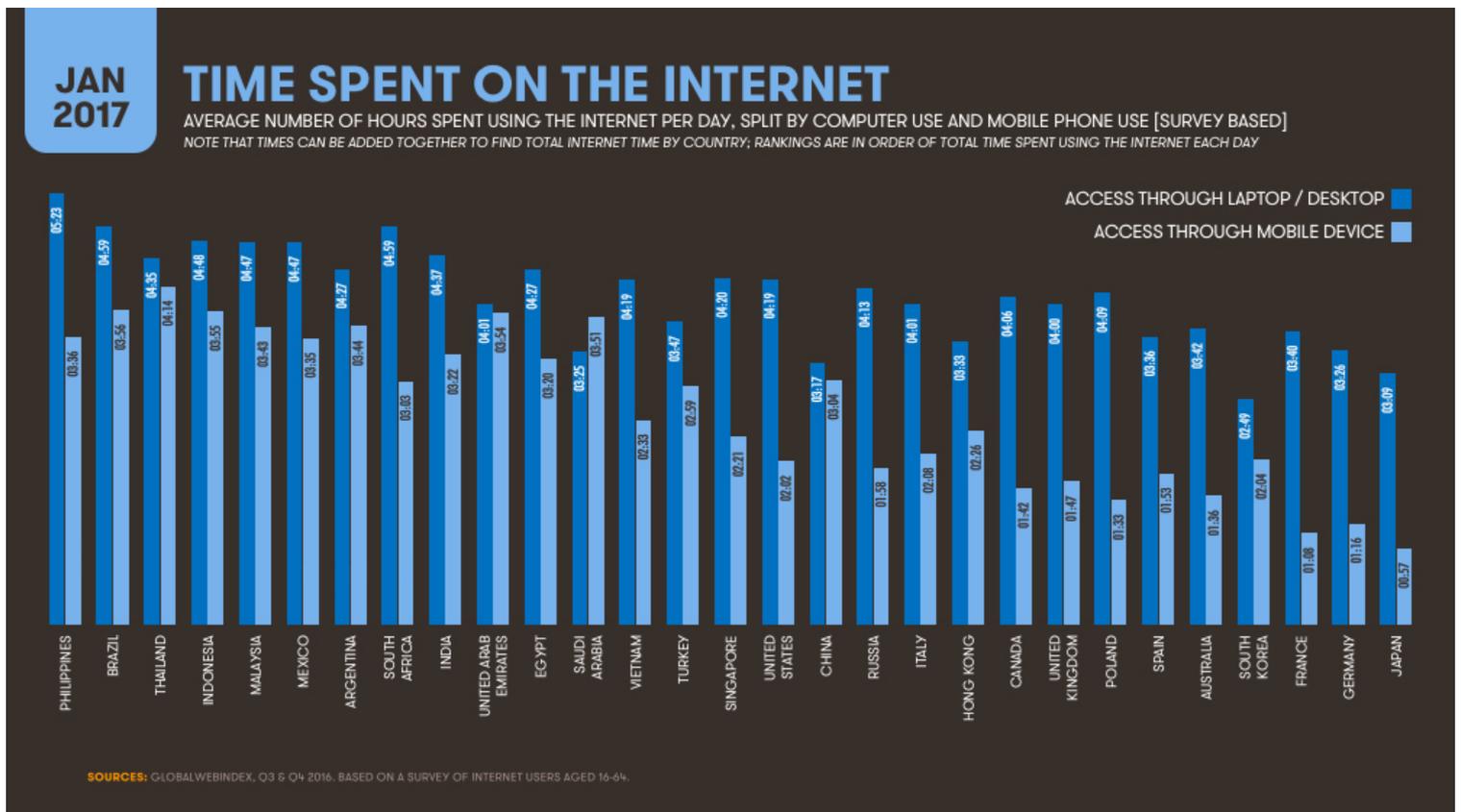
Comprehending the intricate details of the ongoing contention between Rappler and the media regulator, one of the assessments that can be made about the situation is the media regulator's careful attempt to legitimately impose its decision of Rappler's

suspension. The assessment can be better understood when taking into consideration the overwhelming use of internet, in general, and social media, in particular, in the country. According to data based on a global report indexing annual digital use by a country, The Philippines came at the apex for maximum hours spent on social media in a country by the resident population. With a significant youth population relying on the internet for general news consumption, digital news platforms such as Rappler holds sway over public opinion. In such a scenario, invoking the Constitution to undermine the credibility of the organisation and subsequently legitimising its suspension explains the likely well-thought rationale for the January 11 decision.

It is important to understand that Rappler's suspension after President Duterte's targeting of two other media outlets as a precedent. The ABS-CBN and the Inquirer both have been particularly perceived to be independent and organisations that have been critical of the incumbent government's policies. Following President Duterte's criticism against the owners of the Inquirer in July 2017, it was revealed that the group was in negotiations for a divestment deal with a 'close friend' of the President, which was finalised in November. The ABS-CBN's license, which is set to expire in 2020, is under review with the President directly warning the news group of blocking their license renewal. This rhetoric followed after the network allegedly rejected to air the incumbent President's political ads in the run up to the 2016 Presidential elections.

Put together, there appears to be a pattern indicating government antagonism and subsequent action against media entities that are perceived to be independent and those which act as a check on the incumbent government and its policies. Given the significance of a free press under a Democratic setup, especially for a young population that is likely intolerable of authoritarian policies, it is important to understand the likely long-term repercussions of the suspension. Furthermore, at a time when the Philippines is likely attempting to draw foreign investments for enhancing the country's under-funded infrastructural facilities, the government's policies targeting foreign entity is liable to negatively impact the investor outlook for the country. However, more significantly, if a pattern of targeting foreign entities comes to the fore, the implications

to foreign-linked civil society organisations operating in the country remains to be seen in the long-term.



Politics and geopolitics of the suspension: Implications on foreign-linked entities

The suspension has not been directly linked to Rappler being ‘American’-owned. However, the targeting of Rappler due to its linkages to an American entity can be better understood when taking into account President Duterte’s aforesaid statement against the outlet. The aversion to American ownership of the country’s media likely comes from the broader perception of Washington’s conventional support for Democratic policies across the world. The former administration under President Barack Obama had been open about its denunciation of President Duterte’s perceivably authoritarian policies, particularly his policies of state-legitimised killings to curtail the country’s rampant drug use.

Media remains a powerful tool for galvanizing public opinion in a country like the Philippines. In such a context, at a time when President Duterte is attempting to consolidate his power and has been vocal about his opposition to criticism, as well as critical about American influence in the country, the Rappler’s suspension only assumes significant sense. Furthermore, the President has unequivocally stated his opposition to any international investigation into the ‘war on drugs’, which have led to alleged extrajudicial killings in the country. The President has rejected economic aid from the United States, the European Union and the United Nations, if conditional on the investigations on the drug war.

Furthermore, the President has also indicated an affinity toward Beijing and its aid, especially due to the latter’s extension of support during the Marawi siege in 2017. The Marawi siege witnessed sustained fighting for over eight months between the Philippine armed forces and Islamic State-affiliated militants, who attempted to take control of the restive Marawi region to establish their consolidated presence in Southeast Asia. Beijing is, notably, known for its non-interference in a country’s political scene, despite its significant material contribution for the nation.

Keeping all these factors in mind, the suspension only invokes the idea of the government's likely wary perception of any American or western interest in the country. This is particularly likely to be linked to these western nations' perceived aim to restructure the Philippine polity under the guise of safeguarding Democratic values. In that context, the decision against Rappler may set the tone for censoring any foreign entities with links to American or European governments, especially as they be critical of the Philippine government's policies. On the other hand, similar suspensions or tactics targeting civil society groups funded by foreign organisations cannot be completely ruled out in the future.

With , anti-government protests, with significant participation from among the youth population, may also be observed over the coming days. This may be the case if Rappler's appeal against the suspension is rejected and the resident population perceives the decision as curtailing their constitutionally-guaranteed Freedom of speech and expression.

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