



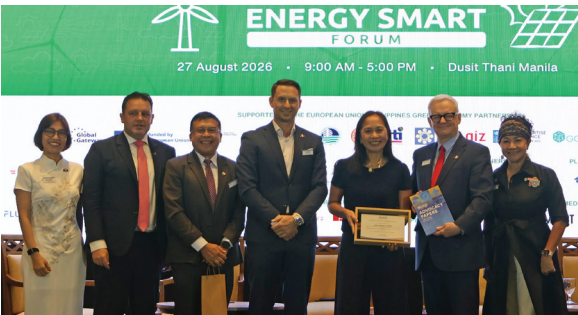
ADVOCACY PAPERS 2026

ABOUT ECCP

Founded in 1978, the European Chamber of Commerce of the Philippines (ECCP) is a multilateral chamber with close to 1,000 members and a strong presence across key regions in the Philippines. The Chamber advocates for fair and forward-looking economic policies, support market access through expert business consultancy and human capital development, and connect members to a dynamic network of stakeholders locally and abroad to drive growth and foster collaboration across sectors. The ECCP also strives to ensure that its members' viewpoints are heard on economic and business issues, legislative measures, and administrative regulations.

For more than four decades, the Chamber has advocated for reforms aimed at making the Philippines' business climate more competitive, fair, and inclusive. At its core, the ECCP serves as a platform for dialogues and collaboration, bringing together businesses, government officials, policymakers, and other stakeholders. Through various activities such as networking events, business forums, seminars, and conferences, the Chamber creates opportunities for knowledge sharing, relationship building, and the exploration of potential partnerships. The ECCP provides a wide range of services to its members, including assistance in navigating regulatory frameworks, market research and intelligence, business matchmaking, and advisory services. By offering these resources, the Chamber helps its members navigate the complexities of doing business in both the Philippine and European markets more effectively.

As the Chamber of Choice, the ECCP is committed to be the voice of the European business community in the Philippines.



EUROPEAN CHAMBER OF COMMERCE OF THE PHILIPPINES
19th Floor, Philippine AXA Life Center Bldg.,
Sen. Gil Puyat Ave. cor. Tindalo Street,
Makati City, Metro Manila, Philippines, 1200

Positions expressed in the advocacy papers are the result of the activities of the Sector Committees working under the ECCP.

TABLE OF CONTENTS

- 2 About ECCP
- 7 Message from the ECCP President
- 8 Message from the EU Ambassador to the Philippines
- 9 Message from the EU Ambassador to the ASEAN
- 10 Message from the Senate President
- 11 Message from the Department of Trade and Industry
- 12 Where Are We Now?
- 24 On The EU-Philippines Free Trade Agreement and EU Generalized Scheme of Preferences Plus (GSP+)
- 32 On the Luzon Economic Corridor and Pax Silica, and European Participation in Strategic Infrastructure
- 38 Agriculture
- 76 Automotive
- 94 Aviation
- 126 Customs and Logistics
- 144 Environment and Water
- 162 Food and Beverage
- 192 Healthcare
- 220 Human Capital and Education
- 242 Infrastructure and ICT
- 264 Renewable Energy & Energy Efficiency
- 284 Tax and Financial Services
- 304 Tourism

EDITORIAL BOARD

Florian Gottein	Sophia Ysabel Panergo	Jose Mari Tumanan	Isabella Nuttall
Atty. Kathryn Fe Pioquinto	Atasha Angeline Bernardo	Zachary Javier Pedernal	Adrija Sen
Austin Fredric Sy	Justine Yuki Ocate	Clarisse Hanikka Tan	
Kirsten Arlan Uy	Alyssa Mae Jaranilla	Ma. Irina Ingrid Daquioag	

ECCP COMMITTEE CHAIRS

COMMITTEE	COMMITTEE LEADERS
Agriculture	Ruth Novales Dr. Mary Ann Sayoc Tom Van Der Meulen
Automotive	Willy Tee Ten Michael Tengonciang
Aviation	Atty. Marvin Masangkay Atty. Manolito Manalo Juha-Pekka Hoikka
Customs and Logistics	Atty. Mark Anthony Tamayo Michael Kurt Raeuber Atty. Alden Labaguis
Defense and Disaster Response	Donna Artates-Colis Juha-Pekka Hoikka
Education	Sheryl Jo Urdaneta
Environment and Water	Engr. Meg Anne Santos
Food and Beverages	Helen Grace Baisa
Healthcare	Dr. Diana Edralin Wei Sun Dr. Bin Wang
Human Capital	Atty. Eliseo “Jon” Zuñiga Albert Pérez
ICT	Erik Moller Nielsen Karl Jason Bantiling Quynh Do
Infrastructure	John Reinier Dizon Dr. Sajith Edirisuriya
Intellectual Property Rights	Atty. Reena Mitra-Ventanilla
Open Finance and Financial Inclusion	Atty. Calvin L. Kohchet-Chua

Real Estate	Lylah Fronda-Ledonio Mikko Barranda
Renewable Energy & Energy Efficiency	Ruth Yu-Owen Atty. Jose Layug, Jr.
Sustainability	Gie Garcia Regina Unson-Silerio
Tax and Financial Services	Atty. Maria Concepcion Simundac-Delos Santos Atty. Benedicta Du-Baladad Atty. Alden Labaguis
Tourism	Atty. Cenelyn Manguilimotan Mariska Martha Olalo Vina Flor Concepcion Wurgler
Women in Business	Shiela Lobien Jen Alava-Francisco
Young Professionals	Atty. Renz Javier Ayongao Juan Diego Bautista

We would like to also acknowledge the support of our committee members.

METHODOLOGY

Through extensive discussions among the ECCP sector committees, consultations with representatives from the Philippine government, and engagements with stakeholders, the 2026 edition of the ECCP Advocacy Papers presents issues and recommendations formulated from these productive exchanges. The papers incorporated knowledge from ECCP-led events covering pertinent topics, information from hearings and committee meetings in both chambers of the Philippine Congress, insights from private sector consultations, and advocacy recommendations from regular sector committee meetings.

In close collaboration with the leaders and members of the sector committees, the ECCP Advocacy Team conducted a thorough examination of each issue and recommendation, ensuring that they were in accordance with the goals and interests of European businesses. Following the completion of the first draft of each sector paper, the documents were disseminated to the Committee members and other relevant stakeholders for consultation. This facilitated the gathering of feedback and comments, which subsequently shaped the final version of the papers. The assessment of the status of each recommendation included in the 2026 Advocacy Papers was examined under the following criteria:

- Completed/Substantial Progress:** Recommended action has either been completed or there has been significant progress towards the realisation of the recommendation.
- Some Progress:** Movement towards realising the recommendation has been made, but substantial work still needs to be done to fully achieve and complete the proposed measure.
- No Progress/Retrogression:** Minimal progress or no movement towards attaining the recommended reforms were done, or the status of the issue has worsened and has evolved to an even bigger bottleneck for European businesses.

This publication has been prepared by the European Chamber of Commerce of the Philippines (ECCP) as part of its advocacy and policy engagement initiatives. The material may be reproduced or cited for non-commercial purposes, provided that ECCP is appropriately attributed as the original source.

Unless otherwise indicated, photographs and other visual materials included in this publication remain the property of their respective copyright holders. ECCP makes no claim of ownership over such materials.

References to third-party websites and online resources are provided for information and reference purposes only. ECCP does not guarantee the accuracy, reliability, availability, or continued accessibility of any external content linked or cited in this publication. External websites or Uniform Resource Locators (URLs), as well as their contents, may be modified, relocated, or removed without notice by their respective owners or operators.



MESSAGE FROM THE ECCP PRESIDENT

It is my privilege to present the 2026 edition of the ECCP Advocacy Papers.

This year the Philippines crossed a threshold four decades in the making. In July, the World Bank reclassified the country as upper-middle-income, with gross national income per capita at USD 4,850. That came not from a single boom sector but from broad-based growth averaging 5.8 percent a year over five years.

It also arrives in a demanding year. Growth reached 2.6 percent in the first half, inflation has only begun easing, and public construction has slowed. Our members are living both realities at once.

We read that combination with confidence, and here is why: what carried the country across the threshold is structural, and what is holding it back is not. Energy costs, investor confidence, and the speed at which good laws become working practice are policy questions, and policy questions have answers. That is the ground advocacy is built for.

Our 2026 agenda therefore rests on three commitments.

Implementation. The legislative foundation is genuinely strong: CREATE MORE, the Konektadong Pinoy Act and its implementing rules, the ARROW Act, and a Green Lane that had cleared 244 strategic projects worth PHP 6.43 trillion by March, most of them in renewable energy. The whole task now is making that framework work transparently, on time, and consistently across agencies. Investors are not asking for more policy; they are asking for policy that behaves the same way twice.

Competitiveness. Our sectors rise and fall together. Energy costs set industrial competitiveness. Water security and climate resilience shape agricultural output and business continuity. Healthcare reform depends on sustainable financing and skilled people. One question runs through all of them: how does the Philippines convert potential into productivity?

Partnership. Concluding an ambitious, balanced, and commercially meaningful EU-Philippines Free Trade Agreement remains the Chamber's foremost priority, and the ground beneath our current preferences is moving. A new EU GSP Regulation applies from January 2027, and the Philippines holds GSP+ on transitional terms only through 2028, after which it must reapply under stricter conditions. Upper-middle-income status starts a second clock. An FTA would replace a preference that can be reviewed with obligations both sides must keep: permanent, reciprocal access to nearly 450 million consumers and an estimated USD 8.3 billion in untapped export potential. Concluding it is not the finish line; bringing it into force before the transition lapses is.

European business is not waiting to be convinced. Our nearly 1,000 members, working through 24 sector committees, bring capability in renewable energy, infrastructure, healthcare, mobility, food systems, and financial services that maps directly onto national priorities. Given conditions that hold steady, it becomes stronger supply chains and higher-quality jobs.

I take up this role, as the first woman and first Filipina to lead the Chamber, with gratitude to our Board, committee leaders, member companies, Advocacy team and Secretariat, and to our partners in government, the EU Delegation, and the Joint Foreign Chambers.

These papers carry the lived experience of our members. They are offered as a reform document: practical, evidence-based, and in good faith. The Chamber is ready to work on every page of it.

Dr. Diana Edralin
ECCP President



MESSAGE FROM THE EUROPEAN UNION AMBASSADOR TO THE PHILIPPINES

It is a pleasure to share this message in support of the 2026 Advocacy Papers of the European Chamber of Commerce of the Philippines (ECCP).

The Philippines continues to demonstrate resilience and strong economic potential amid persistent global economic uncertainties. To fully realize the opportunities, continued economic reforms remain essential – a transparent, predictable, and competitive business environment that is supported by good governance and openness to investment will be critical to attracting high-quality investments and sustaining economic growth.

The European Union remains a reliable and trusted partner of the Philippines. The recent formal elevation of the relations between the European Union and the Philippines to an Enhanced Partnership confirms the strength of our cooperation.

As negotiations towards a comprehensive Free Trade Agreement draw closer to conclusion, there is a shared opportunity to deepen and expand bilateral trade and investment. We appreciate the ECCP's steadfast support and advocacy efforts that have made a valuable contribution in advancing dialogue among stakeholders and building momentum towards a modern and mutually beneficial FTA.

At the same time, the European Union remains committed to supporting the Philippines through the Global Gateway strategy. Together with our Philippine partners and the European private sector, we are helping deliver tangible projects that contribute to sustainable and inclusive economic growth.

On behalf of the European Union, I commend the ECCP and all those who have contributed to this edition of the Advocacy Papers. I trust that the recommendations presented here will continue to foster policy discussions and inspire collaborative action towards a more competitive, sustainable, and prosperous Philippines.

Let us continue working together and seize the opportunities that lie ahead.

Thank you!

H.E. Massimo Santoro
Ambassador
European Union Delegation to the Philippines



MESSAGE FROM THE EUROPEAN UNION AMBASSADOR TO ASEAN

2026, the year of the Philippines Chairship of ASEAN, comes with great expectations. Expectations for political engagement, economic opportunities and development cooperation. The European Chamber of Commerce of the Philippines (ECCP) has a key role to play in this regard.

Initiatives such as the inaugural ASEAN European Union Sustainability Summit, co-organised by ECCP, in the lead up to the first ASEAN Summit in Cebu in May 2026 contribute to political engagement. This Summit took place shortly after the ASEAN European Union Ministerial Meeting of April 2026 in Brunei, when the European Union formally offered to ASEAN to host a Commemorative Summit in 2027 to celebrate 50 years of Dialogue Partnership.

The organisation of the ASEAN European Union Business Summit in the margin of the ASEAN Economic Ministers' Consultation with the European Trade in Manila in September 2026 is a chance to showcase the economic opportunities offered in the framework of the Strategic Partnership between ASEAN and the European Union, especially through the conclusion of a bilateral Free Trade Agreement between the European Union and the Philippines.

ECCP can also contribute to the success of the development cooperation projects supported by the European Union in ASEAN, where business engagement is a must. In this connection, among all ASEAN Member States, the Philippines leads on sustainable development and biodiversity, around the ASEAN Centre for Biodiversity in Los Banos. The Philippines is also at the forefront of digital and spatial cooperation, through the Copernicus project, the only digital and spatial Global Gateway Flagship Project in the ASEAN Region.

I thank ECCP for its continued support to the Strategic Partnership between ASEAN and the European Union, including with the ECCP Advocacy Papers 2026 Edition!

H.E. Sujiro Seam
Ambassador
European Union Delegation to ASEAN



MESSAGE FROM THE SENATE PRESIDENT

I convey my warmest congratulations to the European Chamber of Commerce of the Philippines (ECCP) on the publication of the 2026 ECCP Advocacy Papers.

For almost five decades, the ECCP has helped strengthen business relations between the Philippines and Europe. As the largest foreign chamber in the Philippines, it has brought businesses together and given the private sector a voice.

Through your Advocacy Papers, the ECCP continues this work by putting forward ideas to improve our business climate and deepen ties with Europe. The relationship between the Philippines and the EU is also growing beyond trade, with the FTA negotiations and our new Enhanced Partnership creating more room for cooperation in investment, digital and green development, connectivity, and security.

We seek more investment and better jobs as we build a more competitive economy. European businesses can be valuable partners in this effort and create opportunities for our people.

The Senate remains ready to work with the ECCP in shaping policies that support investment and strengthen our economy. May your Advocacy Papers help turn shared goals into lasting partnerships and real opportunities for our people.

Congratulations once again to the ECCP on this endeavor. May your work continue to bring the Philippines and Europe closer together.

Let's WIN this together!

Hon. Sherwin Gatchalian
Senate President
Senate of the Philippines



MESSAGE FROM THE DEPARTMENT OF TRADE AND INDUSTRY

Warm greetings to the European Chamber of Commerce of the Philippines on the official launch of the 2026 ECCP Advocacy Papers.

The Philippines and Europe share a resilient and expanding economic partnership anchored in open dialogue, mutual respect, and a joint vision for sustainable, inclusive prosperity. With our ongoing Philippines-European Union Free Trade Agreement negotiations and our current ASEAN Chairship, we have a unique opportunity to elevate our trade relations and solidify Europe's strategic engagement across Southeast Asia.

The 2026 ECCP Advocacy Papers are a timely contribution to this shared agenda. By bringing together insights and actionable recommendations from different industries, the publication provides government and the private sector with a clearer understanding of the challenges faced by businesses and the reforms needed to address them.

At the Department of Trade and Industry, we firmly believe that national competitiveness is built through active partnership. Anchored on President Ferdinand R. Marcos Jr.'s Bagong Pilipinas agenda, the DTI remains fully dedicated to cultivating a business landscape defined by stability, transparency, and innovation—an environment where investments can flourish and generate meaningful opportunities for the Filipino workforce.

We commend the ECCP for its steadfast partnership in advocating policy reforms, championing sustainable investment, and deepening the trade ties between the Philippines and Europe.

May this publication spark meaningful dialogue and accelerate concrete economic reforms. Together, let us build an investment-ready, globally competitive nation where the fruits of growth uplift every Filipino family.

Mabuhay!

Hon. Ma. Cristina A. Roque
Secretary
Department of Trade and Industry





WHERE ARE WE NOW? (MACROECONOMIC OVERVIEW)

WHERE ARE WE NOW?

The 2026 economy: restoring the pace and quality of growth

The Philippine economy entered 2026 carrying a development milestone and a clear competitiveness challenge. In July 2026, the World Bank classified the Philippines as an upper-middle-income economy, reflecting two decades of income convergence, macroeconomic reforms, and rising living standards. At the same time, the growth cycle weakened. Full-year GDP growth slowed to 4.4% in 2025 from 5.7% in 2024, then moderated further to 2.8% in the first quarter and 2.3% in the second quarter of 2026. These figures place the expansion well below the 6.5% average annual growth recorded from 2015 to 2019 before the pandemic. The central macroeconomic task for 2026 is to convert the country's stronger income position and institutional gains into faster investment, higher productivity, more resilient jobs, and broader improvements in living standards.¹

The slowdown has changed the regional context. The Philippines remains a large, consumption-driven market with a young workforce and a substantial services base, yet its 2026 growth outlook has lost ground relative to several major Southeast Asian peers. The Asian Development Bank (ADB) projects Philippine growth at 3.8% in 2026, compared with 7.2% for Viet Nam, 5.2% for Indonesia, and 4.6% for Malaysia. Thailand is projected at 1.8%, while Singapore maintains a 2026 growth forecast range of 2.0% to 4.0%. For the Philippines, this comparison sharpens the competitiveness question: strong demographic and domestic-demand fundamentals need to be matched by investment execution, infrastructure delivery, predictable regulation, and productivity-enhancing reforms.²

Growth in 2026 continues to draw support from services, government consumption, merchandise exports, and overseas Filipino remittances. These sources of resilience matter. Services grew by 4.5% year on year in both the first and second quarters, government final consumption accelerated to 8.3% in the second quarter, and exports of goods and services expanded by 12.2%. Cash remittances through the banking system reached USD 17.15 billion in the first half of 2026, 2.4% higher than a year earlier. The economy retains important buffers even as household consumption and fixed investment have softened.³

The constraints are equally clear. Higher global energy and commodity prices have pushed inflation above the Bangko Sentral ng Pilipinas (BSP) target range, while geopolitical tensions and trade-policy uncertainty continue to affect business planning and supply chains. Gross capital formation contracted in both quarters of 2026 and fell by 9.2% year on year in the second quarter. Net foreign direct investment also declined during the first five months of the year. Climate-related risks, including the prospect of El Niño, add another layer of uncertainty for food prices, agriculture, logistics, and power supply. The quality of policy execution will determine how quickly these pressures ease and how effectively the next phase of growth translates into investment and jobs.⁴

1 World Bank. (3 August 2026). Philippines Reaches Upper-Middle-Income Status; Bolder Reforms Critical for More Inclusive Growth and Job Creation. Retrieved from <https://www.worldbank.org/en/news/press-release/2026/08/03/ph-reaches-upper-middle-income-status-bolder-reforms-critical-for-more-inclusive> ; Philippine Statistics Authority. (29 January 2026). GDP Grows by 3.0 Percent in the Fourth Quarter of 2025: Brings the Full-Year 2025 GDP Year-on-Year Growth Rate to 4.4 Percent. Retrieved from <https://psa.gov.ph/content/gdp-grows-30-percent-fourth-quarter-2025-brings-full-year-2025-gdp-year-year-growth-rate-44> ; Philippine Statistics Authority. (2020). Selected Statistics on Agriculture 2020, Table 1.1: Macroeconomic Growth Indicators, Philippines, 2015-2019. Retrieved from https://psa.gov.ph/system/files/main-publication/2_SSA2020_final_signed.pdf

2 Asian Development Bank. (July 2026). Asian Development Outlook July 2026: Economic Forecasts for Asia and the Pacific. Retrieved from <https://www.adb.org/outlook/editions/july-2026>; Singapore Ministry of Trade and Industry. (25 May 2026). MTI Maintains 2026 GDP Growth Forecast at "2.0 to 4.0 Per Cent". Retrieved from <https://www.mti.gov.sg/newsroom/mti-maintains-2026-gdp-growth-forecast-at-2-0-to-4-0-per-cent/>

3 Philippine Statistics Authority. (7 August 2026). GDP Grows by 2.3 Percent in the Second Quarter of 2026. Retrieved from <https://psa.gov.ph/content/gdp-grows-23-percent-second-quarter-2026>; Bangko Sentral ng Pilipinas. (accessed 20 August 2026). Overseas Filipino Remittances. Retrieved from <https://www.bsp.gov.ph/statistics/external/ofw.aspx>

4 Philippine Statistics Authority. (7 May 2026). GDP Grows by 2.8 Percent in the First Quarter of 2026. Retrieved from <https://psa.gov.ph/content/gdp-grows-28-percent-first-quarter-2026>; Philippine Statistics Authority. (7 August 2026). GDP Grows by 2.3 Percent in the Second Quarter of 2026. Retrieved from <https://psa.gov.ph/content/gdp-grows-23-percent-second-quarter-2026>; Bangko Sentral ng Pilipinas. (10 August 2026). Foreign Direct Investment, May 2026. Retrieved from https://www.bsp.gov.ph/Media_And_Research/Media%20Releases/2026_08/news-08102026a1.aspx

Against this backdrop, the Development Budget Coordination Committee (DBCC) revised its 2026 growth target to 3.5% to 4.5% and expects growth to recover to 5.0% to 6.0% from 2027 onward. The same update raised the 2026 inflation assumption to 6.0% to 7.0%, placed the foreign exchange assumption at PHP 60.00 to PHP 62.00 per US dollar, and retained positive growth assumptions for goods exports and imports. The revised program reflects a demanding policy environment in which macroeconomic stability, fiscal discipline, and implementation quality are linked to investor confidence.⁵

Table 1. Updated Macroeconomic Targets and Assumptions for 2026 to 2027

Indicator	2026	2027
GDP growth	3.5% - 4.5%	5.0% - 6.0%
Inflation	6.0% - 7.0%	4.0% - 5.0%
Dubai crude oil	USD 80 - 100 / bbl	USD 70 - 90 / bbl
Foreign exchange rate	PHP 60.00 - 62.00 / USD	PHP 60.00-62.00 / USD
Goods exports growth, BPM6	3.0%	4.0%
Goods imports growth, BPM6	5.0%	5.0%

Source: Development Budget Coordination Committee (DBCC), 8 July 2026.

GDP, Growth Rates, and Growth Projections

The growth trajectory entering 2026 was softer than the pace recorded during the earlier post-pandemic rebound. The Philippine economy expanded by 4.4% in 2025, with fourth-quarter growth at 3.0%. This followed 5.7% full-year growth in 2024. The deceleration matters because the economy entered the current external shock with less momentum than in previous years. It also places greater weight on the quality and timeliness of domestic reforms that can support private investment and productivity.⁶

The first half of 2026 confirmed that slower momentum had become broad enough to affect both production and demand. GDP grew by 2.8% year on year in the first quarter and by 2.3% in the second quarter. On a seasonally adjusted basis, GDP expanded by 0.6% quarter on quarter in the second quarter, showing continued activity but at a pace that requires a stronger second half for full-year growth to settle within the government's revised target range. Services remained the most consistent source of expansion, while industry weakened and capital formation contracted.⁷

The comparison with the pre-pandemic period provides a useful perspective. Between 2015 and 2019, real GDP growth averaged about 6.5% a year, including 6.0% growth in 2019. Restoring a sustained growth rate closer to that earlier range would require more than a cyclical rebound in consumption. It would

require stronger fixed investment, higher productivity, more competitive infrastructure and logistics, and greater confidence in the predictability of the business environment.⁸

External institutions broadly converge on a moderate 2026 outcome followed by a firmer 2027 recovery. ADB projects growth of 3.8% in 2026 and 5.3% in 2027. The World Bank projects 3.7% and 5.2%, respectively. Both forecasts identify investment weakness and higher prices as important constraints, while the DBCC places the official growth target at 3.5% to 4.5% for 2026 and 5.0% to 6.0% for 2027. The narrow range across these forecasts strengthens the case for policy attention to the same underlying issues: investment execution, inflation control, infrastructure delivery, and confidence.⁹

Table 2. Selected Philippine GDP Growth Forecasts

Institution	2026	2027
DBCC	3.5% - 4.5%	5.0% - 6.0%
Asian Development Bank	3.8%	5.3%
World Bank	3.7%	5.2%

Source: DBCC; Asian Development Bank, Asian Development Outlook July 2026; World Bank, Philippines Economic Update, August 2026.

Table 3. 2026 Growth Outlook for Selected ASEAN Economies

Economy	2026 growth forecast
Viet Nam	7.2%
Indonesia	5.2%
Malaysia	4.6%
Philippines	3.8%
Singapore	2.0% - 4.0%
Thailand	1.8%

Source: Asian Development Bank for VietNam, Indonesia, Malaysia, the Philippines and Thailand; Singapore Ministry of Trade and Industry for Singapore.

Growth is becoming more dependent on services, public demand, and exports

The composition of growth in 2026 shows a widening gap between the parts of the economy that continue to expand and the investment components needed to raise future productive capacity. On the production side, services grew by 4.5% year on year in both the first and second quarters. Agriculture, forestry, and fishing shifted from a 0.2% contraction in the first quarter to 2.7% growth in the second. Industry moved in the opposite direction, declining by 0.1% in the first quarter and by 2.4% in the second. The second-quarter industry contraction was reinforced by weaker construction and mining activity on a seasonally adjusted basis.¹⁰

5 Development Budget Coordination Committee. (8 July 2026). 193rd DBCC Statement on the Review of the Medium-Term Macroeconomic Assumptions and Fiscal Program for FY 2026 to 2030. Retrieved from <https://www.dbm.gov.ph/index.php/management-2/4081-193rd-dbcc-statement-on-the-review-of-the-medium-term-macroeconomic-assumptions-and-fiscal-program-for-fiscal-year-fy-2026-to-2030>

6 Philippine Statistics Authority. (8 April 2026). PSA Releases Annual Revisions of the National Accounts of the Philippines for Years 2024 and 2025. Retrieved from <https://psa.gov.ph/statistics/national-accounts/node/1684083194>

7 Philippine Statistics Authority. (6 August 2026). GDP Growth Rate for the First Quarter of 2026 Maintains at 2.8 Percent. Retrieved from <https://psa.gov.ph/content/gdp-growth-rate-first-quarter-2026-maintains-28-percent>; Philippine Statistics Authority. (7 August 2026). GDP Grows by 2.3 Percent in the Second Quarter of 2026. Retrieved from <https://psa.gov.ph/content/gdp-grows-23-percent-second-quarter-2026>; Philippine Statistics Authority. (7 August 2026). The Seasonally Adjusted National Accounts of the Philippines Second Quarter 2026. Retrieved from <https://psa.gov.ph/content/seasonally-adjusted-national-accounts-philippines-second-quarter-2026-constant-2018-prices>

8 Philippine Statistics Authority. (2020). Selected Statistics on Agriculture 2020, Table 1.1: Macroeconomic Growth Indicators, Philippines, 2015-2019. Retrieved from https://psa.gov.ph/system/files/main-publication/2_SSA2020_final_signed.pdf

9 Development Budget Coordination Committee. (8 July 2026). 193rd DBCC Statement. Retrieved from <https://www.dbm.gov.ph/index.php/management-2/4081-193rd-dbcc-statement-on-the-review-of-the-medium-term-macroeconomic-assumptions-and-fiscal-program-for-fiscal-year-fy-2026-to-2030>; Asian Development Bank. (July 2026). Asian Development Outlook July 2026. Retrieved from <https://www.adb.org/outlook/editions/july-2026>; World Bank. (August 2026). Philippines Economic Update. Retrieved from <https://documents1.worldbank.org/curated/en/099080226035594069/pdf/P512962-7a29452b-8395-42aa-a8a7-15bd5a47d5e4.pdf>

10 Philippine Statistics Authority. (7 May 2026). GDP Grows by 2.8 Percent in the First Quarter of 2026. Retrieved from <https://psa.gov.ph/content/gdp-grows-28-percent-first-quarter-2026>; Philippine Statistics Authority. (7 August 2026). GDP Grows by 2.3 Percent in the Second Quarter of 2026. Retrieved from <https://psa.gov.ph/content/gdp-grows-23-percent-second-quarter-2026>

The demand side tells a similar story. Household final consumption expenditure grew by 3.0% in the first quarter and 2.8% in the second, a moderate pace for an economy where household demand has traditionally been the main growth engine. Government final consumption strengthened from 4.8% to 8.3%, while exports accelerated from 7.8% to 12.2%. Gross capital formation, however, contracted by 3.3% in the first quarter and 9.2% in the second. This pattern means that current growth is receiving greater support from public demand and exports while investment is providing less momentum.¹¹

Table 4. Selected Expenditure-Side Drivers of GDP, 2026 (year-on-year growth)

Expenditure item	Q1 2026	Q2 2026
Household final consumption	3.0%	2.8%
Government final consumption	4.8%	8.3%
Gross capital formation	-3.3%	-9.2%
Exports of goods and services	7.8%	12.2%
Imports of goods and services	6.1%	5.5%

Source: Philippine Statistics Authority, First and Second Quarter 2026 National Accounts.

For competitiveness, the contraction in capital formation is the critical signal in the first-half data. Investment today determines production capacity, infrastructure quality, technology adoption, and future job creation. A sustained recovery depends on moving public and private projects from approval into implementation, improving certainty around project timelines and regulatory requirements, and maintaining a pipeline of infrastructure and industrial investments. Faster growth built on investment would also broaden the base of expansion beyond consumption and recurring public expenditure.¹²

Remittances continue to provide a stabilizing source of household income and foreign exchange. Personal remittances reached USD 19.12 billion in the first half of 2026, while cash remittances coursed through banks reached USD 17.15 billion, up 2.4% from the same period in 2025. This inflow supports consumption and household balance sheets. Its growth rate is modest relative to the increase in consumer prices, which reduces the real purchasing-power support that remittances provide. Domestic productivity and wage growth carry greater importance for sustaining household demand over the medium term.¹³

Inflation and monetary policy: protecting purchasing power while supporting recovery

Inflation remained a significant macroeconomic pressure in 2026. The annual average inflation rate fell to 1.7% in 2025, creating a relatively favorable starting point. Price conditions shifted rapidly this year as global energy costs, transport prices, food pressures, and supply disruptions fed into the domestic economy. Headline inflation reached 6.2% in July 2026, easing from 6.4% in June, while the January-to-July average stood at 5.0%. Core inflation was 4.2% in July, indicating that price pressures have extended beyond the most volatile food and energy items.¹⁴

The composition of July inflation shows why the current episode has broad economic consequences. Food and non-alcoholic beverages contributed 2.0 percentage points to headline inflation, housing,

water, electricity, gas and other fuels contributed 1.7 percentage points, and transport contributed 1.1 percentage points. These categories affect both household welfare and the operating costs of businesses. Higher logistics, electricity, and input costs can compress margins, delay investment decisions, and eventually pass through to consumer prices. The burden is especially significant for lower-income households, whose spending is more concentrated in essential goods and services.¹⁵

The DBCC expects inflation to average 6.0% to 7.0% for the full year, while ADB projects 5.9%. These forecasts point to continued price pressure through the remainder of 2026 before easing in 2027. The policy objective is therefore clear: contain second-round effects, reduce supply bottlenecks, and protect the credibility of the inflation framework while preserving room for productive investment. Measures that improve food supply, energy resilience, logistics efficiency, and competition can complement monetary policy by addressing the supply-side sources of inflation.¹⁶

As of 20 August 2026, the BSP target reverse repurchase rate stood at 4.75%, compared with 5.25% a year earlier. The current setting reflects a difficult balance. Growth is weak enough to benefit from lower financing costs, while inflation remains elevated enough to require vigilance. For businesses, the path of inflation and interest rates will influence borrowing costs, working capital, expansion plans, housing and vehicle demand, and the exchange rate. A credible return of inflation toward the target range would therefore support both household purchasing power and a more predictable investment environment.¹⁷

Human capital and labor market: moving from employment quantity to job quality

The labor market in 2026 presents a mixed picture. The number of employed Filipinos rose to 50.66 million in June from 50.47 million a year earlier. At the same time, the employment rate declined to 95.1% from 96.3%, while unemployment increased to 4.9% from 3.7%. Underemployment also rose to 12.1% from 11.4%. The labor force participation rate stood at 65.1%. These indicators show that employment creation continues, yet the economy is absorbing a growing labor force with greater difficulty than a year earlier.¹⁸

Table 5. Selected Philippine Labor Market Indicators

Indicator	June 2025	June 2026
Labor force participation rate	65.7%	65.1%
Employment rate	96.3%	95.1%
Unemployment rate	3.7%	4.9%
Underemployment rate	11.4%	12.1%
Employed persons	50.47 million	50.66 million

Source: Philippine Statistics Authority, June 2026 Labor Force Survey.

Services accounted for 62.7% of total employment in June 2026, compared with 20.0% for agriculture and 17.3% for industry. Within services, accommodation and food service activities, administrative and support services, public administration, and education recorded some of the largest annual employment

¹¹ Philippine Statistics Authority. (7 May 2026). GDP Grows by 2.8 Percent in the First Quarter of 2026. Retrieved from <https://psa.gov.ph/content/gdp-grows-28-percent-first-quarter-2026>; Philippine Statistics Authority. (7 August 2026). GDP Grows by 2.3 Percent in the Second Quarter of 2026. Retrieved from <https://psa.gov.ph/content/gdp-grows-23-percent-second-quarter-2026>

¹² Philippine Statistics Authority. (7 August 2026). GDP Grows by 2.3 Percent in the Second Quarter of 2026. Retrieved from <https://psa.gov.ph/content/gdp-grows-23-percent-second-quarter-2026>

¹³ Bangko Sentral ng Pilipinas. (accessed 20 August 2026). Overseas Filipino Remittances. Retrieved from <https://www.bsp.gov.ph/statistics/external/ofw.aspx>

¹⁴ Philippine Statistics Authority. (6 January 2026). Summary Inflation Report Consumer Price Index (2018=100): December 2025. Retrieved from <https://psa.gov.ph/price-indices/cpi-ir/node/1684081387>; Philippine Statistics Authority. (5 August 2026). Summary Inflation Report Consumer Price Index (2018=100): July 2026. Retrieved from <https://psa.gov.ph/content/summary-inflation-report-consumer-price-index-2018100-july-2026>

¹⁵ Philippine Statistics Authority. (5 August 2026). Summary Inflation Report Consumer Price Index (2018=100): July 2026. Retrieved from <https://psa.gov.ph/content/summary-inflation-report-consumer-price-index-2018100-july-2026>

¹⁶ Development Budget Coordination Committee. (8 July 2026). 193rd DBCC Statement. Retrieved from <https://www.dbm.gov.ph/index.php/management-2/4081-193rd-dbcc-statement-on-the-review-of-the-medium-term-macroeconomic-assumptions-and-fiscal-program-for-fiscal-year-fy-2026-to-2030>; Asian Development Bank. (July 2026). Asian Development Outlook July 2026. Retrieved from <https://www.adb.org/outlook/editions/july-2026>

¹⁷ Bangko Sentral ng Pilipinas. (20 August 2026). Daily Key Statistical Indicators Report. Retrieved from https://www.bsp.gov.ph/statistics/keystat/keystat_data.aspx

¹⁸ Philippine Statistics Authority. (6 August 2026). Number of Employed Persons Increased to 50.66 Million as Labor Force Participation Rose in June 2026. Retrieved from <https://psa.gov.ph/content/number-employed-persons-increased-5066-million-labor-force-participation-rose-june-2026>

gains. Wholesale and retail trade posted the largest annual decline in employment, while construction and financial and insurance activities also recorded losses. The sectoral pattern reinforces the importance of creating productive private-sector jobs across a wider range of industries.¹⁹

For the next phase of growth, job quality, productivity, and skills alignment deserve the same attention as the headline employment rate. Underemployment of 12.1% means 6.11 million employed people wanted additional hours or better work. Youth employment conditions also weakened, with the youth employment rate at 86.5% in June. A stronger investment cycle would support labor demand, while closing skills gaps also requires education, technical training, digital capabilities, and stronger industry-academe coordination. These capabilities will help workers move into higher-productivity jobs as technology and business models evolve.²⁰

Foreign direct investment: rebuilding confidence and converting interest into actual capital

Actual foreign direct investment (FDI) inflows weakened during the first five months of 2026. BSP data show net FDI inflows of USD 2.18 billion from January to May, down 33.4% from USD 3.27 billion in the same period of 2025. May inflows were USD 210 million, compared with USD 595 million a year earlier. The largest reduction came from net investments in debt instruments, which fell to USD 1.25 billion from USD 2.48 billion. Equity and investment fund shares, by contrast, increased to USD 925 million from USD 788 million, including a rise in net equity capital other than reinvested earnings.²¹

Table 6. Net Foreign Direct Investment Flows, January to May

Component	2025	2026
Total net FDI inflows	USD 3.270 billion	USD 2.178 billion
Equity and investment fund shares	USD 788 million	USD 925 million
Net equity capital, excluding reinvested earnings	USD 364 million	USD 541 million
Reinvestment of earnings	USD 424 million	USD 383 million
Debt instruments, net	USD 2.482 billion	USD 1.253 billion

Source: Bangko Sentral ng Pilipinas, Foreign Direct Investment, May 2026. Figures are preliminary; totals may differ because of rounding.

The decline in actual FDI matters because investment decisions are highly sensitive to confidence, policy predictability, project execution, infrastructure reliability, and access to skilled labor. The World Bank identifies policy uncertainty and weaker fixed investment as major contributors to the 2026 slowdown. The immediate policy opportunity is to strengthen the conversion of investor interest into implemented projects through clear rules, consistent agency coordination, efficient permitting, and credible timelines. These factors directly affect the cost and risk of committing long-term capital.²²

Approved foreign investments: a stronger pipeline with a clear realization challenge

Approved foreign investment commitments provide a more positive signal. The Philippine Statistics Authority reported PHP 42.64 billion in approved foreign investments in the first quarter of 2026 and

PHP 115.20 billion in the second quarter. Combined, first-half approvals reached PHP 157.84 billion, about 63.6% higher than the PHP 96.47 billion approved in the same two quarters of 2025. The second-quarter result alone represented a 68.2% year-on-year increase. This pipeline shows that international investors continue to identify opportunities in the Philippine market even while actual FDI inflows remain soft.²³

European investment featured prominently in the second-quarter approvals. The Netherlands accounted for PHP 50.74 billion, or 44.0% of approved foreign investments, while Germany contributed PHP 18.05 billion, or 15.7%. Together, the two European economies represented 59.7% of the quarter's approved foreign investments. Manufacturing received the largest industry share at PHP 78.81 billion, equivalent to 68.4% of the total. These figures are particularly significant for ECCP because they demonstrate the continuing potential for European capital to support industrial upgrading and productive investment in the Philippines.²⁴

Table 7. Approved Foreign Investments, First Half of 2026

Period / item	Amount / share
Q1 2026 approved foreign investments	PHP 42.64 billion
Q2 2026 approved foreign investments	PHP 115.20 billion
H1 2026 total	PHP 157.84 billion
Q2 Netherlands share	PHP 50.74 billion / 44.0%
Q2 Germany share	PHP 18.05 billion / 15.7%
Q2 manufacturing share	PHP 78.81 billion / 68.4%

Source: Philippine Statistics Authority. H1 total is the sum of reported Q1 and Q2 approvals; percentages are based on PSA quarterly releases.

The contrast between rising approvals and falling actual FDI is an important macroeconomic signal. BSP FDI statistics capture actual inflows, while PSA approved foreign investment data capture commitments registered with investment promotion agencies. A stronger approval pipeline therefore creates an opportunity, while realization depends on whether projects advance through financing, permitting, land, infrastructure, regulatory, and implementation stages. The policy objective is to shorten that distance between approval and operation so investment commitments translate into productive capacity, technology transfer, exports, and employment.²⁵

The employment profile of approved projects also deserves attention. Total approved investments from foreign and Filipino nationals in the second quarter reached PHP 541.51 billion, up 73.1% year on year, yet projected employment from approved investments declined by 21.9% to 32,167 jobs. This can reflect the capital-intensive nature of major projects, particularly in manufacturing and energy. It also highlights the importance of evaluating investment outcomes through several lenses: capital formation, productivity, technology, supply-chain development, exports, regional development, and the quality of jobs created.²⁶

19 Philippine Statistics Authority. (6 August 2026). June 2026 Labor Force Survey. Retrieved from <https://psa.gov.ph/content/number-employed-persons-increased-5066-million-labor-force-participation-rose-june-2026>

20 Philippine Statistics Authority. (6 August 2026). June 2026 Labor Force Survey. Retrieved from <https://psa.gov.ph/content/number-employed-persons-increased-5066-million-labor-force-participation-rose-june-2026>

21 Bangko Sentral ng Pilipinas. (10 August 2026). Foreign Direct Investment, May 2026. Retrieved from https://www.bsp.gov.ph/Media_And_Research/Media%20Releases/2026_08/news-08102026a1.aspx

22 World Bank. (3 August 2026). Philippines Reaches Upper-Middle-Income Status; Bolder Reforms Critical for More Inclusive Growth and Job Creation. Retrieved from <https://www.worldbank.org/en/news/press-release/2026/08/03/ph-reaches-upper-middle-income-status-bolder-reforms-critical-for-more-inclusive>

23 Philippine Statistics Authority. (14 May 2026). Approved Foreign Investments Registered PHP 42.64 Billion in the First Quarter of 2026. Retrieved from <https://psa.gov.ph/content/approved-foreign-investments-registered-php-4264-billion-first-quarter-2026>; Philippine Statistics Authority. (13 August 2026). Approved Foreign Investments in the Second Quarter of 2026 Registers PHP 115.20 Billion, A Year-on-Year Growth of 68.2 Percent. Retrieved from <https://psa.gov.ph/content/approved-foreign-investments-second-quarter-2026-registers-php-11520-billion-year-year>

24 Philippine Statistics Authority. (13 August 2026). Approved Foreign Investments in the Second Quarter of 2026 Registers PHP 115.20 Billion, A Year-on-Year Growth of 68.2 Percent. Retrieved from <https://psa.gov.ph/content/approved-foreign-investments-second-quarter-2026-registers-php-11520-billion-year-year>

25 Bangko Sentral ng Pilipinas. (10 August 2026). Foreign Direct Investment, May 2026: Statistical Notes on BSP FDI and PSA Approved Foreign Investments. Retrieved from https://www.bsp.gov.ph/Media_And_Research/Media%20Releases/2026_08/news-08102026a1.aspx

26 Philippine Statistics Authority. (13 August 2026). Approved Foreign Investments in the Second Quarter of 2026 Registers PHP

Fiscal position and public spending: sustaining growth while protecting fiscal space

Fiscal policy is carrying a larger share of the growth burden in 2026. Government final consumption grew by 8.3% year on year in the second quarter, while the DBCC expects national government disbursements to reach PHP 6.47 trillion for the year, equivalent to 21.2% of GDP. Revenues are programmed at PHP 4.81 trillion, or 15.8% of GDP, producing a fiscal deficit of PHP 1.66 trillion or 5.4% of GDP. The government plans to reduce the deficit gradually to 3.5% of GDP by 2030.²⁷

Table 8. Medium-Term Fiscal Program

Particulars	2026	2027
Revenues	PHP 4.807 trillion	PHP 5.206 trillion
Revenues as % of GDP	15.8%	15.7%
Disbursements	PHP 6.466 trillion	PHP 6.901 trillion
Disbursements as % of GDP	21.2%	20.8%
Fiscal deficit	PHP 1.659 trillion	PHP 1.695 trillion
Deficit as % of GDP	5.4%	5.1%

Source: Development Budget Coordination Committee, 193rd DBCC Statement, 8 July 2026.

The national government’s outstanding debt reached PHP 19.07 trillion at end-June 2026. This level increases the importance of spending quality and project returns. Public expenditure can support demand during a slowdown, but its strongest long-term contribution comes from infrastructure, human capital, digital systems, and public services that raise private-sector productivity. The 2027 proposed national budget of PHP 7.2 trillion therefore places greater emphasis on high-impact spending, infrastructure governance, project monitoring, and the acceleration of key public-private partnership initiatives.²⁸

For businesses and investors, fiscal credibility affects interest rates, taxation expectations, infrastructure reliability, and perceptions of macroeconomic risk. Growth-supportive consolidation therefore requires both revenue performance and expenditure discipline. Better procurement, transparent project selection, stronger oversight, and faster implementation can help government preserve fiscal space while ensuring that public spending addresses the infrastructure and service gaps that constrain competitiveness.²⁹

115.20 Billion, A Year-on-Year Growth of 68.2 Percent. Retrieved from <https://psa.gov.ph/content/approved-foreign-investments-second-quarter-2026-registers-php-11520-billion-year-year>

27 Development Budget Coordination Committee. (8 July 2026). 193rd DBCC Statement on the Review of the Medium-Term Macroeconomic Assumptions and Fiscal Program for FY 2026 to 2030. Retrieved from <https://www.dbm.gov.ph/index.php/management-2/4081-193rd-dbcc-statement-on-the-review-of-the-medium-term-macroeconomic-assumptions-and-fiscal-program-for-fiscal-year-fy-2026-to-2030>

28 Bureau of the Treasury. (30 July 2026). NG Debt Increases to PHP 19.07 Trillion as of End-June 2026. Retrieved from <https://www.treasury.gov.ph/> ; Development Budget Coordination Committee. (8 July 2026). 193rd DBCC Statement. Retrieved from <https://www.dbm.gov.ph/index.php/management-2/4081-193rd-dbcc-statement-on-the-review-of-the-medium-term-macroeconomic-assumptions-and-fiscal-program-for-fiscal-year-fy-2026-to-2030>

29 Development Budget Coordination Committee. (8 July 2026). 193rd DBCC Statement. Retrieved from <https://www.dbm.gov.ph/index.php/management-2/4081-193rd-dbcc-statement-on-the-review-of-the-medium-term-macroeconomic-assumptions-and-fiscal-program-for-fiscal-year-fy-2026-to-2030>

Trade and the external sector: strong exports amid a more volatile global environment

Merchandise trade has been one of the strongest areas of the 2026 macroeconomic picture. Total external trade in goods reached USD 22.48 billion in June, 21.3% higher than a year earlier and the highest monthly total since the series began in 1991. Exports reached USD 8.77 billion, up 24.1% year on year, while imports reached USD 13.71 billion, up 19.6%. The trade deficit stood at USD 4.94 billion. Seasonally adjusted manufactured exports rose by 11.4% from May to June, reinforcing the role of manufacturing and electronics-related demand in supporting the external sector.³⁰

Table 9. Philippine Merchandise Trade, June 2026

Indicator	June 2026	Year-on-year change
Total external trade	USD 22.48 billion	21.3%
Exports	USD 8.77 billion	24.1%
Imports	USD 13.71 billion	19.6%
Balance of trade	USD -4.94 billion	Deficit widened 12.3%

Source: Philippine Statistics Authority, International Merchandise Trade Statistics, June 2026.

The export performance provides a valuable counterweight to weaker domestic investment. It also increases the importance of trade facilitation, port and logistics efficiency, energy reliability, standards compliance, and access to competitive inputs. At the same time, the wider trade deficit and the weaker peso assumption create exposure to imported inflation, especially when energy and food prices are elevated. Strong export growth therefore needs to translate into deeper domestic value chains and higher local productivity to maximize its contribution to the broader economy.³¹

External conditions remain volatile. ADB expects the Middle East conflict to continue affecting energy markets, freight costs, supply chains, and inflation across developing Asia, while uncertainty around tariff policy remains a risk for trade-dependent economies. The Philippines benefits from diversified markets, a sizeable domestic economy, and resilient services exports and remittances. Its external competitiveness will still depend on how quickly firms can move goods, access energy, comply with standards, adopt technology, and connect to regional and global value chains.³²

30 Philippine Statistics Authority. (30 July 2026). International Merchandise Trade Statistics of the Philippines, June 2026 (Preliminary). Retrieved from <https://psa.gov.ph/statistics/export-import/monthly> ; Philippine Statistics Authority. (30 July 2026). Seasonally Adjusted Value of International Merchandise Trade Statistics of the Philippines, June 2026. Retrieved from <https://psa.gov.ph/statistics/seasonally-adjusted-export-and-import>

31 Philippine Statistics Authority. (30 July 2026). International Merchandise Trade Statistics of the Philippines, June 2026 (Preliminary). Retrieved from <https://psa.gov.ph/statistics/export-import/monthly> ; Development Budget Coordination Committee. (8 July 2026). 193rd DBCC Statement. Retrieved from <https://www.dbm.gov.ph/index.php/management-2/4081-193rd-dbcc-statement-on-the-review-of-the-medium-term-macroeconomic-assumptions-and-fiscal-program-for-fiscal-year-fy-2026-to-2030>

32 Asian Development Bank. (July 2026). Asian Development Outlook July 2026: A Fragile Outlook as Energy Market Disruptions Persist. Retrieved from <https://www.adb.org/outlook/editions/july-2026>

Outlook: turning the 2026 slowdown into a stronger 2027 recovery

The Philippine economy is likely to enter 2027 with a stronger growth base if inflation continues to ease, investment activity recovers, and approved projects move into implementation. The DBCC targets 5.0% to 6.0% growth in 2027, while ADB projects 5.3% and the World Bank projects 5.2%. These forecasts imply a meaningful rebound from 2026, but the composition of that rebound will matter as much as the headline rate. A recovery led by productive investment, infrastructure, exports, and higher-value services would strengthen the country's capacity for sustained growth.³³

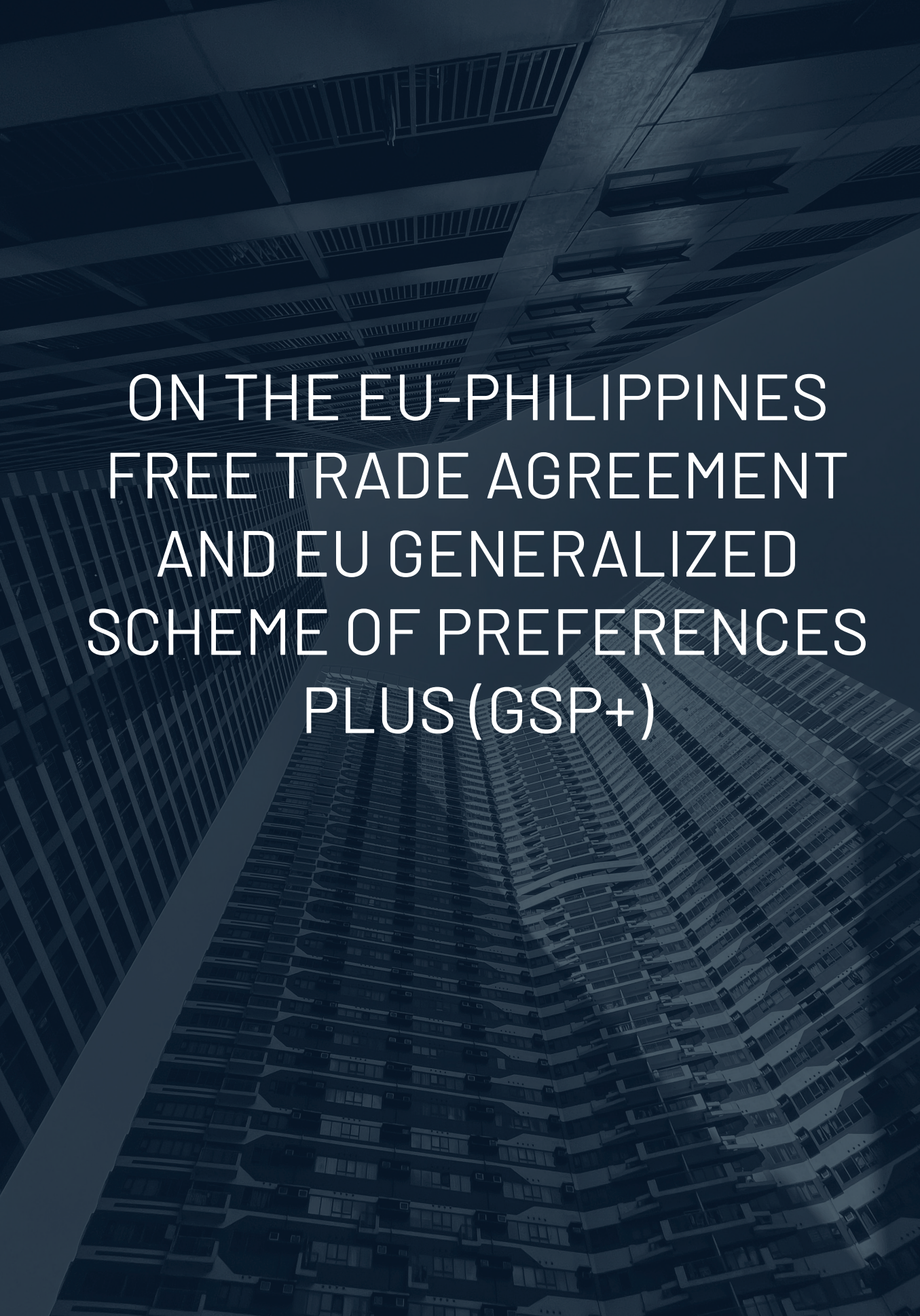
The 2026 data identify several priorities for that transition. First, investment confidence needs to translate into actual capital formation. Approved foreign investment commitments are expanding, especially in manufacturing and from European investors, while realized FDI and gross capital formation have weakened. Second, price stability needs to be restored so household purchasing power and business planning can recover. Third, public spending needs to deliver measurable productivity gains while the fiscal deficit narrows over the medium term. Fourth, employment growth needs to produce more high-productivity and higher-quality jobs, supported by skills development and stronger links between education and industry.

The Philippines' new upper-middle-income status raises the ambition for economic policy. The next benchmark is sustained competitiveness: an economy that can attract long-term investment, integrate more deeply into value chains, build reliable infrastructure, deploy technology productively, and create better jobs across regions. The country has substantial assets in its workforce, services sector, domestic market, reform experience, and strategic location. Converting these assets into stronger outcomes requires consistent execution, policy predictability, effective inter-agency coordination, and credible public-private partnership.

The macroeconomic picture strengthens the case for a reform agenda centered on competitiveness, implementation, and confidence. The Chamber and its committees can support this agenda through technical input, member consultations, sector expertise, and sustained public-private dialogue. ECCP stands ready to work with government, industry stakeholders, the European business community, and development partners in advancing practical reforms that support investment, productivity, sustainability, quality employment, and inclusive economic growth.

³³ Development Budget Coordination Committee. (8 July 2026). 193rd DBCC Statement. Retrieved from <https://www.dbm.gov.ph/index.php/management-2/4081-193rd-dbcc-statement-on-the-review-of-the-medium-term-macroeconomic-assumptions-and-fiscal-program-for-fiscal-year-fy-2026-to-2030> ; Asian Development Bank. (July 2026). Asian Development Outlook July 2026. Retrieved from <https://www.adb.org/outlook/editions/july-2026>; World Bank. (August 2026). Philippines Economic Update. Retrieved from <https://documents1.worldbank.org/curated/en/099080226035594069/pdf/P512962-7a29452b-8395-42aa-a8a7-15bd5a47d5e4.pdf>





ON THE EU-PHILIPPINES FREE TRADE AGREEMENT AND EU GENERALIZED SCHEME OF PREFERENCES PLUS (GSP+)

A 2026 UPDATE

Introduction

On 1 July 2026, the World Bank reclassified the Philippines as an upper-middle-income country. This is an important milestone and a welcome signal of progress. It also underscores the need to plan the next phase of trade policy with greater certainty, particularly for exporters and investors that rely on predictable access to major markets.

For more than a decade, the EU Generalised Scheme of Preferences Plus (GSP+) has supported Philippine exports by providing preferential access to the European market. As the Philippines moves into a higher income classification and as the European Union implements a revised GSP framework, the policy challenge is to ensure continuity while preparing for a more permanent, reciprocal, and rules-based economic partnership.

The Philippines entered upper-middle-income status under the World Bank Group's FY27 income classification after moving up from the lower-middle-income category. The World Bank attributed the change to broad-based expansion, with Philippine GDP growing at an average of 5.8% per year over five years.¹ GSP eligibility is calibrated to income classification, so the change is directly relevant to the scheme. The World Bank has also described upper-middle-income status as a launchpad, noting that the next stage of development will require deeper reforms in infrastructure, human capital, energy, investment, innovation, and governance.²

This framing is especially relevant to the EU-PH FTA. A high-quality agreement can support the Philippines' next phase of development by strengthening predictability in customs procedures, standards, services, investment, digital trade, and government procurement. For businesses, the value of an FTA is the ability to make investment, certification, logistics, and supply-chain decisions with greater confidence.

GSP+ remains valuable, but it is unilateral and subject to eligibility conditions. The EU's new GSP Regulation, adopted on 17 June 2026 and applicable from 1 January 2027, introduces a new framework for the following decade. Current GSP+ beneficiaries retain their status through a transition period ending 31 December 2028, subject to the relevant EU processes and revised conditions.³

The Philippines' income reclassification does not, by itself, determine the final timetable for future preferential access. That remains a matter for the EU institutions and formal processes. It does, however, make transition planning more important. The central question for 2026 is how to preserve the practical gains of GSP+ while moving toward an agreement that is negotiated, reciprocal, and more durable.

1 Metreau, E., Young, K.E., & Eapen, S.G. (1 July 2026). Who moves up and why? A closer look at the 2026-2027 release of the World Bank Group Country Income Classifications. World Bank Blogs. Retrieved from <https://blogs.worldbank.org/en/odata/who-moves-up-and-why-a-closer-look-at-the-new-world-bank-group>

2 Mustafaoğlu, Z. (7 July 2026). Upper-middle income: A launchpad for the Philippines' future. World Bank. Retrieved from <https://www.worldbank.org/en/news/opinion/2026/07/07/upper-middle-income-a-launchpad-for-the-philippines-future>

3 Regulation (EU) 2026/1395 of the European Parliament and of the Council of 17 June 2026 applying a generalised scheme of tariff preferences and repealing Regulation (EU) No 978/2012, OJ 22 June 2026, Article 45(3). Retrieved from <https://eur-lex.europa.eu/eli/reg/2026/1395/oj/eng>.

This paper builds on positions set out in previous ECCP Advocacy Papers. In 2024, the Chamber emphasized the EU-PH FTA as an instrument for deepening economic openness and attracting European investment. In 2025, the Chamber highlighted the need for a successor framework to GSP+ to avoid a loss of competitiveness for Philippine exporters. In 2026, the focus is implementation-ready transition: concluding an agreement that can be used by firms, implemented by agencies, and understood by exporters of different sizes.

For the European-Philippine business community, the priority is clear. The FTA should preserve and build on what GSP+ has delivered, expand opportunities for both Philippine and European companies, and support a trade and investment relationship that contributes to competitiveness, sustainability, job creation, consumer welfare, and inclusive growth.

Recent Reforms and Industry Developments

The current negotiation builds on a long-standing economic relationship. EU-PH FTA talks opened in December 2015, reached a second round in February 2017, and resumed in March 2024 after a seven-year pause. The resumption took place in a larger and more complex trade and investment environment. According to European Commission figures, bilateral goods trade reached EUR 17.6 billion in 2025, equivalent to around 8.3% of the Philippines' total trade in goods, making the EU the country's fourth-largest trading partner. Services trade reached EUR 10.3 billion in 2024, while EU foreign direct investment stock in the Philippines stood at EUR 15.4 billion.⁴

Philippine statistics also show the importance of this relationship. In 2025, the Philippines exported USD 9.77 billion worth of goods to EU member states and imported USD 8.34 billion from them.⁵ On European Commission figures, electronics continue to lead Philippine exports to Europe, alongside products such as coconut oil, machinery, and preserved tuna, while EU exports to the Philippines include aircraft, machinery, pharmaceuticals, pork, and dairy products.⁶

The negotiations have also become more concrete. During the fourth round in Cebu in October 2025, both sides continued work on the legal architecture of the agreement and advanced discussions across key chapters.⁷ By the fifth round in Brussels in March 2026 and the sixth round in Manila in May 2026, the discussions had moved further into market access, including goods, services, investment, government procurement, rules of origin, intellectual property, and digital trade.⁸

This progression matters because an FTA becomes commercially meaningful when commitments are translated into schedules, procedures, and implementation rules. Businesses will look closely at product coverage, transition periods, rules of origin, documentation requirements, procurement thresholds, regulatory cooperation mechanisms, and the consistency of implementation across agencies.

Following the sixth round, a seventh round was held in Brussels from 29 June to 3 July 2026. Trade Secretary Cristina Roque has indicated that further work remains on agricultural provisions, that a compromise has been reached but is not yet public, and that she is coordinating with the Secretary of Agriculture. The Department of Trade and Industry has also indicated its intention to work toward a conclusion before the ASEAN Summit in November.⁹ Government procurement has reportedly advanced through a phased approach.¹⁰

At the time of drafting, the European Commission had published official negotiation documents and round reports only through the sixth round.¹¹ ECCP therefore notes post-seventh-round developments on the basis of public reporting and subject to confirmation by the negotiating parties, while maintaining support for continued constructive engagement toward conclusion.

At the same time, the legal framework for GSP+ has changed. On 17 June 2026, the EU adopted a new GSP Regulation to replace the 2012 Regulation. The new framework applies from 1 January 2027 and provides transitional arrangements for existing GSP+ beneficiaries through 31 December 2028, with any continuation requiring assessment under revised conditions.¹² This reinforces the importance of preparing exporters, agencies, and stakeholders for a managed transition.

The stakes are significant. GSP+ allowed EUR 2.2 billion of Philippine exports to enter the EU duty-free in 2024, roughly a quarter of Philippine exports to Europe, with utilization reaching 80%. Coconut oil, tuna, and pineapples were among the largest beneficiaries, while many small and medium exporters used the scheme as a practical route into the European market.¹³

A commercially meaningful FTA can protect these gains while expanding the opportunity beyond tariff preferences. It can support export diversification, supply-chain integration, services trade, digital trade, investment attraction, and higher-value participation in regional and global value chains. The International Trade Centre has estimated untapped Philippine export potential to the EU at USD 8.3 billion, while industry stakeholders have pointed to the potential employment gains in garments and other export-oriented sectors.

ECCP member feedback points to the same conclusion: market access will matter most if it is supported by implementation. In the 2025 ECCP Business Sentiment Survey, 48.3% of respondents rated the conclusion of the FTA as important or very important to their operations, with tariff reduction and market access identified as among the most expected benefits. At the same time, among firms engaged in trade, only 18.1% described Philippine customs procedures as speedy and efficient, while 90% reported that significant barriers continue to affect their trade, investment, or business operations.¹⁴

4 European Commission. (n.d.). EU trade relations with the Philippines. Retrieved from https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/philippines_en

5 Philippine Statistics Authority. (26 March 2026). International Merchandise Trade Statistics of the Philippines, 2025. Retrieved from <https://psa.gov.ph/statistics/export-import/annual/node/1684083140>

6 European Commission. (n.d.). EU trade relations with the Philippines. Retrieved from https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/philippines_en

7 European External Action Service. (October 2025). Fourth Round of EU-PH FTA Negotiations held. Retrieved from https://www.eeas.europa.eu/delegations/philippines/fourth-round-eu-ph-fta-negotiations-held_en

8 European External Action Service. (March 2026). Fifth round of negotiations for a European Union - Philippines Free Trade Agreement (EU-PH FTA). Retrieved from https://www.eeas.europa.eu/delegations/philippines/fifth-round-negotiations-european-union-%E2%80%93-philippines-free-trade-agreement-eu-ph-fta_en ; European External Action Service. (May 2026). Sixth round of negotiations for a European Union - Philippines Free Trade Agreement (EU-PH FTA). Retrieved from https://www.eeas.europa.eu/delegations/philippines/sixth-round-negotiations-european-union-%E2%80%93-philippines-free-trade-agreement-eu-ph-fta_en

9 Desiderio, L. (20 July 2026). Philippines wants to wrap up FTA talks with European Union before November. The Philippine Star. Retrieved from <https://www.philstar.com/business/2026/07/20/2543214/philippines-wants-wrap-fta-talks-european-union-november> ; BusinessWorld. (19 July 2026). Agri issues remain unresolved in EU, Chile FTAs. Retrieved from <https://bworldonline.com/economy/2026/07/19/764424/agri-issues-remain-unresolved-in-eu-chile-ftas/> ; Philippine Daily Inquirer. (20 July 2026). Agri concerns stall PH trade talks with EU, Chile. Retrieved from <https://business.inquirer.net/601252/agri-concerns-stall-ph-trade-talks-with-eu-chile>

10 BusinessWorld. (19 July 2026). Agri issues remain unresolved in EU, Chile FTAs. Retrieved from <https://bworldonline.com/economy/2026/07/19/764424/agri-issues-remain-unresolved-in-eu-chile-ftas/>

11 European Commission. (n.d.). EU-Philippines agreement: Documents. Retrieved from https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/philippines/eu-philippines-agreement/documents_en

12 European Commission and High Representative. (16 July 2026). Joint Report on the Generalised Scheme of Preferences covering 2023-2025, Council document 12037/26; Regulation (EU) 2026/1395, transitional provisions for existing GSP+ beneficiary countries. Retrieved from <https://data.consilium.europa.eu/doc/document/ST-12037-2026-IN17/en/pdf>

13 European Commission. (n.d.). EU trade relations with the Philippines. Retrieved from https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/philippines_en

14 2025 ECCP Business Sentiment Survey Report, pp. 8-9, 14, 19-26, 33. Survey of 172 respondents from the European-Philippine business community.

This is an implementation agenda. The FTA should be accompanied by measures that improve customs predictability, reduce avoidable duplication, clarify licensing and documentary requirements, and strengthen risk-based enforcement. Tariff concessions will be most valuable when businesses can claim them without excessive administrative cost or uncertainty.

Awareness and readiness also deserve attention. The same survey found that 52.9% of respondents reported no familiarity with GSP+, and awareness of the FTA negotiations remained uneven. While this partly reflects the profile of respondents, including firms not directly engaged in EU-PH trade, it highlights the need for clearer communication, especially for small and medium enterprises and first-time exporters.

The proposed Pre-Border Technical Verification (PTV) and Cross-Border Electronic Invoicing (CEI) system under AO 23, s. 2024 and JAO 001-2025 illustrates the importance of implementation design. The policy objective is legitimate: addressing misdeclaration, undervaluation, and unsafe imports supports both public interest and fair competition. The business concern relates to scope, proportionality, and timing. If implemented broadly without sufficient risk differentiation and consultation, the system may increase cost and delay for compliant traders.¹⁵

The same theme was raised in the Philippines' WTO Trade Policy Review in June 2026, where the EU requested updates on measures to improve border procedures, reduce costs, and enhance predictability for traders.¹⁶ This aligns with ECCP's long-standing position that customs modernization and trade facilitation should advance together with stronger enforcement.

ADVOCACY RECOMMENDATIONS

Conclude the FTA within a practical transition timetable

The ECCP supports the timely conclusion of a comprehensive, balanced, and commercially meaningful EU-PH FTA. Both sides should work toward a clear and practical transition timetable that allows exporters, importers, investors, and implementing agencies to prepare.

The agreement should be ambitious enough to improve market access and investor confidence, while also being practical enough for agencies to administer and for firms of different sizes to use. Small and medium enterprises are a useful test case. If rules of origin, documentation, or certification procedures are too complex relative to the benefit, many smaller exporters will not be able to fully utilize the agreement.

The Philippines' upper-middle-income transition gives this recommendation added relevance. A strong FTA can help anchor the next phase of the country's competitiveness agenda by providing a more stable and rules-based platform for trade, investment, and regulatory cooperation.

¹⁵ Department of Finance. (24 January 2025). DOF issues Joint Administrative Order to implement pre-border technical verification and cross-border e-invoicing system. Retrieved from <https://www.dof.gov.ph/dof-successfully-issues-jao-to-implement-pre-border-technical-verification-and-cross-border-e-invoicing-system-that-will-protect-consumers-from-unsafe-goods/> ; PortCalls Asia. (25 January 2025). JAO implements pre-border inspection, e-invoicing. Retrieved from <https://portcalls.com/jao-implements-pre-border-inspection-e-invoicing/>

¹⁶ European External Action Service. (24 June 2026). EU Statement at the Trade Policy Review of the Philippines. Retrieved from https://www.eeas.europa.eu/delegations/world-trade-organization-wto/eu-statement-trade-policy-review-philippines-24-june-2026_en

Prepare a clear GSP+ to FTA continuity plan

The remaining transition period should be used to prepare exporters and implementing agencies. Tariff treatment, rules of origin, documentation requirements, and utilization procedures under an FTA will differ from GSP+. These changes should be explained early and in practical terms.

The ECCP recommends the development of a continuity and readiness plan covering priority export sectors, including agri-food, fisheries, garments, and other sectors that have benefited significantly from GSP+. The plan should also help companies understand opportunities in services, digital trade, energy, industrial supply chains, and investment-related provisions.

A clear communication program, developed with government, the EU, chambers, and industry associations, would reduce uncertainty and improve uptake. The benefit of an agreement depends not only on what it provides, but on whether firms know how to use it.

Place trade facilitation and risk-based customs modernization at the center of implementation

The commercial value of the FTA will be measured significantly at the border. Tariff reductions will have limited impact if goods continue to face avoidable delays, duplicative documentation, inconsistent valuation, or licensing requirements that increase cost without improving compliance.

Risk-based border measures

The ECCP supports customs modernization measures that strengthen trade integrity, improve data quality, and protect consumers from unsafe or non-compliant goods. To ensure that these reforms also support trade facilitation, border controls should be risk-based, targeted, transparent, and developed in consultation with affected industries and trading partners.

In relation to AO 23 and JAO 001-2025, clear product coverage, reasonable transition periods, operational guidance, and proportionate procedures for trusted and compliant traders will be important to achieving the government's enforcement objectives while minimizing unintended trade friction.

Match market access commitments with domestic implementation readiness

Commitments in goods, services, investment, digital trade, and government procurement should be sequenced with realistic assessments of domestic implementation capacity. This does not mean lowering ambition. It means ensuring that commitments are supported by clear procedures, capable institutions, and adequate transition measures.

In agriculture, expanded market access should be accompanied by stronger sanitary and phytosanitary capacity, food safety systems, and support for producers as they adjust. Trade expansion, food safety, and food security can be mutually reinforcing if implementation capacity is built alongside the commitments.

In government procurement, the reported phased approach may offer a practical pathway if thresholds, coverage, timelines, and procedures are communicated clearly to procuring agencies and potential suppliers before commitments take effect.

In digital trade, the agreement should support trusted cross-border transactions, e-commerce, and services exports, while ensuring that data governance rules are clear, administrable, and aligned with the country's broader digital transformation objectives.

Use the FTA to attract higher-quality European investment

European investment in the Philippines remains below what the country's market size, workforce, and services capability could support. The FTA should therefore be positioned not only as a market access agreement, but also as an investment and competitiveness platform.

Priority areas include manufacturing, infrastructure, renewable energy, healthcare, transport and logistics, digital services, and agri-food value chains. Investment in these sectors depends on more than tariff schedules. It requires regulatory predictability, efficient permitting, enforceable standards, transparent rules, and credible dispute-resolution mechanisms.

The public benefit is clear. Higher-quality investment can support jobs, technology transfer, supplier development, consumer choice, sustainability, and regional development. These outcomes are aligned with both Philippine development priorities and the capabilities of European companies.

Institutionalize structured private sector consultation through negotiation and implementation

Structured consultation with the private sector should continue through the final stages of negotiation and, more importantly, into implementation. Sector committees, exporters, SMEs, technical experts, and industry associations can help identify practical bottlenecks while they are still easier to address.

The ECCP stands ready to support this process through committee consultations, technical inputs, policy papers, public-private dialogue, and coordination with European national chambers, the Joint Foreign Chambers, government agencies, and the EU Delegation.

GSP+ has provided valuable unilateral access for Philippine exporters. A high-quality EU-PH FTA can convert those gains into a negotiated, reciprocal, and more durable partnership. Concluding and implementing the agreement well would support a smoother transition, strengthen investor confidence, and create broader opportunities for businesses, consumers, workers, and communities on both sides.





ON THE LUZON ECONOMIC CORRIDOR, PAX SILICA, AND EUROPEAN PARTICIPATION IN STRATEGIC INFRASTRUCTURE

INTRODUCTION

The Luzon Economic Corridor (LEC) is emerging as one of the most significant platforms for coordinated infrastructure and investment cooperation in the Philippines. Launched in April 2024 by the Philippines, the United States, and Japan as the first Indo-Pacific corridor under the G7 Partnership for Global Infrastructure and Investment, the LEC links Subic Bay, Clark, Manila, and Batangas, a geography that serves as a major hub for manufacturing, logistics, trade, and national output.¹

For the European-Philippine business community, the important development is the widening pattern of European participation. In May 2026, eight partners joined the LEC, including Denmark, France, Italy, Sweden, and the United Kingdom. Subsequent official materials for the September 2026 LEC Investment Forum also identify the European Union among participating partners, suggesting a broader Team Europe dimension alongside individual European country commitments. Finance Secretary Frederick Go has also indicated that another European country is expected to join the corridor partnership at the September forum.²

A related supply chain initiative has also become relevant to the corridor. The Philippines joined Pax Silica in April 2026, linking the initiative to a proposed industrial and technology hub in New Clark City within the broader Luzon investment geography. By late June 2026, the European Commission had also joined Pax Silica, a United States-led framework focused on securing supply chains for artificial intelligence, semiconductors, critical minerals, energy, advanced manufacturing, and AI models.³

For ECCP, these developments matter because they bring together several long-standing advocacy priorities in one investment geography: infrastructure delivery, logistics efficiency, energy security, digital connectivity, industrial development, procurement transparency, workforce readiness, and investment facilitation. The corridor's success will depend not only on announced financing, but on whether companies can move from interest to participation through clear rules, visible project pipelines, efficient permitting, open competition, and predictable implementation.

The ECCP welcomes the LEC and related initiatives such as Pax Silica as constructive opportunities to strengthen Philippine competitiveness. This paper focuses on what European business would need in order to participate meaningfully, and how corridor implementation can support the broader reform agenda advanced by the Chamber and its members.

1 U.S. Department of State. (11 April 2024). The United States, the Philippines, and Japan launch the Partnership for Global Infrastructure and Investment Luzon Economic Corridor. Retrieved from <https://2021-2025.state.gov/the-united-states-the-philippines-and-japan-launch-the-partnership-for-global-infrastructure-and-investment-luzon-economic-corridor/>; U.S. Trade and Development Agency. (12 August 2026). USTDA announces the inaugural Luzon Economic Corridor Investment Forum. Retrieved from <https://ustda.gov/ustda-announces-the-inaugural-luzon-economic-corridor-investment-forum/>

2 Embassy of Japan in the Philippines. (12 May 2026). Luzon Economic Corridor expands partnership to accelerate investment and regional prosperity. Retrieved from https://www.ph.emb-japan.go.jp/itpr_en/11_000001_02250.html; U.S. Trade and Development Agency. (12 August 2026). USTDA announces the inaugural Luzon Economic Corridor Investment Forum. Retrieved from <https://ustda.gov/ustda-announces-the-inaugural-luzon-economic-corridor-investment-forum/>; Philippine News Agency. (14 August 2026). European country to back Luzon Economic Corridor expansion. Retrieved from <https://www.pna.gov.ph/articles/1281908>

3 Philippine News Agency. (17 April 2026). PH joins US-led Pax Silica; plan for industrial hub in Luzon corridor unveiled. Retrieved from <https://www.pna.gov.ph/articles/1273139>; Reuters. (25 June 2026). EU joins U.S.-led 'Pax Silica' on securing AI, chip supply chains. Retrieved from <https://www.reuters.com/technology/eu-joins-us-led-pax-silica-securing-ai-chip-supply-chains-2026-06-25/>

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

- European participation has expanded through country-specific contributions. Denmark is supporting Philippine shipbuilding and green maritime innovation with an objective of generating up to 10,000 jobs. France is financing 100 bridges through official development assistance and pursuing industrial capacity building in aeronautics. Italy is expanding public financial support to facilitate Italian company participation in transport, semiconductor, and manufacturing projects. Sweden is supporting the Subic-Clark-Manila-Batangas freight railway through a PhP 74 million grant for feasibility work on signaling systems and operational models. The United Kingdom is deploying its Growth and Investment Partnerships toolkit, including technical assistance, PhP 411 billion in export finance, and capital mobilization for infrastructure and energy projects.⁴
- The corridor's priority workstreams cover transport, energy, digital infrastructure, and advanced manufacturing. Public materials identify the Subic-Clark-Manila-Batangas freight railway as a flagship corridor project, while recent partner onboarding discussions organized work around transport infrastructure, energy infrastructure, and digital infrastructure and advanced manufacturing.⁵
- Pax Silica adds a strategic manufacturing and supply chain layer to the corridor discussion. In the Philippine context, the initiative has been linked to a proposed 4,000-acre hub in New Clark City focused on AI, semiconductors, critical minerals, advanced manufacturing, logistics, and energy infrastructure. For ECCP members, this may create opportunities not only for technology firms, but also for companies in power, water, construction, industrial estates, logistics, compliance, training, finance, and professional services.⁶
- The Philippine government has also advanced reforms that partners identify as relevant to corridor investment, including the CREATE MORE Act, the Public-Private Partnership Code, the Investors' Lease Act, the Accelerated Right-of-Way Act, and capital market reforms. These measures respond to longstanding private sector concerns, but their value will depend on consistent implementation across national agencies, local government units, and economic zones within the corridor.⁷
- The inaugural LEC Investment Forum is scheduled for 10 to 11 September 2026 in Manila and is expected to convene around 600 investors, industry leaders, project developers, financiers, and government officials. The forum will feature project showcases, policy discussions, business-matching activities, and site visits to Subic Bay, Clark, and Batangas.⁸

⁴ Embassy of Japan in the Philippines. (12 May 2026). Luzon Economic Corridor expands partnership to accelerate investment and regional prosperity. Retrieved from https://www.ph.emb-japan.go.jp/itpr-en/11_000001_02250.html; Department of Finance. (May 2026). Luzon Economic Corridor partners joint statement. Retrieved from https://www.dof.gov.ph/wp-content/uploads/2026/05/LEC-Partners_-Joint-Statement.pdf

⁵ Department of Finance. (May 2026). Fact Sheet: Luzon Economic Corridor. Retrieved from <https://www.dof.gov.ph/wp-content/uploads/2026/05/FINAL-LEC-Fact-Sheet.pdf>; Logistics News PH. (17 July 2026). DOF convenes Luzon Economic Corridor partners to advance regional connectivity, infrastructure, and investment. Retrieved from <https://logisticsnews.ph/2026/07/17/dof-convenes-luzon-economic-corridor-partners-to-advance-regional-connectivity-infrastructure-and-investment/>

⁶ Philippine News Agency. (19 June 2026). Gov't fast-tracks incentive package to position PH as AI, semiconductor hub. Retrieved from <https://www.pna.gov.ph/articles/1277669>; Philippine Information Agency. (n.d.). BCDA clarifies misconceptions on Pax Silica project in New Clark City. Retrieved from <https://pia.gov.ph/news/bcda-clarifies-misconceptions-on-pax-silica-project-in-new-clark-city/>

⁷ Department of Finance. (May 2026). Fact Sheet: Luzon Economic Corridor. Retrieved from <https://www.dof.gov.ph/wp-content/uploads/2026/05/FINAL-LEC-Fact-Sheet.pdf>

⁸ U.S. Trade and Development Agency. (12 August 2026). USTDA announces the inaugural Luzon Economic Corridor Investment Forum. Retrieved from <https://ustda.gov/ustda-announces-the-inaugural-luzon-economic-corridor-investment-forum/>

ADVOCACY RECOMMENDATIONS

Establish a single public project pipeline and investor information channel

With multiple partner governments, financing institutions, implementing agencies, and project sponsors involved, project information can easily become fragmented. The ECCP recommends that the corridor Steering Committee, working with the Department of Finance and relevant implementing agencies, maintain a consolidated and regularly updated public project pipeline. This should include project status, responsible agencies, feasibility study timelines, procurement schedules, financing requirements, and contact points. A single reference point would reduce information costs, broaden investor participation, and help European companies, including small and medium enterprises, assess opportunities early.

Ensure open, transparent, and competitive procurement wherever financing arrangements permit

Corridor projects may draw on different financing instruments, including official development assistance, export credit, technical assistance, public-private partnerships, and private capital. The ECCP encourages the Philippine government and corridor partners to apply open, transparent, and competitive procurement principles wherever financing arrangements permit. Competitive tendering supports value for money, improves public trust, and allows firms with relevant European capabilities in rail systems, ports, shipbuilding, grid technology, digital infrastructure, engineering, and advanced manufacturing to compete on the merits of their solutions.

Align corridor implementation with reform delivery

The LEC should be treated not only as an infrastructure map, but as an implementation test for recent reforms. Permitting timelines, right-of-way execution, incentive administration under CREATE MORE, local government coordination, customs and border procedures, and regulatory consistency will determine whether announced projects reach financial close and construction. The ECCP recommends that corridor partners and Philippine agencies track these implementation issues as corridor deliverables in their own right, alongside physical infrastructure progress.

Coordinate European country participation, EU programming, and Pax Silica-related opportunities

European engagement in the corridor is developing through individual member states, while the European Union is also present in broader connectivity, digital, green economy, and supply chain cooperation. The ECCP encourages closer coordination among European member state initiatives, EU programming, and Pax Silica-related opportunities, so that European engagement is visible to Philippine counterparts as a coherent and commercially accessible offer. As the pan-European business organization in the Philippines, the Chamber can support coordination through investor briefings, sector consultations, and practical feedback from companies operating in the corridor.

Support workforce development for corridor-linked industries

Rail systems, port automation, grid modernization, shipbuilding, semiconductors, AI infrastructure, data centers, advanced manufacturing, and industrial services require technical skills that must be planned before project implementation accelerates. The ECCP recommends that workforce development be aligned with corridor timelines through early consultation with industry, TESDA, CHED, local governments, and technical institutions. European companies have long-standing experience in dual training, technical education, and industry-led skills development, and are ready to support programs that prepare Filipino workers for higher-value jobs.

Keep sustainability, resilience, and community impact central to corridor delivery

Infrastructure competitiveness must also be measured by resilience, environmental performance, and public benefit. The ECCP encourages corridor partners to embed sustainability, climate resilience, responsible business conduct, and community engagement into project planning and procurement. Doing so will help ensure that the corridor strengthens not only logistics and investment flows, but also the long-term quality of infrastructure, jobs, and local development outcomes.

The Luzon Economic Corridor's significance will ultimately be measured not by the number of partner announcements, but by the extent to which these commitments translate into bankable projects, competitive procurement, efficient permitting, reliable infrastructure, and stronger supply chains. For European businesses, the opportunity lies in helping deliver the technical, financial, and operational capabilities required to move the corridor from strategic concept to practical implementation.





AGRICULTURE ADVOCACY PAPER 2026

INTRODUCTION

Agriculture is no longer only a question of production. For the Philippines, it is a competitiveness issue, a resilience issue, and a national development issue. The sector sits at the intersection of food security, household welfare, rural employment, trade, investment, and the country's ability to build more productive domestic value chains. Its performance affects not only what the country produces, but also the cost and reliability of food, the incomes of millions of Filipinos, the strength of rural economies, and the capacity of Philippine enterprises to compete in regional and global markets.

This matters now because Philippine agriculture is entering a period in which resilience and competitiveness must advance together. Agriculture, forestry, and fishing (AFF) recovered in 2025 after contracting in 2024, while agricultural trade reached a record level and several policy initiatives moved toward stronger logistics, animal-industry competitiveness, agricultural insurance, biosecurity, digitalisation, and value-chain development. Yet the recovery remains uneven. Climate and disease risks continue to affect production; logistics, financing, land-use, and market-access constraints continue to raise costs; and the country remains heavily dependent on agricultural imports even as export performance improves. The central challenge is therefore not simply to increase output. It is to build a more integrated, productive, resilient, and investment-ready agricultural economy that can convert recovery into sustained competitiveness.¹

The opportunity is significant. A stronger agricultural sector can support food security while also creating higher-value rural employment, expanding agribusiness and processing, attracting investment, strengthening trade performance, and improving the resilience of domestic supply chains. The policy direction is increasingly moving toward this broader conception of agriculture. The next step is implementation: connecting production to infrastructure, finance, technology, standards, processing, logistics, and markets so that reforms reinforce one another rather than operate as isolated programmes.²

SECTOR OVERVIEW

Agriculture, forestry, and fishing remains an important component of the Philippine economy. AFF grew by 3.1% for the full year in 2025, reversing the 1.6% contraction recorded in 2024. In the fourth quarter of 2025, the sector grew by 1.0% year-on-year and contributed 0.2 percentage points to overall GDP growth. This recovery occurred in a year when Philippine GDP growth moderated to 4.4% for the full year. The significance of the rebound is therefore twofold: it demonstrates the sector's capacity to contribute to national growth when production conditions improve, while also underscoring how quickly weather, disease, and other shocks can affect a sector that remains structurally exposed to them.³

¹ Department of Agriculture. (2025). DA chief: From crisis to reform as sector eyes record harvest. Retrieved from <https://da.gov.ph>

² Ibid.

³ Philippine Statistics Authority. (2025). GDP Grows by 3.0% in the Fourth Quarter of 2025: Brings the Full-Year 2025 GDP Year-on-Year Growth Rate to 4.4%. Retrieved from <https://psa.gov.ph>

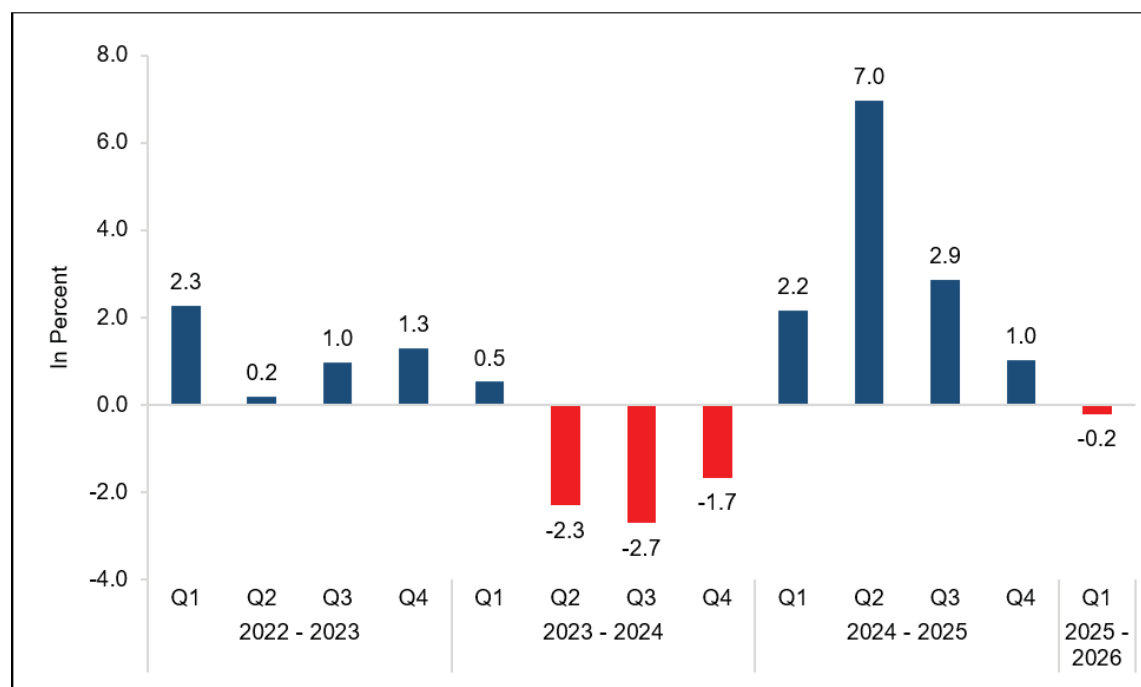


Figure 1. Agriculture, Forestry, and Fishing, Year-on-Year Growth Rates, Q1 2023 to Q1 2026

Source: Philippine Statistics Authority⁴

Agriculture's importance is also greater than its direct share of GDP suggests. The sector accounted for 18.1% of total employment in the January 2026 Labor Force Survey, making it one of the country's largest sources of work and a central foundation of rural livelihoods. The productivity of agriculture therefore has economy-wide consequences. Higher productivity can raise incomes and support demand for services, machinery, finance, logistics, processing, and technology. Conversely, low productivity and limited opportunities can weaken rural economies and make it more difficult to attract a new generation of workers into the sector.⁵

The sector's economic importance is closely tied to food security. Food security depends not only on production volumes, but also on the reliability of the systems that move food from farms and production areas to consumers. In an archipelagic country, transport, storage, aggregation, cold-chain capacity, processing, power, and market information all influence whether agricultural output can reach markets efficiently and at predictable cost. This is why investments in agricultural logistics and post-harvest systems have implications beyond the agricultural sector: they can affect consumer prices, producer incomes, supply stability, and the attractiveness of the Philippines as a location for food processing and agribusiness investment.⁶

Recent policy developments reflect a growing recognition of this interdependence. The Department of Agriculture has pursued initiatives involving agricultural logistics, cold storage, food hubs, commodity monitoring, and related infrastructure. The proposed expansion of cold-chain and aggregation capacity is particularly important because it addresses a structural constraint that can reduce the value of production even when output is available. Better logistics can reduce losses, improve quality, extend market reach, and create the conditions for more consistent processing and export-oriented supply chains. The challenge is to ensure that infrastructure is strategically located, properly operated, connected to production and markets, and supported by sustainable financing and management models.⁷

This broader value-chain perspective is increasingly important because the Philippines is not competing only on farm-gate production. It is competing on the total cost, quality, reliability, and traceability of agricultural products. Value is created through the interaction of inputs, technology, production, aggregation, processing, logistics, standards, finance, and market access. Weakness in any one of these links can reduce the competitiveness of the entire chain. The sector's future therefore depends on moving from fragmented interventions toward more coordinated and commercially viable value-chain development.⁸

The current position of agriculture is consequently best understood as one of recovery with significant unfinished work. The sector has demonstrated resilience, and reforms are being advanced across several areas. However, the underlying constraints that limit productivity and investment remain substantial. The central policy question is how to convert recent momentum into a more durable transformation—one that improves food security and rural livelihoods while also strengthening the sector's contribution to investment, trade, innovation, and national economic growth.

Agricultural trade: stronger export performance, but a persistent structural deficit

Agricultural trade expanded significantly in 2025. Total agricultural trade reached USD 29.63 billion, an 8.9% increase from the previous year and the highest level recorded since 1991. Agricultural exports reached USD 9.25 billion, up 19.3% from 2024, and accounted for 11% of total Philippine exports. Agricultural imports, however, also increased to USD 20.37 billion, up approximately 4.7% from 2024 and equivalent to 15.2% of total imports. The resulting agricultural trade deficit was approximately USD 11.12 billion.⁹

⁴ Philippine Statistics Authority. (2026). Agriculture, forestry, and fishing declines in Q1 2026. Retrieved from <https://psa.gov.ph/statistics/national-accounts/sector/Agriculture%2C%20Forestry%20and%20Fishing>

⁵ Philippine Statistics Authority. (2026). January 2026 Labor Force Survey. Retrieved from <https://psa.gov.ph>

⁶ Philippine Crop Insurance Corporation. (2025). PCIC launches parametric insurance to expedite claims payouts and pilots satellite-based insurance services. Retrieved from <https://www.pcic.gov.ph/philippines-introduces-innovative-satellite-based-crop-insurance-and-agro-advisory-services-to-help-build-farmers-resilience>

⁷ Department of Agriculture. (2025). DA to build PHP 3-billion cold storage facilities for vegetables and high-value crops. Retrieved from <https://www.da.gov.ph/da-to-build-p3-billion-cold-storage-facilities-for-vegetables-high-value-crops/>

⁸ Philippine Statistics Authority. (2025). Fourth Quarter 2025 Value of Production in Philippine Agriculture and Fisheries. Retrieved from <https://psa.gov.ph>

⁹ Philippine Statistics Authority. (2026). Annual Agricultural Export and Import. Retrieved from <https://psa.gov.ph>

Table A. Summary of Agricultural Trade: Philippines
2023, 2024, and 2025^r

Indicator	2023		2024		2025 ^r	
	FOB Value (in million USD)	Year-on-Year Growth (%)	FOB Value (in million USD)	Year-on-Year Growth (%)	FOB Value (in million USD)	Year-on-Year Growth (%)
Total Agricultural Trade	24,342.83	-9.2	27,216.42	11.8	29,626.05	8.9
Agricultural Exports	6,428.50	-14.3	7,754.91	20.6	9,252.01	19.3
Agricultural Imports	17,914.33	-7.2	19,461.51	8.6	20,374.04	4.7
Balance of Trade in Agricultural Goods	-11,485.84	-2.7	-11,706.60	1.9	-11,122.03	-5.0

^r - revised

Notes:

1. Details may not add up to total when computed manually due to rounding.

2. Growth rates may yield to different results when computed manually due to rounding.

Source: Philippine Statistics Authority

Table 1. Summary of Agricultural Trade: Philippines 2023, 2024, and 2025

Source: Philippine Statistics Authority¹⁰

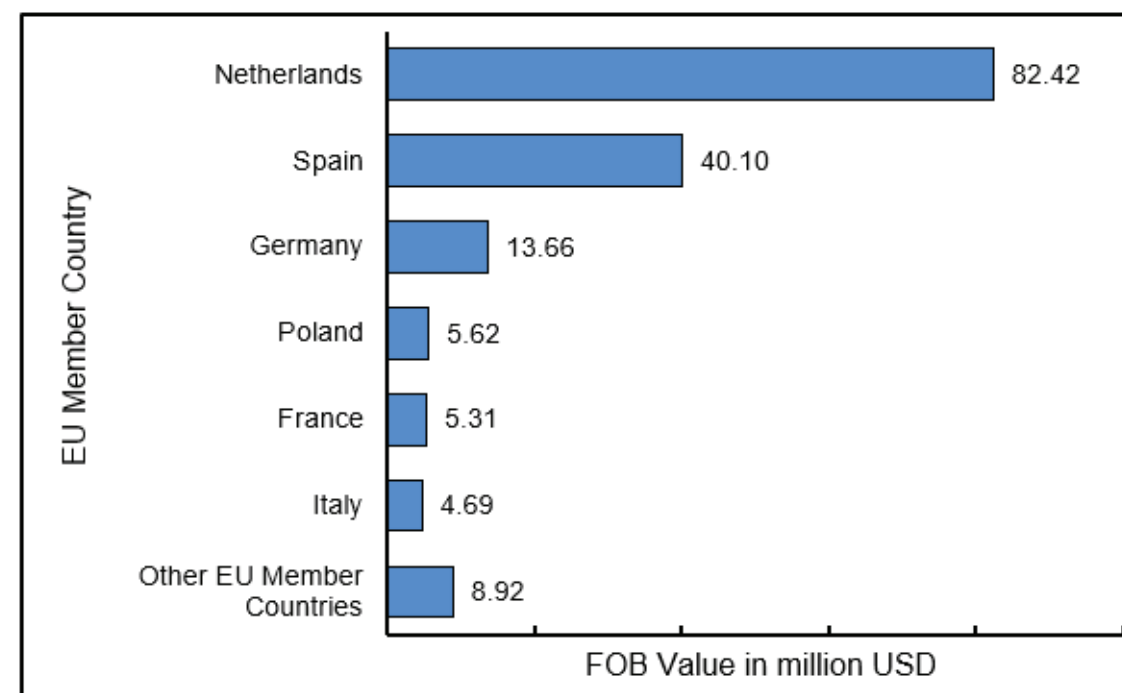
These figures present a mixed but important picture. The strong increase in exports demonstrates that Philippine agriculture can generate significant foreign-exchange earnings and participate in international markets. At the same time, the continuing gap between exports and imports reveals the scale of the competitiveness challenge. The issue is not that imports are inherently undesirable; imports can support food availability, provide inputs for domestic production, and help manage supply shocks. The more strategic question is whether the Philippines is capturing enough value from the agricultural products and capabilities in which it has the potential to compete.¹¹

The composition of trade reinforces this point. The top 10 agricultural export commodity groups accounted for approximately 97% of export revenue in 2025, with animal, vegetable, or microbial fats and oils and related products representing the largest group at USD 3.90 billion, or 33.4% of total agricultural exports. On the import side, the top 10 commodity groups accounted for 82.3% of total agricultural imports, with cereals the largest group at USD 3.89 billion, or 19.1% of the total. This concentration suggests that competitiveness gains will depend not only on increasing production, but also on strengthening selected value chains where the Philippines can improve productivity, processing, quality, and market positioning.¹²

The European Union is an important part of this opportunity. Philippine agricultural exports to EU member states reached USD 2.13 billion in 2025, while the Netherlands was the country's leading EU

destination for agricultural goods at USD 1.29 billion. Greater access to European markets could create opportunities for higher-value Philippine products, but the benefits will depend on the country's ability to meet demanding requirements on food safety, traceability, sustainability, quality, and sanitary and phytosanitary compliance. In this context, regulatory capacity is not separate from trade competitiveness. It is one of its foundations.¹³

Figure 5. Value of Philippine Agricultural Exports by EU Member Country: October 2025^p



^p - preliminary

Note: Details may not add up to total when computed manually due to rounding.

Source: Philippine Statistics Authority

Figure 2. Value of Philippine Agricultural Exports by EU Member Country: October 2025

Source: Philippine Statistics Authority¹⁴

The trade data therefore points to a clear policy priority: strengthen the ability of Philippine agricultural value chains to compete on quality, reliability, and value addition. This requires more than tariff policy. It requires investment in production systems, standards, laboratories, logistics, processing, traceability, and the institutional capacity to provide predictable and science-based regulation. The same reforms can support both domestic food security and export competitiveness.

¹⁰ Philippine Statistics Authority. (26 March 2026). International Merchandise Trade Statistics of the Philippines for Agricultural Commodities, 2025. Retrieved from <https://psa.gov.ph/content/international-merchandise-trade-statistics-philippines-agricultural-commodities-2025>

¹¹ Ibid.

¹² Ibid.

¹³ European Commission. (n.d.). EU trade relations with the Philippines: Facts, figures and latest developments. Retrieved from https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/philippines_en

¹⁴ Philippine Statistics Authority. (26 March 2026). International Merchandise Trade Statistics of the Philippines for Agricultural Commodities, 2025. Retrieved from <https://psa.gov.ph/content/international-merchandise-trade-statistics-philippines-agricultural-commodities-2025>

ON CROPS

Crops remain the largest component of agricultural and fisheries production. In the fourth quarter of 2025, crop production was valued at PHP 274.30 billion at constant 2018 prices and accounted for 56.3% of the combined value of agriculture and fisheries production. The sector’s performance, however, was uneven. The value of palay production declined by 5.2%, while corn production increased by 3.1%. Several commodities also recorded declines, including sweet potato, abaca, ampalaya, potato, pineapple, cassava, calamansi, banana, and sugarcane. At the same time, production value increased for commodities including mongo, coffee, tomato, cacao, rubber, onion, cabbage, tobacco, mango, eggplant, coconut, and other crops.¹⁵

TABLE 1.4. Value of Fisheries Production at Constant 2018 Prices
First Quarter 2023 to Fourth Quarter 2025
(in Million Php)

Subsector/ Commodity	2023				2024				2025				January to December		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2023	2024	2025
Fisheries	54,420	59,071	58,708	63,900	54,306	60,481	55,957	63,565	55,095	57,891	54,544	66,135	236,100	234,309	233,665
Milkfish (Bangus)	6,501	8,201	9,436	12,513	5,979	7,829	9,568	13,907	6,445	7,737	8,645	18,644	36,651	37,284	41,471
Tilapia	7,458	5,725	4,435	5,608	8,112	5,382	4,340	5,489	8,290	5,548	4,474	5,781	23,226	23,324	24,094
Tiger Prawn (Sugpo)	2,775	4,375	1,435	4,840	2,874	2,613	1,153	4,699	2,644	2,630	1,019	4,491	13,425	11,339	10,784
Skipjack (Gulyasan)	3,759	2,330	3,707	4,469	4,842	5,646	4,248	4,087	4,394	3,637	4,922	4,741	14,265	18,822	17,694
Roundskad (Galunggong)	2,300	4,809	3,405	2,340	2,747	4,092	2,692	1,913	2,343	3,667	2,541	1,554	12,854	11,445	10,105
Yellowfin Tuna (Tambakol/Bariles)	1,941	1,841	3,152	2,568	2,189	2,648	2,628	2,358	2,270	2,985	2,690	2,479	9,502	9,824	10,424
Mudcrab (Alimango)	1,810	1,358	1,152	2,361	1,256	1,109	985	1,679	1,507	976	895	1,029	6,681	5,029	4,407
Frigate Tuna (Tulingan)	1,131	1,317	1,730	1,566	1,459	1,889	1,704	1,344	1,833	1,760	1,388	1,388	5,744	6,396	6,274
Big-eyed Scad (Matangbaka)	1,977	2,428	2,776	2,246	1,858	1,874	1,962	1,744	1,904	2,037	1,888	1,657	9,427	7,439	7,486
Bali/ Sardinella (Tamban)	1,724	2,616	1,987	1,324	1,214	2,701	1,892	1,221	1,215	2,298	1,640	1,042	7,651	7,029	6,194
Squid (Pusit)	1,533	1,698	1,436	1,436	1,457	1,547	1,480	1,314	1,416	1,653	1,821	1,806	6,104	5,799	6,696
Blue Crab (Alimasag)	1,014	920	850	799	713	973	903	862	799	779	920	764	3,584	3,450	3,262
Bigeye Tuna (Tambakol/ Bariles)	457	551	623	840	678	1,064	791	649	602	758	1,209	648	2,471	3,182	3,217
Grouper (Lapu-lapu)	644	612	2,366	553	472	403	1,429	487	430	508	1,520	477	4,175	2,791	2,936
Indian Mackerel (Alumahan)	721	821	1,321	1,135	730	831	1,053	928	836	1,035	1,017	994	3,998	3,542	3,882
Threadfin Bream (Bisugo)	1,019	727	897	611	637	708	1,032	642	650	787	968	629	3,255	3,019	3,034
Slipmouth (Sapsap)	395	444	595	415	296	335	461	328	358	396	427	297	1,849	1,420	1,478
Cavalla (Talakitok)	625	719	714	615	641	747	639	463	560	699	509	604	2,674	2,490	2,372
Fimbriated Sardines (Tunsoy)	246	232	404	200	354	247	314	184	232	222	299	232	1,081	1,098	986
P. varnamei	2,210	2,572	2,452	2,328	2,408	3,437	3,113	3,711	2,152	2,798	2,777	2,066	9,562	12,669	9,794
Seaweed	2,339	2,434	2,642	4,551	2,330	1,806	2,330	3,974	2,460	1,916	2,175	3,453	11,967	10,690	10,004
Other Fisheries	11,841	12,341	11,193	10,584	11,059	12,599	10,990	11,581	12,292	12,993	10,426	11,357	45,958	46,230	47,069

Note: Details may not add up to totals due to rounding

Source: Philippine Statistics Authority

Table 2. Value of Fisheries Production at Constant 2018 Prices First Quarter 2023 to Fourth Quarter 2025 (in Million Php)
Source: Philippine Statistics Authority¹⁶

This divergence is significant. It suggests that the crop sector is not moving in a single direction and that different commodities face different combinations of climate exposure, input costs, technology gaps, market conditions, and value-chain constraints. The growth of coffee, cacao, tomato, and other commodities points to opportunities for diversification and higher-value production. The decline in other major crops highlights the continued need to improve productivity, resilience, post-harvest systems, and market access. A competitive crop sector will therefore require more differentiated strategies rather than a one-size-fits-all approach.¹⁷

High-value crops illustrate this opportunity particularly clearly. Coffee production increased in the first quarter of 2025, while farm-gate prices for major varieties rose substantially. These price signals indicate strong market demand and the potential for greater value capture, particularly where producers can improve quality, processing, branding, and market positioning. At the same time, high prices do not automatically translate into higher and more stable farmer incomes. Smallholders remain exposed to rising costs for inputs, labour, transport, and production infrastructure. The policy challenge is to ensure that market opportunities are supported by the productivity, finance, technology, and quality systems needed to sustain them.¹⁸

15 Philippine Statistics Authority. (2025). Fourth Quarter 2025 Value of Production in Philippine Agriculture and Fisheries. Retrieved from <https://psa.gov.ph>

16 Philippine Statistics Authority. (January 2026). Fourth Quarter 2025 Value of Production in Philippine Agriculture and Fisheries. Retrieved from https://psa.gov.ph/system/files/aad/Full%20Report_Fourth%20Quarter%202025%20Value%20of%20Production%20in%20Agriculture%20and%20Fisheries.pdf

17 Ibid.

18 Ibid.

The direction of current policy developments is increasingly toward this value-chain approach. Proposals to strengthen the High Value Crops Development Program include commodity roadmaps covering production, processing, storage, logistics, and marketing, as well as stronger coordination of investment and innovation. The strategic value of such an approach lies in connecting interventions that are often treated separately. A crop is not competitive merely because it can be grown. It becomes competitive when producers can access quality inputs, finance, technology, infrastructure, reliable buyers, and markets that reward quality and consistency.¹⁹

The crop sector is also closely linked to land-use and infrastructure policy. Agricultural production requires sufficient access to productive land, irrigation, roads, storage, power, and logistics. Where land conversion is fragmented or poorly coordinated, the result can be a loss of contiguous agricultural areas and a weaker basis for mechanisation and value-chain investment. Clearer land-use planning can therefore support both food security and investor confidence by providing greater predictability for long-term agricultural development.²⁰

ON LIVESTOCK AND POULTRY

Livestock and poultry remain important components of the agricultural economy and of domestic food supply. In the fourth quarter of 2025, livestock production was valued at PHP 68.42 billion at constant 2018 prices, representing 14.0% of the combined value of agriculture and fisheries production and a 1.0% year-on-year increase. The annual picture was weaker, however, with livestock production declining by 2.3% for the full year. Dairy production expanded strongly and hog production improved during the quarter, while goat, carabao, and cattle production declined.

Poultry performed more strongly. Production was valued at PHP 78.18 billion in the fourth quarter of 2025, up 8.9% year-on-year and accounting for 16.1% of combined agriculture and fisheries production. Chicken, chicken eggs, and duck production all increased, while duck eggs declined. On an annual basis, poultry production grew by 9.1%. The contrast between poultry’s stronger performance and the continuing weakness in parts of livestock production demonstrates the importance of subsector-specific competitiveness conditions, including disease risks, feed costs, genetics, infrastructure, and market arrangements.²¹

19 Department of Agriculture. (2025). DA chief: From crisis to reform as sector eyes record harvest. Retrieved from <https://da.gov.ph>

20 Senate of the Philippines. (2025). SBN-287 National Land Use Act of 2025 – status and filing. Retrieved from https://web.senate.gov.ph/lis/bill_res.aspx?congress=20&q=SBN-287

21 Ibid.

TABLE 1.3. Value of Livestock and Poultry Production at Constant 2018 Prices
First Quarter 2023 to Fourth Quarter 2025
(in Million PHP)

Subsector/ Commodity	2023				2024				2025				January to December		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2023	2024	2025
Livestock	61,659	63,505	66,122	72,110	59,506	63,337	61,695	67,739	57,826	59,660	60,509	68,425	263,396	252,278	246,420
Hog	51,042	51,305	54,845	57,851	48,872	51,226	50,247	53,518	47,056	47,393	49,560	54,383	214,643	203,863	198,393
Cattle	5,715	6,559	5,704	7,525	6,573	5,733	5,755	7,320	5,811	6,703	5,599	7,212	25,503	25,381	25,325
Carabao	2,635	3,138	2,974	3,627	2,660	3,062	2,960	3,693	2,654	2,972	2,684	3,615	12,374	12,375	11,935
Goat	1,993	2,241	2,508	2,980	1,911	2,180	2,404	2,859	1,833	2,209	2,219	2,738	9,722	9,354	9,099
Dairy	274	262	290	327	330	296	329	350	373	382	437	475	1,153	1,305	1,667
Poultry	64,945	64,539	64,892	67,652	68,761	70,175	68,662	71,808	75,496	75,075	75,961	78,178	262,028	279,407	304,710
Chicken	44,665	44,924	44,553	46,864	48,091	48,941	47,216	49,210	52,571	52,943	53,051	53,845	181,006	193,459	212,411
Duck	605	692	707	744	615	701	684	746	624	693	689	757	2,748	2,746	2,762
Chicken Eggs	18,386	17,572	18,344	18,765	18,821	19,171	19,547	20,612	21,094	20,087	21,060	22,455	73,067	78,151	84,695
Duck Eggs	1,290	1,351	1,288	1,280	1,234	1,361	1,214	1,240	1,207	1,351	1,162	1,121	5,208	5,050	4,841

Note: Details may not add up to totals due to rounding.
Source: Philippine Statistics Authority

Table 3. Value of Livestock and Poultry Production at Constant 2018 Prices First Quarter 2023 to Fourth Quarter 2025 (in Million PHP)

Source: Philippine Statistics Authority²²

Animal health remains central to the sector's resilience. African Swine Fever has demonstrated how a disease outbreak can affect not only producers, but also domestic supply, prices, trade, and investment confidence. Progress in vaccination, surveillance, biosecurity, and recovery support is therefore important because the cost of weak animal-health systems extends across the value chain. Stronger disease-control capacity can reduce production losses, improve supply stability, and strengthen the credibility of Philippine animal products in markets that require robust sanitary controls.²³

The institutional framework is also evolving. Republic Act No. 12308 reorganises and strengthens the Bureau of Animal Industry, including its developmental and regulatory functions. The updated Agriculture materials also identify the Livestock, Poultry, and Dairy Industry Development and Competitiveness Act as having taken effect in 2025 and creating an Animal Competitiveness Enhancement Fund with an annual budget of PHP 20 billion. These reforms could provide a stronger foundation for coordinated investment in animal health, production, infrastructure, and competitiveness. Their impact, however, will depend on implementation, institutional coordination, and the development of clear rules and systems that can translate statutory mandates into timely support for producers and businesses.²⁴

For the animal sector, the broader competitiveness agenda is therefore clear. Productivity gains must be supported by stronger biosecurity, faster and more predictable regulatory processes, better access to veterinary products and services, investment in feed and genetics, improved slaughter and cold-chain infrastructure, and more reliable market access. These measures can support both domestic supply and export credibility while improving the ability of smaller producers to participate in higher-value value chains.

ON FISHERIES & RELATED INDUSTRIES

Fisheries remains a major component of Philippine food production and coastal livelihoods. In the fourth quarter of 2025, fisheries production was valued at PHP 66.13 billion at constant 2018 prices, representing 13.6% of combined agriculture and fisheries production and a 4.0% year-on-year increase. For the full year, however, fisheries production declined by 0.3%. The contrast between quarterly recovery and

annual contraction reflects the sector's continuing exposure to environmental, production, and market pressures.²⁵

TABLE 2.4. Growth Rates of Value of Fisheries Production at Constant 2018 Prices
First Quarter 2024 to Fourth Quarter 2025
(in percent)

Subsector/ Commodity	2023-2024				2024-2025				January to December	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2023-2024	2024-2025
Fisheries	-0.2	2.4	-4.7	-0.5	1.5	-4.3	-2.5	4.0	-0.8	-0.3
Milkfish (Bangus)	-8.0	-4.5	1.4	11.1	7.8	-1.2	-9.7	34.1	1.7	11.2
Tilapia	8.8	-6.0	-2.1	-2.1	2.2	3.1	3.1	5.3	0.4	3.3
Tiger Prawn (Sugpo)	3.6	-40.3	-19.7	-2.9	-8.0	0.6	-11.6	-4.4	-15.5	-4.9
Skipjack (Gulyasan)	28.8	142.3	14.6	-8.5	-9.2	-35.6	15.9	16.0	31.9	-6.0
Roundscad (Galunggong)	19.4	-14.9	-20.9	-18.2	-14.7	-10.4	-5.6	-18.8	-11.0	-11.7
Yellowfin Tuna (Tambakol/Bariles)	12.8	43.8	-16.6	-8.1	3.7	12.7	2.4	5.1	3.4	6.1
Mudcrab (Alimango)	-30.6	-18.3	-14.5	-28.9	20.0	-11.9	-9.1	-38.7	-24.7	-12.4
Frigate Tuna (Tulingan)	29.0	43.4	-1.5	-14.2	-11.4	-3.0	3.3	3.3	11.3	-1.9
Big-eyed Scad (Matangbaka)	-6.0	-22.8	-29.3	-22.3	2.5	8.7	-3.8	-5.0	-21.1	0.6
Bali Sardinella (Tamban)	-29.6	3.3	-4.7	-7.8	0.1	-14.9	-13.4	-14.7	-8.1	-11.9
Squid (Pusit)	-5.0	-8.9	3.1	-8.5	-2.8	6.9	23.0	37.4	-5.0	15.5
Blue Crab (Alimasag)	-29.7	5.7	6.2	7.9	12.1	-19.9	1.9	-11.3	-3.7	-5.5
Bigeye Tuna (Tambakol/Bariles)	48.2	93.2	27.1	-22.8	-11.2	-28.7	52.8	-0.1	28.8	1.1
Grouper (Lapu-lapu)	-26.7	-34.2	-39.6	-11.9	-8.9	26.0	6.4	-2.0	-33.1	5.2
Indian Mackerel (Alumahan)	1.3	1.1	-20.2	-18.2	14.5	24.7	-3.4	7.0	-11.4	9.6
Threadfin Bream (Bisugo)	-37.4	-2.6	15.0	5.0	2.1	11.1	-6.3	-2.0	-7.2	0.5
Slipmouth (Sapsap)	-25.0	-24.6	-22.5	-20.9	21.0	18.2	-7.3	-9.3	-23.2	4.1
Cavalla (Talakitok)	2.5	4.0	-10.6	-24.8	-12.7	-6.5	-20.2	30.5	-6.9	-4.7
Fimbriated Sardines (Tunsoy)	44.2	6.4	-22.3	-8.0	-34.5	-9.8	-4.6	26.0	1.6	-10.3
<i>P. vannamei</i>	9.0	33.6	26.9	59.4	-10.6	-18.6	-10.8	-44.3	32.5	-22.7
Seaweed	-0.4	-25.8	-2.4	-12.7	5.6	6.1	-15.7	-13.1	-10.7	-6.4
Other Fisheries	-6.6	2.1	-1.8	9.4	11.1	3.1	-5.1	-1.9	0.6	1.8

Source: Philippine Statistics Authority

Table 4. Growth Rates of Value of Fisheries Production at Constant 2018 Prices First Quarter 2024 to Fourth Quarter 2025 (in percent)

Source: Philippine Statistics Authority²⁶

The significance of fisheries extends beyond its contribution to output. Fisheries support food supply, livelihoods, local economies, and the broader potential of the Philippines' blue economy. The sector's performance is therefore linked to the health of aquatic resources, the quality of coastal and marine governance, the productivity of aquaculture, infrastructure for landing and cold-chain systems, and the ability of producers to meet food-safety and market requirements.²⁷

The fisheries outlook also reinforces a wider point about Philippine agriculture: resilience cannot be achieved through production measures alone. The sector requires effective resource management, investment in infrastructure and technology, improved market linkages, and stronger institutional coordination. For fisheries, sustainability is not an external consideration. It is a precondition for maintaining production capacity and the livelihoods that depend on it.

From sector recovery to agricultural transformation

Across crops, livestock and poultry, and fisheries, the current picture is therefore one of both progress and structural constraint. Agriculture has recovered from the contraction recorded in 2024. Agricultural trade reached a historic high in 2025. Poultry and several high-value crops demonstrated strong growth, while policy initiatives are expanding support for logistics, finance, animal health, insurance, youth

22 Philippine Statistics Authority. (January 2026). Fourth Quarter 2025 Value of Production in Philippine Agriculture and Fisheries. Retrieved from https://psa.gov.ph/system/files/aad/Full%20Report_Fourth%20Quarter%202025%20Value%20of%20Production%20in%20Agriculture%20and%20Fisheries.pdf

23 Ibid.

24 Department of Agriculture. (2025). DA chief: From crisis to reform as sector eyes record harvest. Retrieved from <https://da.gov.ph>

25 Philippine Statistics Authority. (2025). Fourth Quarter 2025 Value of Production in Philippine Agriculture and Fisheries. Retrieved from <https://psa.gov.ph>

26 Philippine Statistics Authority. (January 2026). Fourth Quarter 2025 Value of Production in Philippine Agriculture and Fisheries. Retrieved from https://psa.gov.ph/system/files/aad/Full%20Report_Fourth%20Quarter%202025%20Value%20of%20Production%20in%20Agriculture%20and%20Fisheries.pdf

27 Department of Agriculture. (2025). DA chief: From crisis to reform as sector eyes record harvest. Retrieved from <https://da.gov.ph>

participation, and value-chain development. These developments provide a foundation for a more competitive sector.²⁸

At the same time, the recovery has not removed the underlying weaknesses that continue to limit agriculture’s potential. Production remains vulnerable to climate and disease shocks. The country remains a substantial net importer of agricultural goods. Logistics and post-harvest systems remain critical bottlenecks. Access to finance and technology is uneven. Regulatory and standards systems must continue to become more predictable and internationally aligned. Land-use pressures can affect the long-term availability of productive agricultural areas. The workforce is changing, creating an urgent need to make agriculture more productive, commercially viable, and attractive to younger Filipinos.²⁹

The strategic opportunity is to connect these issues rather than address them in isolation. Better production must be connected to better logistics. Infrastructure must be connected to markets. Finance must be connected to productive investment. Innovation must be connected to farmers and enterprises. Animal health and SPS systems must support both consumer protection and market access. Youth and skills programmes must be connected to viable commercial opportunities. Land-use planning must support the long-term productivity of agricultural areas while enabling responsible investment and regional development.³⁰

Philippine agriculture is therefore at an important point of transition. The sector has demonstrated resilience, but resilience alone is not enough. The next stage must be about building the productivity, predictability, and connectivity required for sustained competitiveness. If reforms are implemented in a coordinated manner, agriculture can contribute more strongly to food security, rural incomes, employment, investment, trade, and inclusive economic growth. The opportunity is to move from a sector that repeatedly recovers from shocks to one that is better equipped to anticipate them, absorb them, and continue creating value.

The advocacy issues that follow focus on the policy, regulatory, and implementation priorities required to advance this transition. The ECCP remains ready to support constructive dialogue among government, industry, development partners, and other stakeholders in strengthening the conditions for a more competitive, resilient, sustainable, and investment-ready Philippine agriculture sector.

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

Philippine agriculture is entering a period in which the central policy challenge is shifting from responding to individual constraints toward building a more connected, resilient, and investment-ready agricultural system. Recent developments point to change across several fronts at once: agricultural trade has reached record levels; the Department of Agriculture is expanding logistics and cold-chain capacity; climate risk is increasingly being addressed through insurance and adaptation instruments; animal-health institutions and competitiveness frameworks are being strengthened; high-value crops are receiving more targeted climate-resilience support; fisheries and aquaculture are being modernised; and youth agripreneurship programmes are attempting to broaden the sector’s future workforce and innovation base.³¹

These developments are encouraging, but they also reveal the scale of the remaining challenge. The Philippines can generate globally competitive agricultural products and has demonstrated capacity to expand exports, yet it continues to rely heavily on imports and remains exposed to climate,

disease, logistics, and productivity risks. The strategic question is therefore no longer whether Philippine agriculture can grow, but whether recent reforms can be implemented in a sufficiently coordinated manner to convert individual programmes and investments into lasting improvements in productivity, market access, farmer and fisherfolk incomes, food security, and investment competitiveness. The following developments are among the most consequential changes currently reshaping the sector.

Record agricultural trade is strengthening the case for higher-value and more competitive value chains

The Philippines recorded total agricultural trade of USD 29.63 billion in 2025, the highest level in the Philippine Statistics Authority series that began in 1991. Agricultural exports reached USD 9.25 billion, up 19.3% from 2024, while imports reached USD 20.37 billion. The resulting agricultural trade deficit was USD 11.12 billion.³²

Table A. Summary of Agricultural Trade: Philippines
2023, 2024, and 2025^r

Indicator	2023		2024		2025 ^r	
	FOB Value (in million USD)	Year-on-Year Growth (%)	FOB Value (in million USD)	Year-on-Year Growth (%)	FOB Value (in million USD)	Year-on-Year Growth (%)
Total Agricultural Trade	24,342.83	-9.2	27,216.42	11.8	29,626.05	8.9
Agricultural Exports	6,428.50	-14.3	7,754.91	20.6	9,252.01	19.3
Agricultural Imports	17,914.33	-7.2	19,461.51	8.6	20,374.04	4.7
Balance of Trade in Agricultural Goods	-11,485.84	-2.7	-11,706.60	1.9	-11,122.03	-5.0

r - revised
Notes:
1. Details may not add up to total when computed manually due to rounding.
2. Growth rates may yield to different results when computed manually due to rounding.
Source: Philippine Statistics Authority

Figure 6. Summary of Agricultural Trade: Philippines 2023, 2024, and 2025
Source: Philippine Statistics Authority³³

This combination of record exports and a continuing large deficit captures the central competitiveness challenge. The country is demonstrating that Philippine agriculture can compete in international markets, but export success remains concentrated in selected commodity groups while domestic demand continues to be met substantially through imports. The top 10 agricultural export commodity groups accounted for 97.0% of export revenue, while cereals alone accounted for USD 3.89 billion or 19.1% of agricultural imports.³⁴

28 Philippine Statistics Authority. (2025). GDP Grows by 3.0% in the Fourth Quarter of 2025: Brings the Full-Year 2025 GDP Year-on-Year Growth Rate to 4.4%. Retrieved from <https://psa.gov.ph>
29 Philippine Statistics Authority. (2026). January 2026 Labor Force Survey. Retrieved from <https://psa.gov.ph>
30 World Bank Group. (2023). World Development Indicators: Livestock Production Index Data Set. Retrieved from <https://databank.worldbank.org/source/world-development-indicators/Series/AG.PRD.LVSK.XD>
31 Philippine Statistics Authority. (2026). International Merchandise Trade Statistics of the Philippines for Agricultural Commodities, 2025. Retrieved from <https://psa.gov.ph/content/international-merchandise-trade-statistics-philippines-agricultural-commodities-2025>

32 Ibid.
33 Philippine Statistics Authority. (2026). International Merchandise Trade Statistics of the Philippines for Agricultural Commodities, 2025. Retrieved from <https://psa.gov.ph/content/international-merchandise-trade-statistics-philippines-agricultural-commodities-2025>
34 Ibid.

Rank	Commodity Code and Description	2024			2025 ^r			Growth Rate (%)	
		Quantity	Value	Percent Share* (%)	Quantity	Value	Percent Share* (%)	Quantity	Value
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total Value of Top 10 Agricultural Exports			7,523.66	97.0		8,972.67	97.0		19.3
11	17 - Sugars and sugar confectionery	43.13	75.34	1.0	86.12	93.43	1.0	99.7	24.0
12	18 - Cocoa and cocoa preparations	5.17	33.13	0.4	8.13	63.03	0.7	57.2	90.3
13	22 - Beverages, spirits and vinegar	30.20	44.82	0.6	31.43	47.23	0.5	4.1	5.4
14	12 - Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	16.68	29.55	0.4	17.77	27.79	0.3	6.5	-6.0
15	04 - Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	7.22	16.19	0.2	6.42	15.84	0.2	-11.1	-2.2
16	07 - Edible vegetables and certain roots and tubers	7.74	12.79	0.2	6.90	11.64	0.1	-10.9	-9.0
17	06 - Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	0.75	3.83	0.0	2.28	4.04	0.0	204.7	5.7
18	09 - Coffee, tea, maté and spices	0.27	1.34	0.0	0.73	3.97	0.0	171.3	195.5
19	11 - Products of the milling industry; malt; starches; inulin; wheat gluten	3.15	3.25	0.0	2.41	2.89	0.0	-23.6	-11.0
20	10 - Cereals	1.60	5.34	0.1	0.86	2.86	0.0	-46.4	-46.6
21	01 - Live animals	1.81	2.50	0.0	1.95	2.85	0.0	7.8	14.0
22	05 - Products of animal origin, not elsewhere specified or included	1.39	1.42	0.0	0.82	1.53	0.0	-41.1	8.1
23	14 - Vegetable plaiting materials; vegetable products not elsewhere specified or included	1.39	1.70	0.0	2.25	1.30	0.0	61.8	-23.2
24	02 - Meat and edible meat offal	0.01	0.06	0.0	0.37	0.93	0.0	b	b

^r - revised

^b - growth rate is more than 1,000 percent

0.0 - Percent share is less than 0.05 but not equal to zero

* - Percent share of value to total value of agricultural exports

Notes:

1. Details may not add up to total when computed manually due to rounding.

2. Growth rates may yield to different results when computed manually due to rounding.

Source: Philippine Statistics Authority

Figure 7. Quantity and Value of Agricultural Exports by Major Commodity Group: Philippines, 2024 and 2025 (Quantity in thousand metric tons and FOB Value in million USD)
Source: Philippine Statistics Authority³⁵

The implication is that agricultural competitiveness must be approached through value chains rather than production alone. Higher-value exports require reliable production, processing, quality assurance, traceability, logistics, and compliance with sanitary and phytosanitary requirements. The opportunity is to build on export momentum while reducing vulnerability created by import dependence. The challenge is to broaden the base of competitive products and ensure that more producers and enterprises can participate in export-oriented value chains.

Cold-chain and logistics investment is targeting one of agriculture’s most persistent competitiveness bottlenecks

In January 2025, the Department of Agriculture announced a PHP 3 billion programme to develop approximately 99 cold-storage facilities for fruits, vegetables, and high-value crops. The programme forms part of a broader logistics master plan covering roads, agricultural seaports, and an integrated cold-chain network.³⁶

³⁵ Philippine Statistics Authority. (2026). International Merchandise Trade Statistics of the Philippines for Agricultural Commodities, 2025. Retrieved from <https://psa.gov.ph/content/international-merchandise-trade-statistics-philippines-agricultural-commodities-2025>

³⁶ Department of Agriculture. (27 January 2025). DA to build PHP 3-billion cold storage facilities for vegetables, high-value crops. Retrieved from <https://www.da.gov.ph/da-to-build-p3-billion-cold-storage-facilities-for-vegetables-high-value-crops/>

The significance of this initiative is greater than the addition of storage capacity. In an archipelagic economy, the ability to preserve and move perishable products is a determinant of farm-gate prices, post-harvest losses, supply stability, and the commercial viability of high-value production. The proposed use of hybrid facilities, including potential renewable-energy sources, also links logistics modernisation with sustainability objectives.³⁷

The opportunity is to connect public infrastructure with private logistics, processing, and distribution networks. Implementation will determine whether facilities are properly located, commercially viable, adequately powered, maintained, and integrated with actual commodity flows. The broader lesson is that infrastructure policy must increasingly address the full agricultural value chain rather than isolated farm-to-market links.

Agricultural risk management is becoming more technology-enabled and potentially more investable

Recent reforms in agricultural insurance are moving toward faster and more data-driven risk assessment. The Philippine Crop Insurance Corporation launched a parametric insurance initiative that uses measurable triggers, including weather conditions, together with georeferenced farm data and satellite imagery to facilitate claims processing.³⁸ The 2026 PCIC budget was also increased to PHP 6.5 billion, with the programme projected to cover approximately 2.93 million farmers and fisherfolk under subsidised programmes and 3.68 million including non-subsidised coverage; rice and corn coverage was raised to PHP 25,000 per hectare.³⁹

These changes matter because the timing of risk protection can affect whether a producer is able to resume production after a shock. More predictable and faster payouts can reduce the economic scarring caused by typhoons, drought, floods, and other disruptions. Digital payment partnerships, including the DA-PCIC collaboration with GCash, further connect agricultural insurance with financial inclusion and digitalisation.⁴⁰

The opportunity is to make agricultural risk management a stronger foundation for lending and investment. The remaining challenge is to ensure that coverage reflects actual production costs, that data systems are reliable, and that products reach vulnerable producers while maintaining actuarial and fiscal sustainability.

Climate-resilient agriculture is moving from a policy objective toward larger-scale implementation

Climate adaptation is increasingly being integrated into agricultural investment and risk-management programmes. The Adaptation and Mitigation Initiative in Agriculture and the Adaptation to Philippine Agriculture to Climate Change Project are designed to expand climate information, resilient practices, and adaptation support. The APA Project is supported by USD 26 million from the Green Climate Fund and USD 13 million in co-financing, and is expected to indirectly benefit approximately five million farmers and directly support 1.25 million members of vulnerable farming households.⁴¹

³⁷ Ibid.

³⁸ Department of Agriculture. (17 July 2025). PCIC launches parametric insurance to expedite claims payouts. Retrieved from <https://www.da.gov.ph/pcic-launches-parametric-insurance-to-expedite-claims-payouts/>

³⁹ Department of Agriculture. (26 January 2026). PCIC gets bigger budget to shield Filipino farmers. Retrieved from <https://www.da.gov.ph/pcic-gets-bigger-budget-to-shield-filipino-farmers/>

⁴⁰ Department of Agriculture. (3 February 2025). DA-PCIC, GCash collaborate in promoting farmers’ financial inclusion, digitalization. Retrieved from <https://www.da.gov.ph/da-pcic-gcash-collaborate-in-promoting-farmers-financial-inclusion-digitalization/>

⁴¹ Department of Agriculture. (8 April 2025). Charting the Path to a Climate Resilient Agriculture. Retrieved from <https://www.da.gov.ph/charting-the-path-to-a-climate-resilient-agriculture/>

The significance of this shift is that climate resilience is becoming a productivity and competitiveness issue. Climate shocks affect output, prices, insurance costs, creditworthiness, and supply-chain reliability. A more resilient production system can therefore reduce both social vulnerability and business risk.

The next challenge is mainstreaming. Climate information must reach producers in usable form; resilient technologies must be commercially viable; and adaptation programmes must be linked to finance, insurance, markets, and infrastructure. The opportunity is to make resilience an investment that protects and improves productivity rather than a stand-alone assistance activity.

High-value crops are receiving more targeted support as a pathway to diversification, food stability, and value addition

In February 2026, the Department of Agriculture announced approximately PHP 300 million for climate-smart production of high-value vegetables such as tomatoes, chilli, and bell peppers. The programme is intended to support greenhouses, drip irrigation, and water-impounding systems to reduce recurring supply disruptions and price volatility associated with extreme weather.⁴²

This development is significant because high-value crops sit at the intersection of food security, farmer incomes, consumer prices, and investment opportunity. Recurrent production shocks can create sharp price swings even when national supply is adequate over the longer term. Investments in protected cultivation and water management can therefore improve both resilience and market predictability.

The opportunity is to connect climate-smart production with cold-chain, processing, finance, and market linkages. The challenge is to ensure that technologies are affordable and appropriate for producers and that support expands commercially viable production rather than creating isolated demonstration projects.

Livestock regulation and competitiveness policy are being reorganised around stronger animal-health and industry institutions

The Agriculture reference materials identify the reorganisation and strengthening of animal-industry institutions and the development of a dedicated competitiveness framework as significant recent policy developments.⁴³ The 2025 ECCP Agriculture paper also identifies the proposed Animal Competitiveness Enhancement Fund and the continuing importance of animal-health regulation, biosecurity, and sanitary and phytosanitary compliance.⁴⁴

The strategic importance of these reforms is clear. Livestock and poultry competitiveness depends on a regulatory system capable of supporting disease prevention, veterinary products, biosecurity, genetics, feed, and market access. Institutional clarity can reduce duplication and improve regulatory predictability, while a dedicated competitiveness framework can provide a more coordinated basis for productivity-enhancing investments.

The remaining challenge is implementation. Reorganisation must translate into clearer procedures, adequate technical capacity, timely approvals, and effective coordination with industry. The opportunity is to strengthen domestic production while also improving the regulatory credibility required for trade and investment.

42 Department of Agriculture. (6 February 2026). DA sets aside PHP 300M for climate-smart high-value crops. Retrieved from <https://www.da.gov.ph/da-sets-aside-p300m-for-climate-smart-high-value-crops/>

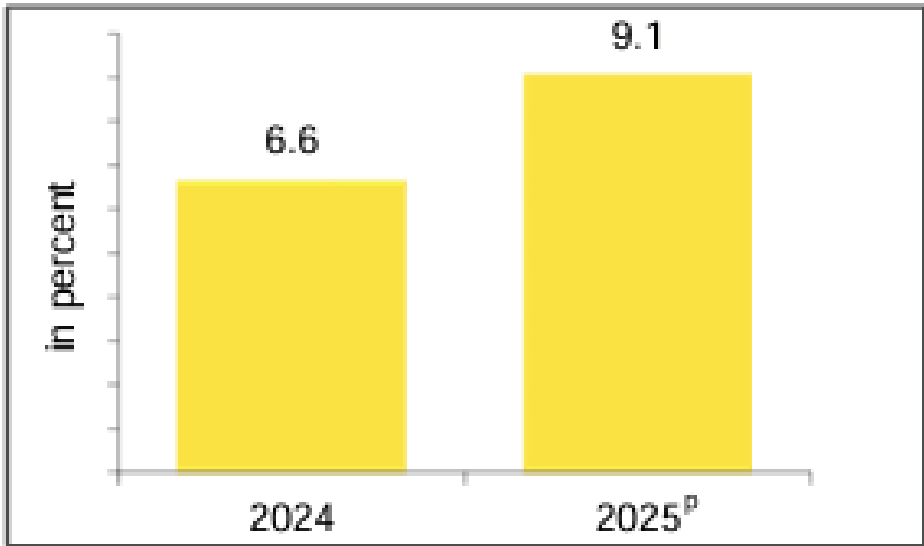
43 European Chamber of Commerce of the Philippines. (2025). 2025 ECCP Advocacy Papers.

44 Philippine Statistics Authority. (2026). Value of Production in Philippine Agriculture and Fisheries Improves to 0.5% Growth Rate in the Fourth Quarter of 2025. Retrieved from <https://psa.gov.ph/content/value-production-philippine-agriculture-and-fisheries-improves-05-percent-growth-rate>

The poultry subsector is demonstrating resilience while livestock continues to face structural pressures

Recent production data show divergent performance within animal agriculture. For 2025, poultry production increased by 9.1%, while livestock production declined by 2.3%; fisheries production also remained under pressure even as some quarterly indicators improved.⁴⁵

Figure 7. Annual Growth Rate of Volume of Poultry Production, Philippines 2024 – 2025^P



^P – preliminary

Sources: Philippine Statistics Authority, LPS: H and LPS: E

Figure 8. Annual Growth Rate of Volume of Poultry Production, Philippines 2024-2025

Source: Philippine Statistics Authority⁴⁶

The divergence is important because it demonstrates that agriculture's subsectors are responding differently to disease risks, feed costs, productivity conditions, market demand, and investment. It also reinforces the need for policy to be more targeted rather than treating agriculture as a single production system.

The opportunity is to build on the productivity and investment models that are supporting more resilient subsectors while addressing the structural constraints affecting livestock. This includes stronger animal-health systems, improved biosecurity, feed efficiency, genetics, infrastructure, and predictable regulation.

45 Ibid.

46 Philippine Statistics Authority. (2026). Volume of Production of Agriculture and Fisheries, October to December 2025 and January to December 2025. Retrieved from <https://psa.gov.ph/content/volume-production-agriculture-and-fisheries-october-december-2025-and-january-december-2025>

Youth agripreneurship is becoming a more deliberate response to agriculture's workforce and innovation challenge

The Young Farmers Challenge has expanded the policy focus from attracting young people into farming to supporting youth-led agribusiness. In 2025, 608 provincial winners were to receive PHP 80,000 each in seed capital, while 45 regional winners and 15 intercollegiate teams were to receive PHP 300,000 each. The Department of Agriculture reports that more than 4,300 youth-led agribusiness ventures have taken root since the programme began in 2021.⁴⁷

The significance of the programme lies in its broader support ecosystem. Training, mentoring, trade-expo participation, product registration, and partnerships with government agencies, universities, local governments, and private companies seek to connect capital with business development and market access.⁴⁸

The opportunity is to position agriculture as an entrepreneurial and technology-enabled sector capable of attracting younger participants. The challenge is scaling successful ventures beyond competition-based grants. Stronger links to finance, procurement, investors, technology providers, and domestic and export markets will determine whether youth programmes contribute to a durable pipeline of new agricultural enterprises.

Fisheries and aquaculture are moving toward a stronger combination of modernisation and science-based management

The Bureau of Fisheries and Aquatic Resources reported progress in 2025 in hatchery operations, broodstock development, and feedmill projects intended to lower production costs and reduce dependence on imported feeds. The Bureau also highlighted the continuing development of the Fisheries Management Area framework as a basis for science-based and area-focused fisheries management.⁴⁹

This combination of aquaculture modernisation and resource management is strategically important. Aquaculture can expand supply and support fisherfolk and coastal communities, while effective management of wild fisheries is essential to preserve the ecological foundation of future production. Lower feed costs and stronger hatchery capacity can improve competitiveness, but the long-term benefits depend on sustainable resource management.

The opportunity is to develop fisheries and aquaculture as a more integrated blue-economy platform. The challenge is ensuring that modernisation benefits small-scale producers and fisherfolk while maintaining ecological sustainability and effective enforcement.

Agricultural policy is increasingly moving toward integrated, data-enabled and value-chain-based implementation

Across the recent reform agenda, a broader institutional pattern is emerging. The 2025 ECCP Agriculture paper identified initiatives such as the Department of Agriculture's infrastructure expansion, the High Value Crops Development Program's value-chain orientation, climate and digitalisation initiatives, agricultural finance programmes, and the planned use of data and technology

for supply-chain and climate-risk management.⁵⁰ The more recent reforms described above reinforce this direction.

The significance is that agriculture is gradually moving away from a purely production-centred model. Competitiveness increasingly depends on the interaction of infrastructure, finance, insurance, technology, climate resilience, regulation, market access, and private investment. This is also the point at which implementation becomes most important: the value of individual programmes is limited if systems remain fragmented.

The opportunity is to develop a more coherent agricultural ecosystem in which the government sets predictable rules and provides enabling infrastructure while private enterprises, producers, cooperatives, financial institutions, and technology providers participate in scaling solutions. The remaining challenge is inter-agency coordination, consistent implementation across regions, and reliable data systems that allow policy to be evaluated against measurable outcomes.

Overall Assessment of Recent Reforms & Industry Development

Taken together, these developments point to an agriculture sector that is gradually moving toward a more integrated model of competitiveness. The reform agenda now extends beyond production support to logistics, risk management, climate resilience, animal health, high-value crops, youth entrepreneurship, digitalisation, and fisheries modernisation.

The direction is encouraging, but the central test remains execution. Record agricultural exports demonstrate market potential, while continued import dependence shows that competitiveness remains uneven. New investments and programmes can address long-standing bottlenecks, but their impact will depend on coordination, operational capacity, private-sector participation, and measurable outcomes.

The next phase of reform should therefore focus on converting individual initiatives into functioning systems. If recent reforms are implemented in a coordinated manner, they can improve productivity, reduce risk, strengthen market access, and create more attractive opportunities for farmers, fisherfolk, enterprises, and investors. This provides a clear bridge to the specific policy and regulatory issues that follow.

⁴⁷ Department of Agriculture. (4 September 2025). YFC 2025: The future of farming is young and bold. Retrieved from <https://www.da.gov.ph/yfc-2025-the-future-of-farming-is-young-and-bold/>

⁴⁸ Ibid.

⁴⁹ Bureau of Fisheries and Aquatic Resources. (8 January 2026). DA-BFAR ushers in 2026 with bold vision for Philippine fisheries and aquaculture. Retrieved from <https://www.bfar.da.gov.ph/2026/01/08/da-bfar-ushers-in-2026-with-bold-vision-for-philippine-fisheries-and-aquaculture/>

⁵⁰ Philippine Statistics Authority. (2026). Value of Production in Philippine Agriculture and Fisheries Improves to 0.5% Growth Rate in the Fourth Quarter of 2025. Retrieved from <https://psa.gov.ph/content/value-production-philippine-agriculture-and-fisheries-improves-05-percent-growth-rate>

ON LEGISLATION

The legislative agenda affecting Philippine agriculture is increasingly moving toward structural reform. Recent measures address animal-industry competitiveness, long-term investment conditions, land-use planning, extension services, agricultural cooperatives, rice security, fisheries governance, seed systems, and the institutional capacity of Congress to assess agricultural policy. Taken together, these developments suggest a shift from treating agricultural constraints as isolated programme issues toward building more coherent systems for productivity, investment, resilience, food security, and market access.⁵¹

The legislative picture is nevertheless mixed. One major reform—the Animal Industry Development and Competitiveness Act—has already been enacted, while other proposals remain at committee, second-reading, or inter-chamber stages. This distinction is important. The passage of a law can create a new policy architecture, but implementation, funding, institutional coordination, and the quality of implementing rules will determine whether the intended benefits reach producers and businesses. For pending measures, the potential impact is significant, but outcomes remain dependent on legislative deliberation and final policy design.

The Animal Industry Development and Competitiveness Act establishes a new platform for livestock, poultry, and dairy competitiveness

Status: Enacted. Republic Act No. 12308, or the Animal Industry Development and Competitiveness Act, was approved on 25 September 2025. It reorganises and strengthens the Bureau of Animal Industry, creates the Animal Competitiveness Enhancement Fund (AnCEF), establishes the Animal Management Information System, and provides for an Animal Emergency Response Task Force.⁵²

The legislation responds to a structural challenge in animal agriculture: competitiveness is affected not only by production costs, but also by fragmented institutional responsibilities, disease risks, weak data systems, and uneven access to technology, finance, and infrastructure. The law provides a more integrated institutional framework and creates a statutory basis for long-term sector development. The scale of the financial mechanism is particularly significant. The AnCEF is to receive an annual appropriation of PHP 20 billion from tariff collections on livestock, poultry, and dairy imports for 10 years following the law's effectiveness. The Act also provides for an initial allocation of PHP 2.3 billion from accumulated and unutilised remedies funds for specified animal-industry purposes.⁵³

The potential impact is substantial. The law can support herd and flock rebuilding, feed and forage development, credit and guarantees, infrastructure, research, and disease response. The AMIS can also improve the quality of information available to government and industry on animal inventories, health, prices, supply and demand, trade, feeds, and disease risks.⁵⁴

The principal implementation challenge is converting the statutory architecture into an effective operating system. The success of the Act will depend on the speed and quality of institutional reorganisation, the design of the National Animal Industry Development Plan, the governance and transparency of the AnCEF, the operationalisation of AMIS, and the capacity of agencies and local governments to implement animal-health and biosecurity measures. The Act is therefore a major legislative advance, but its competitiveness impact will be determined by execution.

The liberalisation of long-term private-land leases creates a new channel for agricultural and agro-industrial investment

Status: Enacted. Republic Act No. 12252, approved on 3 September 2025, amended the Investors' Lease Act and allows qualified foreign investors to lease private lands for up to 99 years, subject to statutory conditions. Agriculture, agro-industrial enterprises, agroforestry, and ecological conservation are expressly included among the productive activities covered by the law.⁵⁵

The reform addresses a long-standing investment concern: the need for greater tenure stability for capital-intensive projects whose returns are realised over long time horizons. Agricultural processing facilities, agro-industrial estates, cold-chain systems, and other value-chain investments may require substantial fixed capital and predictable access to land.

The law does not provide unrestricted access to land. The investor must have an approved and registered investment, the leased property must be used for the approved purpose, the lease must be registered, and the framework remains subject to the Comprehensive Agrarian Reform Law and the Local Government Code.⁵⁶

For Philippine agriculture, the potential benefit lies in improving the bankability and long-term predictability of qualifying projects. This could support investment in processing, logistics, storage, and other agricultural value-chain infrastructure. However, implementation must maintain clear safeguards against speculative landholding, ensure compatibility with land-use planning and agrarian-reform rules, and provide predictable registration and approval procedures.

The National Land Use Act has advanced to a critical legislative stage, with direct implications for agricultural land protection and investment planning

Status: Passed by the House of Representatives on third reading and transmitted to the Senate. House Bill No. 8466 was approved by the House on 5 May 2026 and transmitted to the Senate on 6 May 2026. The bill would institute a national land-use policy, create a National Land Use Commission, and establish implementing mechanisms for more coherent land and physical planning.⁵⁷

The problem is longstanding: land-use decisions affect food production, infrastructure, urban expansion, environmental protection, disaster resilience, and investment, yet planning responsibilities remain distributed across multiple levels of government and legal frameworks. For agriculture, the absence of a coherent national framework can make the protection of productive agricultural land more difficult and can create uncertainty around conversion, infrastructure alignment, and long-term investment planning.

The proposed legislation is significant because it seeks to establish a national framework that connects land-use decisions with food security, environmental protection, housing, infrastructure, and disaster resilience.⁵⁸ A more predictable system could improve the ability of both government and private investors to plan agricultural and agro-industrial projects over longer time horizons.

The remaining issue is policy design. A national framework should be sufficiently clear to guide land classification and investment, while protecting legitimate tenure rights and avoiding unnecessary restrictions on productive economic activity.

51 Senate of the Philippines. (2026). Committee Report No. 22: Congressional Commission on Agriculture, Fisheries and Food Security (AGRICOM) Act. Retrieved from https://legacy.senate.gov.ph/lis/committee_rpt.aspx?congress=20&q=22

52 Senate of the Philippines Legislative Reference Bureau. (2025). Republic Act No. 12308: Animal Industry Development and Competitiveness Act. Retrieved from <https://ldr.senate.gov.ph/legislative-issuance/republic-act-no-12308>

53 Ibid.

54 Ibid.

55 Senate of the Philippines Legislative Reference Bureau. (2025). Republic Act No. 12252: An Act Liberalizing the Lease of Private Lands by Foreign Investors, Establishing the Stability of Long-Term Lease Contracts, Amending for the Purpose Republic Act No. 7652. Retrieved from <https://ldr.senate.gov.ph/legislative-issuance/republic-act-no-12252>

56 Ibid.

57 House of Representatives of the Philippines. (2026). House approves National Land Use Act on third reading. Retrieved from <https://www.congress.gov.ph/index.php/media/press-releases/9788>

58 Ibid.

The proposed Agriculture and Fisheries Extension Act seeks to strengthen the knowledge and technology infrastructure of the sector

Status: Pending Senate action. Senate Bill No. 1991, the proposed Agriculture and Fisheries Extension Act, was reported out in Committee Report No. 53 on 17 March 2026 and was pending second reading on special order as of 18 March 2026. The measure would strengthen the national extension system and create a Bureau of Agricultural Extension.⁵⁹

The legislative rationale is that productivity gains depend not only on access to inputs and capital, but also on whether farmers and fisherfolk can access timely, relevant, and usable knowledge. Extension systems are especially important in a sector facing climate change, new technologies, changing market standards, digitalisation, and the need to adopt more sophisticated production and post-harvest practices.

A stronger national extension architecture could improve the connection between research institutions, government programmes, universities, local governments, private-sector providers, and producers. It could also provide a more systematic channel for transferring climate-resilient practices, digital tools, improved production techniques, and market information.

The key implementation consideration is avoiding institutional duplication. The value of a new bureau will depend on clear delineation of functions, coordination with existing agricultural training and research institutions, adequate local capacity, and mechanisms for measuring whether extension actually improves productivity and incomes.

A proposed Agricultural Cooperatives Act seeks to strengthen the organisational base required for value-chain participation

Status: Pending Senate action. Senate Bill No. 1990 was reported out in Committee Report No. 52 on 17 March 2026, recommending approval in substitution of earlier Senate proposals, including Senate Bill Nos. 389 and 1183. The proposed measure would ensure the development, promotion, and protection of agricultural and fisheries cooperatives and create a Bureau of Agricultural and Fisheries Cooperatives.⁶⁰

The importance of cooperatives is closely linked to the structural scale of Philippine agriculture. Small producers often face disadvantages in purchasing inputs, accessing finance, aggregating supply, investing in machinery, negotiating with buyers, and meeting quality and volume requirements. Stronger cooperatives can help address these constraints by enabling collective action.

The proposed institutional framework could provide a more focused basis for cooperative development and potentially improve access to technical assistance, financing, market linkages, and enterprise support. This is particularly relevant to value-chain development, where aggregation is often necessary for processing, cold-chain utilisation, contract supply, and export participation.

The principal policy challenge is ensuring that a cooperative framework strengthens commercial capability rather than merely expanding administrative structures. Governance, professional management, financial sustainability, access to markets, and accountability will be critical.

Rice legislation is increasingly focused on recalibrating the balance between market liberalisation, food security, price stability, and farmer support

Status: Pending in committee. Senate Bill No. 1619, filed in December 2025, and Senate Bill No. 1902, filed in February 2026, both seek to promote rice security, ensure adequate supply and stable prices, and strengthen the mandate of the National Food Authority by amending the legal framework governing rice tariffication.⁶¹

The legislative attention reflects the continued strategic importance of rice. In 2025, cereals accounted for USD 3.89 billion, or 19.1% of total agricultural imports, making cereals the largest agricultural import commodity group by value.⁶² The issue is therefore not only the price of rice, but the interaction between domestic production, imports, public stockholding, farmer incomes, consumer welfare, and fiscal resources.

The proposed reforms indicate that the policy debate is moving toward a reassessment of how the rice market should be governed after the experience of the Rice Tariffication Act. The potential benefit of a revised framework would be to clarify the government's capacity to respond to supply and price shocks while maintaining incentives for domestic productivity and ensuring that support reaches farmers effectively.

The principal implementation challenge is policy coherence. Measures that support consumers in the short term should not unintentionally weaken long-term domestic production incentives, while measures to support farmers should be designed to improve productivity and competitiveness rather than only provide temporary relief.

The proposed liberalisation of foreign participation in the rice and corn industries seeks to unlock capital while raising questions about safeguards and value-chain impact

Status: Pending in committee. Senate Bill No. 752, filed on 29 July 2025, seeks to amend Presidential Decree No. 194, which governs foreign participation in the rice and corn industry. The measure remained pending in committee as of 20 August 2025.⁶³

The proposal is significant because capital-intensive agricultural development requires investment in processing, storage, logistics, mechanisation, technology, and value-added activities. The policy question is whether a more liberal investment regime can attract capital into these areas while protecting national food-security interests and ensuring that small producers are not displaced or excluded.

The potential benefit is not limited to additional capital. Foreign participation could also bring technology, management expertise, global supply-chain connections, and access to markets. These benefits, however, depend on the structure of the investment and the extent to which it contributes to domestic production and value addition rather than simply increasing market concentration.

Any reform should therefore be assessed through a value-chain lens. Clear safeguards, competition considerations, land-use rules, and transparency requirements would be important to ensure that liberalisation supports productive investment and broader sector competitiveness.

59 Senate of the Philippines. (2026). Senate Bill No. 1991: Agriculture and Fisheries Extension Act. Retrieved from https://legacy.senate.gov.ph/lis/bill_res.aspx?congress=20&q=SBN-1991

60 Senate of the Philippines. (2026). Committee Report No. 52: Agricultural Cooperatives Act. Retrieved from https://legacy.senate.gov.ph/lis/committee_rpt.aspx?congress=20&q=52

61 Senate of the Philippines. (2025). Senate Bill No. 1619: Rice Industry and Consumer Empowerment (RICE) Act. Retrieved from https://legacy.senate.gov.ph/lis/bill_res.aspx?congress=20&q=SBN-1619

62 Philippine Statistics Authority. (2026). International Merchandise Trade Statistics of the Philippines for Agricultural Commodities, 2025. Retrieved from <https://psa.gov.ph/statistics/agricultural-export-import/annual/node/1684083138>

63 Senate of the Philippines. (2025). Senate Bill No. 752: Amending P.D. No. 194 (Authorizing Aliens to Engage in the Rice and Corn Industry). Retrieved from https://legacy.senate.gov.ph/lis/bill_res.aspx?congress=20&q=SBN-752

The proposed institutional reorganisation of fisheries governance reflects the sector's need for stronger administrative capacity and research-led management

Status: Pending in the House of Representatives. House Bill No. 9050, filed on 4 May 2026, proposes the creation of the Department of Fisheries and Aquatic Resources and Fisheries Commission and was pending with the House Committee on Aquaculture and Fisheries Resources.⁶⁴

The legislative case for institutional reform is linked to the scale and complexity of fisheries governance. The sector must simultaneously address production, aquaculture, resource sustainability, enforcement, coastal livelihoods, research, and market development. In 2025, fisheries production was estimated at 3.96 million metric tons, down 2.5% from 2024, while the value of fisheries production declined by 0.3% for the year.⁶⁵

A dedicated institutional structure could provide greater policy focus and strengthen the alignment of research, regulation, development programmes, and resource management. The potential benefit would be a more coherent approach to fisheries and aquaculture as both a food-security sector and a source of livelihood and investment.

The principal consideration is institutional design. Reorganisation should improve coordination and accountability without creating unnecessary fragmentation or transition costs. It should also preserve strong scientific management and effective coordination with local governments and coastal communities.

Seed-sector reform is being revisited to modernise a legal framework that has been in place since 1992

Status: Pending in committee. House Bill No. 5930, filed in November 2025, seeks to amend the Seed Industry Development Act of 1992 and remains pending with the House Committee on Agriculture and Food.⁶⁶

Seed systems are a foundational productivity issue. The existing law was enacted in 1992 to promote and develop the seed industry and create the National Seed Industry Council.⁶⁷ Since then, agricultural production has faced new demands arising from climate change, biotechnology, changing market requirements, and the need for more resilient and productive varieties.

A modernised legal framework could clarify the roles of public and private actors, strengthen research and development, improve seed quality and availability, and support the faster dissemination of improved planting materials. These changes could have implications across rice, corn, high-value crops, and other agricultural value chains.

The challenge is to balance innovation and investment with quality assurance, farmer access, biodiversity considerations, and the protection of legitimate interests in plant genetic resources.

The proposed AGRICOM Act reflects a growing legislative focus on cross-cutting, evidence-based agricultural reform

Status: Pending in the House of Representatives. Senate Bill No. 1624, the proposed Congressional Commission on Agriculture, Fisheries and Food Security Act, was approved by the Senate at second reading and was pending in the House as of February 2026. The proposal would create a commission to review the state of Philippine agriculture and fisheries and recommend targeted policy reforms.⁶⁸

The proposal is significant because many of the sector's most persistent problems cut across agency mandates and individual laws. Productivity, food prices, trade, land use, infrastructure, climate resilience, finance, and farmer incomes are interconnected. A mechanism for reviewing the sector as a system could help identify policy conflicts and prioritise reforms based on evidence.

The potential value of the commission will depend on its mandate, independence, technical capacity, and ability to translate findings into reforms that government agencies and Congress can implement. A review body should complement, rather than duplicate, existing institutions and should produce concrete, measurable outputs.

The broader legislative signal is nevertheless important. The proposal reflects recognition that agriculture's challenges require more than incremental programme adjustments. A stronger evidence base and clearer cross-sector coordination could support a more coherent reform agenda.

Overall Assessment on Legislation

The current legislative environment points toward a more structural approach to agricultural reform. Enacted measures are strengthening the animal-industry framework and expanding the potential for long-term investment, while pending proposals seek to address land-use planning, extension, cooperatives, rice security, fisheries governance, seed systems, and the coordination of agricultural policy.

The central opportunity is to move from fragmented interventions toward a more coherent enabling environment for productivity, investment, resilience, and market access. The central risk is that institutional reforms and new legal mandates may not translate into better outcomes if implementation is fragmented, funding is uncertain, or agencies lack the capacity to operationalise new systems.

For the private sector, the legislative agenda therefore presents both opportunities and areas requiring continued engagement. Clearer rules, stronger institutions, better data, improved extension, and more predictable investment conditions can support agricultural competitiveness. At the same time, the design of implementing rules, funding mechanisms, institutional mandates, and safeguards will determine whether reforms produce durable gains for farmers, fisherfolk, businesses, consumers, and the broader Philippine economy.

⁶⁴ House of Representatives of the Philippines. (2026). HB09050: An Act Creating the Department of Fisheries and Aquatic Resources, and the Fisheries Commission. Retrieved from <https://www.congress.gov.ph/house-members/view/K052>

⁶⁵ Philippine Statistics Authority. (2026). Volume of Production of Agriculture and Fisheries, October to December 2025 and January to December 2025. Retrieved from <https://psa.gov.ph/content/volume-production-agriculture-and-fisheries-october-december-2025-and-january-december-2025>

⁶⁶ House of Representatives of the Philippines. (2025). HB05930: An Act Amending the Seed Industry Development Act of 1992 and for Other Purposes. Retrieved from <https://www.congress.gov.ph/index.php/legislative-documents?page=12>

⁶⁷ 18. Senate of the Philippines Legislative Reference Bureau. (1992). Republic Act No. 7308: Seed Industry Development Act of 1992. Retrieved from <https://issuances-library.senate.gov.ph/legislative%20Bissuances/Republic%20Act%20No.%207308>

⁶⁸ Senate of the Philippines. (2026). Senate Bill No. 1624: Congressional Commission on Agriculture, Fisheries and Food Security (AGRICOM) Act. Retrieved from https://legacy.senate.gov.ph/lis/bill_res.aspx?congress=20&q=SBN-1624

ADVOCACY RECOMMENDATIONS

Philippine agriculture enters the next advocacy cycle with a stronger reform agenda but continued structural vulnerability. Production improved in 2025, yet the first quarter of 2026 again showed a 0.3% year-on-year decline in the value of agriculture and fisheries production, driven by lower crop and fisheries output.⁶⁹ At the same time, the country recorded its highest agricultural trade value since 1991 in 2025, but remained a substantial net importer, with USD 20.37 billion in agricultural imports against USD 9.25 billion in exports.⁷⁰ The policy priority is therefore not simply to increase spending or production in isolation. It is to make the sector more productive, better connected to markets, more resilient to shocks, and more capable of attracting sustained private investment.

The following eight recommendations prioritise reforms that can address the most consequential structural constraints identified in the Agriculture Advocacy Paper. Together, they seek to strengthen the foundations of competitiveness—productivity, infrastructure, finance, biosecurity, land and water governance, digital systems, and market access—while building on reforms already underway.

Scale end-to-end value-chain investment to convert agricultural production into higher productivity, lower losses, and stronger farmer incomes

Policy issue and rationale. Philippine agriculture continues to face a gap between production and value creation. The country's agricultural trade expanded to USD 29.63 billion in 2025, but imports still reached USD 20.37 billion and the agricultural trade deficit stood at USD 11.12 billion.⁷¹ This indicates that improving farm output alone will not be sufficient. Competitiveness also depends on whether producers can aggregate, store, process, transport, certify, and market products at competitive cost.

Evidence and policy gap. Existing programmes have supported value-chain financing, high-value crops, infrastructure, and market linkages, but the scale and integration of these interventions remain uneven. The Department of Agriculture is now exploring PPP structures for farm-to-market roads, mega food hubs, agri-fish ports, hatchery centres, mechanisation and biosafety facilities, cold storage, solar-powered ice plants, and irrigation.⁷² The direction is positive, but projects need to be selected and sequenced around commodity and geographic priorities rather than implemented as disconnected infrastructure assets.

Recommended action. The government should establish a more systematic, end-to-end value-chain investment framework that identifies priority commodities and production zones, maps critical bottlenecks, and combines public infrastructure grants, concessional finance, credit guarantees, and private investment around measurable outcomes. Priority should be given to projects that connect production to aggregation, cold chain, processing, logistics, and market access.

Expected outcome. A value-chain approach can reduce post-harvest losses, improve quality and consistency, strengthen farmer bargaining power, support agro-processing and rural employment, and improve the competitiveness of Philippine products in domestic and export markets.

Implementation considerations. The DA, DEPDev, DPWH, DOTr, local governments, LandBank, DBP, PPP Center, producer organisations, and private investors should develop a common pipeline of bankable projects. ECCP can support technical consultations, investment matchmaking, and sharing of international value-chain experience.

Strengthen agricultural infrastructure through bankable PPPs and integrated cold-chain and logistics planning

Policy issue and rationale. Logistics and post-harvest constraints continue to raise costs and weaken the ability of farmers and businesses to capture value. The 2026 Bicol Mega Cold Storage Warehouse, funded with a PHP 500 million investment, has a combined annual capacity exceeding 200,000 tons and includes temperature-controlled facilities for pork, beef, poultry, fish, fruits, and vegetables.⁷³ This demonstrates the scale of infrastructure needed to preserve quality and extend market reach.

Evidence and policy gap. The DA and PPP Center are now identifying agriculture projects suitable for private-sector participation, including cold storage, food hubs, agri-fish ports, irrigation, and ice plants.⁷⁴ The opportunity is significant, but project preparation, demand aggregation, tariff and user-fee design, inter-agency coordination, and last-mile connectivity will determine whether infrastructure is commercially viable and actually used by producers.

Recommended action. The government should develop a national agricultural infrastructure pipeline with clear commodity and regional priorities, standardised project-development templates, transparent feasibility criteria, and integrated planning for farm-to-market access, storage, ports, power, water, and digital connectivity. PPP structures should be used where they can mobilise private capital and operational expertise, while public funding should focus on projects with strong public-good characteristics or where market failures prevent private investment.

Expected outcome. Better infrastructure can reduce spoilage and logistics costs, stabilise supply, improve food affordability, create investable agricultural assets, and strengthen regional development.

Implementation considerations. Project selection should be based on measurable indicators such as reduced post-harvest losses, increased utilisation rates, lower logistics costs, producer participation, and improved market access.

Make agricultural resilience investable by expanding insurance, climate-smart production, and risk financing

Policy issue and rationale. Climate and disaster shocks remain a recurring constraint on agricultural productivity and investment. The 2026 national budget increased the Philippine Crop Insurance Corporation's allocation by 45% to PHP 6.5 billion, while coverage for rice and corn increased to PHP 25,000 per hectare and the estimated number of insured farmers and fisherfolk rose to 2.93 million.⁷⁵ This is important progress, but the scale of climate risk requires a broader resilience architecture.

69 Philippine Statistics Authority. (6 May 2026). Value of Production in Philippine Agriculture and Fisheries Declines by 0.3 Percent in the First Quarter of 2026. Retrieved from <https://psa.gov.ph/content/value-production-philippine-agriculture-and-fisheries-declines-03-percent-first-quarter>

70 Philippine Statistics Authority. (26 March 2026). International Merchandise Trade Statistics of the Philippines for Agricultural Commodities, 2025. Retrieved from <https://psa.gov.ph/content/international-merchandise-trade-statistics-philippines-agricultural-commodities-2025>

71 Ibid.

72 Department of Agriculture. (5 July 2026). DA, PPP Center eye private sector backing for strategic agriculture infrastructure projects. Retrieved from <https://www.da.gov.ph/da-ppp-center-eye-private-sector-backing-for-strategic-agriculture-infrastructure-projects/>

73 Department of Agriculture. (24 March 2026). Ceremonial Switching of the Bicol Mega Cold Storage Warehouse. Retrieved from <https://www.da.gov.ph/gallery/ceremonial-switching-of-the-bicol-mega-cold-storage-warehouse-march-23-2026/>

74 Department of Agriculture. (5 July 2026). DA, PPP Center eye private sector backing for strategic agriculture infrastructure projects. Retrieved from <https://www.da.gov.ph/da-ppp-center-eye-private-sector-backing-for-strategic-agriculture-infrastructure-projects/>

75 Department of Agriculture. (26 January 2026). PCIC gets bigger budget to shield Filipino farmers. Retrieved from <https://www.da.gov.ph/pcic-gets-bigger-budget-to-shield-filipino-farmers/>

Evidence and policy gap. In the first quarter of 2026, the value of agriculture and fisheries production declined by 0.3% year-on-year, with crop and fisheries production contracting, while livestock and poultry expanded.⁷⁶ The uneven performance illustrates how shocks affect subsectors differently and why resilience cannot depend on a single insurance product or emergency response mechanism.

Recommended action. The government should build a more integrated agricultural risk-financing and climate-resilience system combining expanded crop and fisheries insurance, parametric and index-based products where appropriate, climate information services, resilient infrastructure, water-management investments, and incentives for adoption of climate-smart technologies and practices.

Expected outcome. A more predictable risk-management system can reduce income volatility, improve farmers' ability to recover after shocks, make lending less risky, and strengthen the attractiveness of agricultural investment.

Implementation considerations. The DA, PCIC, DOF, BSP, financial institutions, local governments, and private insurers should work toward interoperable farmer registries, faster claims verification, improved actuarial data, and products suited to different commodities and production systems.

Accelerate animal-health, biosecurity, and traceability implementation under the Animal Industry Development and Competitiveness Act

Policy issue and rationale. Livestock, poultry, and dairy competitiveness depends on production efficiency as well as the ability to prevent and contain disease. Republic Act No. 12308, the Animal Industry Development and Competitiveness Act, established a long-term framework for the sector, including the Animal Competitiveness Enhancement Fund, the Animal Management Information System, and stronger institutional mechanisms.⁷⁷

Evidence and policy gap. The law provides for PHP 200 billion over 10 years to support livestock, poultry, and dairy development.⁷⁸ Its potential impact will depend on whether funding is translated into better disease surveillance, veterinary capacity, biosecurity, genetics, feed systems, infrastructure, traceability, and smallholder integration.

Recommended action. The government should prioritise rapid and transparent implementation of RA 12308, with an initial focus on operationalising the Animal Competitiveness Enhancement Fund, strengthening regional veterinary and laboratory capacity, improving disease surveillance and rapid response, and implementing interoperable traceability and animal-health information systems.

Expected outcome. Stronger biosecurity and traceability can reduce production losses, improve supply stability, support compliance with sanitary and phytosanitary requirements, and strengthen the investment case for modern animal-industry value chains.

Implementation considerations. The DA and Bureau of Animal Industry should establish measurable implementation milestones and publish regular progress indicators. Industry associations, integrators, producers, laboratories, local governments, and international partners should be involved in implementation design.

Improve agricultural finance by shifting from collateral-dependent lending toward data-enabled, value-chain, and risk-sharing models

Policy issue and rationale. Access to finance remains a structural constraint, particularly for smallholders and agricultural MSMEs that lack conventional collateral or predictable cash flows. Existing programmes have expanded digital loan processing and value-chain financing, but financial inclusion remains uneven.

Evidence and policy gap. The sector's investment needs extend beyond seasonal production loans to include mechanisation, irrigation, storage, processing, technology, and climate adaptation. These investments often require longer tenors and risk-sharing structures that conventional short-term lending does not provide.

Recommended action. The government should expand inclusive agricultural finance through digital farmer identification and KYC, interoperable registries, credit guarantees, blended-finance facilities, warehouse and receivables-based finance, value-chain lending, and products that use verified production or transaction data to improve risk assessment.

Expected outcome. More appropriate finance can support productivity-enhancing investment, improve smallholder participation in formal value chains, reduce reliance on informal credit, and mobilise private capital into agriculture.

Implementation considerations. The DA-ACPC, LandBank, DBP, BSP, PCIC, cooperatives, fintech firms, agribusinesses, and commercial banks should develop common data and risk-sharing standards.

Establish a predictable, science-based system for land-use and agricultural resource governance

Policy issue and rationale. Agricultural competitiveness depends on the long-term availability of productive land and reliable water resources. Land-use decisions also affect food security, infrastructure, climate resilience, and investment certainty. The National Land Use Act has advanced in Congress, while the DA has also issued recent measures affecting the processing of land-use conversion and reclassification applications.

Evidence and policy gap. The absence of a coherent, nationally coordinated land-use framework can create uncertainty for both agricultural protection and investment planning. At the same time, overly fragmented or unpredictable processes can delay legitimate infrastructure and productive investment.

Recommended action. The government should advance a clear national land-use framework that protects prime agricultural land, integrates food-security and climate-risk considerations into land-use planning, harmonises cadastral and land-use data, and provides predictable, transparent processes for legitimate development and conversion decisions.

Expected outcome. Better land-use governance can preserve productive agricultural areas, reduce land-use conflicts, improve infrastructure planning, and give investors greater clarity on the location and long-term viability of agricultural and agro-industrial projects.

Implementation considerations. The framework should include strong safeguards for smallholder tenure and transparent, evidence-based classification and conversion procedures.

⁷⁶ Philippine Statistics Authority. (6 May 2026). Value of Production in Philippine Agriculture and Fisheries Declines by 0.3 Percent in the First Quarter of 2026. Retrieved from <https://psa.gov.ph/content/value-production-philippine-agriculture-and-fisheries-declines-03-percent-first-quarter>

⁷⁷ Department of Agriculture. (3 October 2025). New law sets P200B, 10-Year boost for livestock, poultry, dairy sectors. Retrieved from <https://www.da.gov.ph/new-law-sets-p200b-10-year-boost-for-livestock-poultry-dairy-sectors/>

⁷⁸ Ibid.

Build a unified digital agriculture and extension system that turns data into better decisions and wider technology adoption

Policy issue and rationale. Digitalisation can improve targeting, market information, climate-risk management, extension, and programme delivery, but fragmented data systems and uneven rural connectivity limit impact. The Agriculture-based Central Data Ecosystem (AbCDE) entered its pilot phase in 2026 to consolidate, validate, and analyse beneficiary data across DA programmes.⁷⁹

Evidence and policy gap. Digital tools are increasingly available, but adoption depends on reliable data, connectivity, user capability, interoperable systems, and extension support. A digital platform that does not connect to frontline extension and actual production decisions will have limited value.

Recommended action. The government should develop a unified digital agriculture architecture linking farmer and fisherfolk registries, programme beneficiaries, production data, climate information, market intelligence, extension services, and relevant private-sector platforms, with appropriate data-governance safeguards. The system should be paired with a strengthened extension network and practical digital-literacy programmes.

Expected outcome. Better data can improve targeting, reduce duplication, strengthen early warning, support more accurate production planning, improve access to finance and markets, and accelerate adoption of productivity-enhancing technologies.

Implementation considerations. The DA should prioritise interoperability and practical use cases rather than creating additional standalone platforms. Private technology providers, telecommunications firms, universities, cooperatives, and industry groups should be engaged in testing and scaling solutions.

Improve regulatory predictability and market access by strengthening SPS capacity and supporting export-oriented value addition

Policy issue and rationale. Philippine agriculture has demonstrated export potential, but competitiveness is constrained when producers and exporters face high compliance costs, fragmented certification, and uneven SPS capacity. Agricultural exports reached a record USD 9.25 billion in 2025, yet imports remained more than twice as large at USD 20.37 billion.⁸⁰ The opportunity is therefore to expand export capacity while improving domestic competitiveness.

Evidence and policy gap. The Philippines is developing first-border control capacity through Cold Examination Facilities for agricultural imports, while export markets increasingly require traceability, quality assurance, and robust SPS compliance.⁸¹ These systems need to be efficient, science-based, and predictable for both importers and exporters.

Recommended action. The government should strengthen a risk-based, digitally enabled SPS and market-access system, including interoperable inspection and certification, expanded laboratory capacity, transparent service standards, mutual recognition where feasible, and targeted support for exporters and producer organisations seeking to meet international standards.

Expected outcome. More predictable regulatory processes can reduce transaction costs, protect domestic biosecurity, improve export reliability, support higher-value agricultural products, and strengthen the Philippines' position in trade negotiations and global value chains.

Implementation considerations. The DA and attached agencies should coordinate with the Bureau of Customs, DTI, exporters, logistics providers, laboratories, and foreign market authorities. ECCP can support technical dialogue on international standards and market-access requirements.

SYNTHESIS

The eight recommendations are intended to reinforce one another. Value-chain investment requires infrastructure, finance, reliable land and water governance, and predictable market access. Climate resilience requires insurance, data, and investment. Animal-industry competitiveness requires sustained financing, biosecurity, traceability, and institutional capacity. Digital agriculture can improve the targeting and effectiveness of each of these reforms.

Taken together, the priorities support a shift from fragmented interventions toward a more integrated and investment-ready agricultural system. The objective is not only to produce more, but to produce more efficiently, withstand shocks, reduce losses, create better livelihoods, attract private capital, and connect Philippine agriculture to higher-value domestic and international markets. ECCP stands ready to support government, industry stakeholders, development partners, and producer organisations through technical input, committee consultations, public-private dialogue, evidence-sharing, and the sharing of international experience.

⁷⁹ Department of Agriculture. (25 May 2026). Digital agriculture reborn: Korea-Philippines ODA Project launches 'AbCDE 1.0'. Retrieved from <https://www.da.gov.ph/digital-agriculture-reborn-korea-philippines-oda-project-launches-abcde-1-0/>

⁸⁰ Philippine Statistics Authority. (26 March 2026). International Merchandise Trade Statistics of the Philippines for Agricultural Commodities, 2025. Retrieved from <https://psa.gov.ph/content/international-merchandise-trade-statistics-philippines-agricultural-commodities-2025>

⁸¹ Department of Agriculture. (2025). Cold Examination Facility for Agriculture and first-border SPS control initiatives; and European Chamber of Commerce of the Philippines. (2025).

ASSESSMENT OF 2025 RECOMMENDATIONS

2024 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Proper implementation of the Animal Industry Development and Competitiveness Act or Senate Bill No. 2558	
Scale value-chain investments around prioritized commodity roadmaps	DA approves PHP 2.06B farm-to-market roads funded by the World Bank's Philippine Rural Development Program (PRDP) Scale-Up). These FMR projects cover more than 66 km. of roads and 310 linear meters of bridges in Zambales, Oriental Mindoro, Masbate, Samar, Bukidnon, and North Cotabato. According to AO No. 4, the DA will identify priority FMR projects based on commodity roadmaps, the location of farmers and fisherfolk, and poverty rates.

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
The Bill was enacted into law on September 25, 2025. The BAI expanded and was classified into a line agency with more reach. The law was enacted without implementing rules and regulations. AnCEF secured PHP 20 billion annually from tariffs collected from livestock, poultry, and dairy imports. The transition period for turning over all regulatory processes from the FDA to the BAI was extended beyond the initial May/June schedule to hire additional personnel and wait for fund disbursement.	

2024 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Accelerate climate-resilient cold-chain and aggregation infrastructure dispersal	The DA has started executing this through dispersing and distributing cold-storage facilities. The DA has also started planning the building of (mega) cold-storage facilities. The DA is putting efforts to fast-track and expedite the cold-chain storage plans.
Institutionalize data-driven agricultural insurance as a national priority to strengthen farm resilience	PCIC is looking for partners to provide reliable flood-monitoring data to support its parametric insurance program for rice farmers. Currently, limited to wind speed, and yet to integrate flooding triggers.

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
The Bill was enacted into law on September 25, 2025. The BAI expanded and was classified into a line agency with more reach. The law was enacted without implementing rules and regulations. AnCEF secured PHP 20 billion annually from tariffs collected from livestock, poultry, and dairy imports. The transition period for turning over all regulatory processes from the FDA to the BAI was extended beyond the initial May/June schedule to hire additional personnel and wait for fund disbursement.	

2024 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Integrate market access and SPS Compliance as definite conditions for public agricultural investments	Proposed amendments to the DA Circular 6 series of 2022 adopted, but not enforced. Circular is a measure to curb smuggling and strengthen sanctuary and phytosanitary (SPS) controls. Suspended the issuance of sanctuary and phytosanitary important clearance (SPSIC) on mackerel due to the diversion and misdeclaration in the important fish.
Expand inclusive finance such as micro-credit, digital KYC, and blended risk facilities for smallholder farmers	Upgraded Agri-Credit e-Portal (ACE Portal 2.0) of the Department of Agriculture – Agricultural Credit Policy Council (DA-ACPC) streamlined loan processing under the Agri-Puhunan and Pantawid (APP) Program. Landbank ANYO-Palay loan program through digital tools and management apps. Digital Farmers Program (PLDT and Smart's Digital Inclusion Program) in partnership with the Department of Agriculture-Agricultural Training Institute.
Invest in youth, gender, and entrepreneurship pathways to safeguard the future of the farm and agriculture workforce	Paghinugyaw: Women Farmers Festival Agdahon, Cuartero, Capiz, Philippines. DA's Young Farmer Challenge leading to eco-friendly products.

SOME PROGRESS	NO PROGRESS/ RETROGRESSION

2024 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Accelerate enactment of land-use safeguards to protect prime agricultural lands and support irrigation planning	The Senate approves National Land Use Act (House Bill No. 8466) which seeks to establish a framework for sustainable land use. Aims to protect prime agricultural lands from improper conversion, climate and disaster risk planning, etc. through the National Land Use Commission and a 30-year National Physical Framework Plan. The Bill will classify land into protection, production, settlements, and infrastructure. DA Circular No. 1, Series of 2026: Freezing/ stopping the processing of applications to convert agricultural lands into residential subdivisions or industrial uses. DA Circular (DC) No. 32, series of 2026: withdrew the suspension on the acceptance and processing of land-use reclassification applications for agricultural areas.

SOME PROGRESS	NO PROGRESS/ RETROGRESSION



AUTOMOTIVE ADVOCACY PAPER 2026

INTRODUCTION

As geopolitical uncertainties and volatile global oil prices continue to expose the risks of heavy reliance on imported fossil fuels, accelerating transport electrification has become essential to strengthening energy resilience, improving air quality, and enhancing industrial competitiveness. Because of this, Electric vehicle (EV) adoption has evolved beyond an environmental initiative but into a strategic economic and energy security priority.

For the Philippines, expanding EV adoption presents an opportunity to reduce fuel import dependence, diversify the transport sector's energy mix, and stimulate investment in advanced manufacturing, charging infrastructure, and innovation. ECCP supports policies that accelerate EV deployment through a stable regulatory framework, targeted incentives, and public-private collaboration to position the Philippines as a competitive and resilient player in the regional transition to clean mobility.

SECTOR OVERVIEW

In 2025, the global electric vehicle (EV) market reached a new milestone with sales exceeding 20 million units, a 20% increase from 2024. As geopolitical tensions and volatile oil prices continue to expose the risks of heavy reliance on imported fossil fuels, governments are accelerating EV adoption to reduce fuel import dependence. In 2025 alone, the global EV fleet displaced an estimated 1.7 million barrels of oil consumption per day, with the greatest impact seen in markets supported by strong fuel economy and emissions policies, such as China and the European Union (EU). Recognizing these benefits, several Southeast Asian countries, including Vietnam, have expanded EV tax incentives to improve energy resilience, reduce import vulnerability, and support the transition to cleaner transport.¹

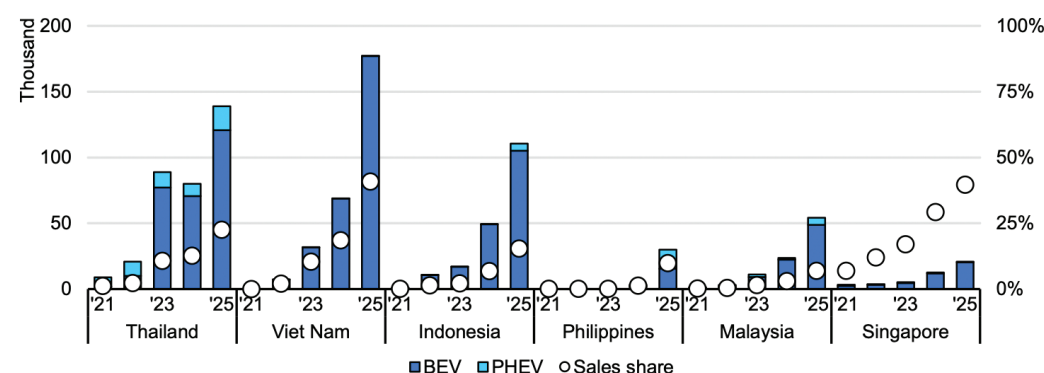
In Southeast Asia, the region has been recorded as one of the fastest-growing electric vehicle (EV) markets in 2025, with sales more than doubling to over 500,000 units and accounting for nearly one in five new car sales. The current ASEAN vehicle market is the world's 5th largest sub-regional market shaped by Indonesia, Thailand, Malaysia, Philippines, Vietnam.² Growth, however, was uneven. Vietnam, Indonesia, and Thailand led the region through strong policy incentives, expanding local manufacturing, and favorable import conditions, while EV adoption in Malaysia and the Philippines, though increasing, remained comparatively lower.³

¹ International Energy Agency. (2026). Global EV Outlook 2026 Growing Sales Amid an Energy Crisis. Retrieved from: <https://iea.blob.core.windows.net/assets/857aa690-2a43-453f-9f12-147cc8f0a1dd/GlobalEVOutlook2026.pdf>

² Focus2move. (15 February 2026). ASEAN 2025. Vietnam Delivers Dynamic Growth, Powers Regional EV Surge. Retrieved from <https://www.focus2move.com/asean-vehicle-market-2025/>

³ International Energy Agency. (2026). Global EV Outlook 2026 Growing Sales Amid an Energy Crisis. Retrieved from: <https://iea.blob.core.windows.net/assets/857aa690-2a43-453f-9f12-147cc8f0a1dd/GlobalEVOutlook2026.pdf>

Figure 1.6 Electric car registrations and sales shares in Southeast Asia, 2021-2025



IEA. CC BY 4.0.

Note: BEV = battery electric vehicle; PHEV = plug-in hybrid vehicle.

Sources: IEA analysis based on country submissions and data from [EV Volumes](#), [DLT](#), [VAMA](#), [Gaikindo](#), [LTO](#), [MAA](#), [LTA](#) and [Marklines](#).

Figure 1: Electric Car Registrations and Sales in Southeast Asia 2021-2025

Source: IEA 2026 Global EV Outlook

In the context of the Philippines automotive market, EV sales expanded gradually in 2025, accounting for almost 10% of vehicle sales, up from a negligible share the previous year. Growth was due to government policies such as excise tax exemptions⁴ introduced in 2025 and import duty exemptions implemented in 2024.⁵ With tariff exemptions set to remain in place until 2028, imported EVs are expected to continue driving market growth in the near term.⁶

Beginning in 2026, the ongoing Middle East crisis has also had a significant effect on the automotive demand for Filipino consumers due to the increasing global fuel prices. As fuel costs increase, more Filipino consumers are considering buying hybrid, plug-in hybrid, and fully electric vehicles (EVs) as cost-effective and sustainable alternatives to conventional internal combustion engine vehicles.⁷ This recent trend has been reflected in recent data. From January to March 2026, total vehicle sales is at 105,642 car units which is a 9.8% decrease compared to the 117,074 units sold in the same period for 2025.⁸ The Chamber of Automotive Manufacturers of the Philippines (CAMPI) projects a continued soft demand for the remainder of 2026 amid the Middle East crisis.

4 BIR. (06 January 2025). The Philippine Bureau of Internal Revenue (BIR) on 6 January 2025 issued [Revenue Regulations No. 001-2025](#) (RR No. 1-2025) amending earlier regulations providing for the Department of Environment and Natural Resources-Environment Management Bureau to determine whether vehicles subject to the excise tax exemption or reduction are hybrid vehicles or purely electric vehicles in accordance with the provisions of the Tax Reform for Acceleration and Inclusion (TRAIN) Law. Retrieved from: <https://bir-cdn.bir.gov.ph/BIR/pdf/RR%20No.%201-2025.pdf>

5 (2024). Modifying The Nomenclature and Rates of Import Duty On Various Products. Retrieved from: https://lawphil.net/executive/execord/eo2024/eo_62_2024.html

6 (2023). Executive Order 12 Temporarily Modifying The Rates Of Import Duty On Electric Vehicles, Parts, And Components Under Section 1611 Of Republic Act No. 10863, Otherwise Known As The "Customs Modernization And Tariff Act" Retrieved https://Lawphil.Net/Executive/Execord/Eo2023/Pdf/Eo_12_2023.Pdf

7 Perez A. (02 June 2026). Rising fuel prices push Philippine buyers toward hybrids, PHEVs and EVs in April 2026. Manila Times. Retrieved from: <https://www.manilatimes.net/2026/06/02/fast-times/rising-fuel-prices-push-philippine-buyers-toward-hybrids-phevs-and-evs-in-april-2026/2355465>

8 Zapanta, L. K. (20 April 2026). Philippine car sales fell 9.8% in Q1. Retrieved from <https://business.inquirer.net/586179/philippine-car-sales-fell-9-8-in-q1>

At present, EV adoption continues to gain momentum, from January to March 2026, EV sales rose from 36.2% (year on year) to 11,800 units (including battery EVs, plug-in hybrid EVs, and hybrid EVs). This made up 10.48% of total car sales in March 2026.⁹

Data from the Land Transportation Office (LTO) indicate that, as of 2025, there are 60,906 registered electric vehicles (EVs) in the Philippines, reflecting the country's steady progress toward transport electrification. Sport utility vehicles (SUVs) account for the largest share of registrations with 38,363 units, followed by passenger cars and sedans (7,797), motorcycles and tricycles (1,608), buses (60), and trucks and trailers (43). The expanding range of EV models available in the Philippine market likewise signals increasing industry confidence and consumer choice. As of 30 June 2026, the Department of Energy (DOE) has recognized 773 EV models, comprising 484 battery electric vehicles (BEVs), 144 plug-in hybrid electric vehicles (PHEVs), 141 hybrid electric vehicles (HEVs), and four light electric vehicles (LEVs). Infrastructure development has also gained momentum. As of June 2026, the Philippines has established a total of 1,774 electric vehicle charging points nationwide, laying the foundation for a more accessible and reliable charging network.¹⁰

Beyond its environmental benefits, the EV industry is emerging as a significant driver of economic growth. Since the industry's inception, it has generated more than 10,000 new jobs and attracted over PHP 3.11 billion in investments.¹¹ These gains underscore the sector's potential to stimulate manufacturing, supply chains, technology development, and workforce upskilling while strengthening the country's competitiveness in the regional clean mobility market.

Although EV adoption in the Philippines has gained momentum, the country continues to lag behind ASEAN leaders such as Vietnam, Thailand, and Indonesia in both market penetration and sales volumes. Regional experience shows that sustained fiscal incentives, regulatory certainty, local manufacturing, and charging infrastructure are the primary drivers of rapid EV adoption. While the Philippines has established a solid foundation for an electric mobility ecosystem through the Electric Vehicle Industry Development Act (EVIDA) and supporting fiscal measures, sustaining this momentum will require a long-term, investment-led strategy.

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

The Philippine automotive industry is undergoing a significant transformation as technological innovation, evolving consumer preferences, and global energy security concerns reshape the mobility landscape.

Over the past year, the government has introduced a series of policy reforms aimed at accelerating electric vehicle (EV) adoption, strengthening domestic manufacturing, improving road safety, and enhancing the sector's global competitiveness. These developments reflect a broader shift toward building a more resilient, investment-driven, and sustainable automotive ecosystem. At the same time, global market uncertainties and rising fuel prices have reinforced the need to diversify the country's transport sector and reduce dependence on imported fossil fuels. Sustaining this momentum will require policy certainty, strategic public-private investments, and continued regulatory reforms to unlock the full economic, environmental, and energy security benefits of the automotive industry. The following section highlights the key policy and industry developments shaping the sector's trajectory.

9 Business World. (6 May 2026). Auto industry backpedals on 500,000-unit sales goal. Retrieved from <https://bworldonline.com/economy/2026/05/06/747938/auto-industry-backpedals-on-500000-unit-sales-goal/>

10 Department of Energy. (30 June 2026). EV Situationer. Retrieved from: <https://evindustry.ph/ev-industry-situationer>

11 Ibid

Fiscal incentives to accelerate electric mobility and domestic manufacturing by the Philippine government

In January 2026, during the signing of the 2026 budget, President Ferdinand Marcos Jr. vetoed both the Fiscal support to Comprehensive Automotive Resurgence Strategy (CARS) with a budget of PHP 4,320,765,000 and the Revitalizing the Automotive Industry for Competitiveness Enhancement (RACE) program with a budget of PHP 250 million. The CARS programs allowed for government designated investment support and production incentives. Similarly, the RACE program supports local manufacturing of cars in the Philippines.¹²

Despite the veto, the government reaffirmed its long-term commitment to the automotive industry. Following this, the Department of Budget and Management (DBM), Department of Trade and Industry (DTI), and the Department of Finance (DOF) clarified that this does not reflect a withdrawal of government support as there are still existing budgetary items under the programmed appropriations of the FY2025 GAA. The administration reiterated that the Philippine automotive industry is still a national priority, reaffirming its commitment to its obligations and partnership with the CARS program.¹³

This commitment was subsequently reinforced through a new generation of investment incentives focused on electric mobility. The Department of Finance (DOF) stated recently in May 2026 that the Electric Vehicle Incentive Strategy (EVIS) is expected to be released soon as government agencies finalize the proposed incentive package for the EV industry. The program will provide fiscal and non-fiscal incentives to support the local production of electric vehicles, batteries, charging infrastructure, parts, and testing facilities. Modeled after the Comprehensive Automotive Resurgence Strategy (CARS) Program, the EVIS may offer up to PHP 15 billion in fiscal support per qualified four-wheeled EV manufacturer, with up to four participants expected to benefit.¹⁴

Building on this progress, the Philippine government announced in July 2026, plans to simultaneously implement its two flagship automotive incentive programs: the Electric Vehicle Incentive Strategy (EVIS) and the Revitalizing the Automotive Industry for Competitiveness Enhancement (RACE) program. This will encourage the local production of both electric vehicles (EVs) and conventional vehicles. Finance Secretary Frederick Go stated that EVIS has already been approved by the Cabinet-level Fiscal Incentives Review Board (FIRB), which he chairs, and has been transmitted to the Office of the President (OP) for final approval. The program is expected to be formalized through an Executive Order (EO) ahead of President Ferdinand Marcos Jr.'s State of the Nation Address (SONA) on 27 July 2026. Meanwhile, Trade Undersecretary and Board of Investments (BOI) Managing Head Ceferino Rodolfo announced that EVIS is expected to provide PHP 60 billion in fiscal incentives, with up to PHP 15 billion allocated to each of four qualified participants that commit to investing in local EV manufacturing. If approved, EVIS would offer a significantly larger incentive package than the government's earlier Comprehensive Automotive Resurgence Strategy (CARS) Program, which was allocated PHP 27 billion.¹⁵

Strengthening road safety through enforcement and institutional reforms

In March 2026, Muntinlupa City opened its first road safety park in Barangay Tunasan. This facility spans 3,140 square meters with a budget of PHP 31million. This interactive facility simulates road and transport safety with signage and markings to promote road safety lessons.¹⁶

Beyond local infrastructure investments, the government is scaling nationwide efforts to improve road safety through stronger enforcement, regulatory reforms, and institutional coordination. In May 2026, the Department of Transportation (DOTr) is pushing for stronger congressional support to increase funding for road safety programs to cut road crash incidents and fatalities nationwide. As stated by Transportation Senior Undersecretary for Road Transport and Infrastructure Mark Steven Pastor the agency is implementing stricter enforcement, tighter driver screening, and stronger vehicle safety compliance to improve road discipline and enhance protection for commuters, pedestrians, and cyclists. The DOTr, together with the Land Transportation Office (LTO) and the Land Transportation Franchising and Regulatory Board, is carrying out reforms under the Philippine Road Safety Action Plan (PRSAP) 2023–2028 which include strengthened enforcement and digitalization efforts to improve monitoring and accountability in the transport sector.¹⁷

Managing fuel supply risks through diversified sourcing during geopolitical tensions

The Middle East crisis in early 2026 underscored the Philippines' continued vulnerability to global energy supply disruptions and the importance of strengthening energy security. As an immediate response, the DOE authorized the importation of Euro 2 petroleum products last March 2026, which produce higher emissions compared to the Euro 4 standard in the country. According to a department circular by the DOE, it is permitting the "temporary and controlled use of Euro 2 fuels in the transport and industrial sectors to help conserve the country's depleting fuel reserves."¹⁸

At the same time, the DOE emphasized that the temporary policy did not reflect a domestic fuel shortage. DOE officials stated last April 2026 that the Philippines has sufficient fuel supply and diversified sourcing options. "As of 10 April, DOE data showed that domestic fuel stocks remain adequate: gasoline at 54 days, diesel at 49 days, kerosene at 104 days, jet fuel at 68 days, fuel oil at 46 days, and liquefied petroleum gas at 36 days."¹⁹

¹² Mangaluz, J. (5 January 2026). Vow of transparency: Which items did Marcos veto from the 2026 budget?. PhilStar News. Retrieved from <https://www.philstar.com/headlines/2026/01/05/2498931/vow-transparency-which-items-did-marcos-veto-2026-budget>

¹³ Department of Finance. (2026). "PBBM WILL NOT ABANDON THE AUTO INDUSTRY" DBM, DOF, and DTI assure orderly and certain payment to the auto industry under the CARS Program. Retrieved from <https://www.dof.gov.ph/pbbm-will-not-abandon-the-auto-industrydbm-dof-and-dti-assure-orderly-and-certain-payment-to-the-auto-industry-under-thecars-program/>

¹⁴ Tabile JI. (14 May 2026). DoF chief says EV incentive program to be released soon. Business World. Retrieved from: https://bworldonline.com/top-stories/2026/05/14/749483/dof-chief-says-ev-incentive-program-to-be-released-soon/#google_vignette

¹⁵ Barro D. (13 July 2026). Gov't eyes dual incentives for EVs, ICE vehicles Manila Bulletin. Retrieved from: <https://mb.com.ph/2026/07/13/govt-eyes-dual-incentives-for-evs-ice-vehicles>

¹⁶ Macababba, E. & Ronquillo, A. (3 March 2026). Muntinlupa opens Philippines first road safety park. Retrieved from <https://www.philstar.com/nation/2026/03/03/2511649/muntinlupa-opens-philippines-first-road-safety-park>

¹⁷ Romero MB. (28 May 2026). Stronger Road Safety Funding Sought. Daily Tribunal. Retrieved from: <https://tribune.net.ph/2026/05/28/stronger-road-safety-funding-sought>

¹⁸ Flores H. and Lelis B. (23 March 2026). DOE Allows Dirtier Fuel Imports Amid Iran Crisis. PhilStar News. Retrieved from: <https://www.philstar.com/headlines/2026/03/23/2516231/doe-allows-dirtier-fuel-imports-amid-iran-crisis>

¹⁹ Villanueva J. (15 April 2026). PH Fuel Supply Remains Stable, no Euro 2 Imports Amid Mideast Conflict. Philippine National Agency. Retrieved from: <https://www.pna.gov.ph/index.php/articles/1273027>

Amendments to the EV Recognition Guidelines

Under a Department Circular No. DC2025-09-0015, entitled “Prescribing Amendments to Department Circular No. DC2023-05-0012” or the Electric Vehicle (EV) Recognition Guidelines, took effect on 20 September 2025. The amended guidelines require all road transport vehicle manufacturers, assemblers, importers, and rebuilders (MARs) to comply with the prescribed EV recognition requirements. Under the Circular, applications for EV recognition must be submitted through the Philippine Transport Vehicle Fuel Economy Labeling Program (VFELP) System, accessible at <https://vfelp.doe.gov.ph/>.²⁰

ON LEGISLATION

Legislative efforts in the 20th Congress continue to reinforce the government’s commitment to accelerating transport electrification, strengthening domestic automotive manufacturing, and improving road safety. The proposed measures seek to enhance the implementation of the Electric Vehicle Industry Development Act (EVIDA), expand investment incentives, build a more competitive automotive industry, and promote safer roads through stronger vehicle standards and road safety education. Collectively, these bills provide an opportunity to establish a more resilient, innovative, and sustainable transport ecosystem while supporting the country’s long-term energy security and industrial development objectives.

Amending the Electric Vehicle Industry Act

Status: SB 2270 was filed in June 2026
Senate President Win Gatchalian filed Senate Bill No. 2270 which seeks to amend the Electric Vehicle Industry Development Act (EVIDA) to further accelerate the country’s transition to electric mobility and reduce dependence on imported oil. The bill proposes extending the validity of fiscal and non-fiscal incentives from eight to 12 years, while maintaining zero import duties on electric vehicles, related equipment, and charging infrastructure. It also introduces additional non-fiscal incentives for EV users, including discounted parking fees, dedicated EV expressway lanes, and a “Buy Now, Register Later” program, while increasing the minimum allocation of exclusive EV parking spaces to 20% of total parking capacity, with a 5% increase every five years.²¹

Bills on Strengthening the Philippine Automotive Industry

Status: In the 20th Congress, several measures have been filed to strengthen the Philippine automotive industry through the proposed Philippine Motor Vehicle Manufacturing Industry Act. These include Senate Bill No. 1709 ²², filed by Senator Mark A. Villar in January 2026, which aims to enhance the global competitiveness of the Philippine motor vehicle industry, and House Bill No. 1807, filed by Representatives Rufus B. Rodriguez and Maximo B. Rodriguez Jr. in July 2025, which seeks to establish a comprehensive industry development plan and provide incentives for domestic vehicle manufacturers.

20 Department of Energy. (09 September 2025). Department Circular No. DC2025-09-0015: Prescribing Amendments to Department Circular No. DC2023-05-0012 or the Electric Vehicle (EV) Recognition Guidelines. Retrieved from: https://doe.gov.ph/articles/2975843--department-circular-no-dc2025-09-0015-entitled-prescribing-amendments-to-department-circular-no-dc2023-05-0012-or-the-electric-vehicle-ev-recognition-guidelines-redirect=%2Farticles%2Fgroup%2Fflaws-and-issuances%3Fcategory%3Dundefined-subcategory%3DDepartment%20Circular-subject%3Dundefined-type%3Dundefined-display_type%3DDepartment%20Circular-title%3DDepartment%20Circular%20No.%20DC2025-09-0015

21 The Manila Times. (27 June 2026). Gatchalian Pushes More EV incentives to cut PH dependence on imported oil. Retrieved from: <https://www.manilatimes.net/2026/06/27/tmt-newswire/gatchalian-pushes-more-ev-incentives-to-cut-ph-dependence-on-imported-oil/2374104>

22 Senate of the Philippines. (28 January 2026). Senate Bill 1709 – An Act Strengthening The Competitiveness of The Philippine Motor Vehicle Manufacturing Industry. Retrieved from: [20th Congress – Senate Bill No. 1709Senate of the Philippineshttps://legacy.senate.gov.ph/lis/bill_res/q=SBN-1709](https://legacy.senate.gov.ph/lis/bill_res/q=SBN-1709)

Bills on Road Safety Education

Status: Several pieces of legislation pertaining to the Road Safety Education Act were filed in the 20th Congress and Senate including the Road Safety and Comprehensive Drivers Education by Senator Mark Villar which aims to integrate road safety and traffic education into the K-12 curriculum.²³
Last 15 January 2025, House Bill No. 11293 was filed in the 19th Congress with the aim of mandating vehicle safety features to significantly reduce the likelihood of road accidents borne from reckless or negative behaviours.²⁴²⁵ Among the proposed technology-based interventions were the installation of anti-lock braking systems (ABS) for motorcycles and electronic stability control (ESC) for passenger vehicles.

In addition, the DTI-BPS would be tasked with the oversight and enforcement of product safety standards. Moreover, comprehensive education and capacity-building programs shall be developed by the Department of Transportation (DOTr) in collaboration with DTI, Department of Education (DepEd), Department of Health (DOH), Department of Public Works and Highways (DPWH), Department of Interior and Local Government (DILG), Commission on Higher Education (CHED), and the Land Transportation Office (LTO).²⁶

ADVOCACY RECOMMENDATIONS

The Philippine automotive industry stands at a defining moment in its development. Recent policy developments, rising consumer interest in electric vehicles, and growing investments in clean mobility present a unique opportunity to strengthen the country’s competitiveness, energy security, and industrial base. Realizing this opportunity, however, will require sustained policy support, regulatory certainty, and close collaboration between government and the private sector. A coordinated approach is essential to accelerate transport electrification, expand domestic manufacturing, improve road safety, and develop the supporting infrastructure needed for long-term growth. At the same time, policies should remain technology-neutral, investment-friendly, and aligned with global best practices to encourage innovation and private sector participation. In this context, ECCP recommends the following priority policy actions to foster a competitive, resilient, and future-ready automotive ecosystem in the Philippines.

Improve Market Access through Tariff Liberalization and Customs Modernization for European automotive brands in the preferential trade arrangements

A competitive and investment-friendly automotive industry requires open markets, efficient regulation, and seamless trade. Eliminating barriers to both domestic and foreign investment is essential to strengthening the sector’s competitiveness and integrating the Philippines into regional and global automotive value chains.

Recommended Action: The resumption of EU-Philippines FTA negotiations presents a strategic opportunity to strengthen the country’s automotive sector. ECCP recommends prioritizing the elimination of import duties on EU vehicles and automotive parts upon the FTA’s ratification to improve consumer affordability, expand product choice, and attract greater European investment.

23 Escosio J. (19 July 2025). Mark Villar pushes for road safety amid rising traffic-related deaths. Inquirer. Retrieved from: <https://newsinfo.inquirer.net/2084375/mark-villar-pushes-for-road-safety-amid-rising-traffic-related-deaths>

24 House of Representative. (15 January 2025). House Bill No. 11293. Retrieved from https://docs.congress.hrep.online/legisdocs/basic_19/HB11293.pdf

25 House Bill No. 11293 is yet to be re-filed in the 20th Congress.

26 House of Representative. (15 January 2025). House Bill No. 11293. Retrieved from https://docs.congress.hrep.online/legisdocs/basic_19/HB11293.pdf

Lower trade barriers will also promote technology transfer, innovation, and competition, positioning the Philippines as a more attractive automotive manufacturing and distribution hub within ASEAN. ECCP therefore welcomes the resumption of FTA negotiations and supports their timely conclusion to unlock greater trade, investment, and long-term industry growth.

Promote ease of doing business through the acceleration of customs modernization and digitalization alongside streamlining of product certification

At present, the Department of Trade and Industry's Bureau of Philippine Standards (DTI-BPS) continues to implement mandatory product certification through schemes such as the Philippine Standard (PS) Quality and/or Safety Mark and the Import Commodity Clearance (ICC).²⁷ While these programs help assure quality, the requirements and procedures often result in duplication, extended processing times, and added costs for both importers and manufacturers.

Recommended Action: To further modernize certification processes, ECCP highlights the need for national standards and conformity assessments to be aligned with globally recognized frameworks such as the United Nations Economic Commission for Europe (UNECE) 1958 Agreement Concerning the Adoption of Harmonized Technical United Nations Regulations for Wheeled Vehicles, Equipment, and Parts, which the Philippines acceded to in November 2022.²⁸ This alignment will not only harmonize Philippine rules with international benchmarks but also reduce technical barriers to trade. In effect, the Chamber recognises the DTI-BPS technical regulations should be reviewed with the goal of limiting mandatory certification to products with genuine safety and environmental risks, while recognizing equivalent foreign certifications.

ECCP recommends that the Bureau of Customs (BOC) and relevant agencies accelerate the full digitalization of import and export processes, streamline customs documentation, and harmonize valuation and classification practices across ports of entry. These reforms will reduce clearance times, lower transaction costs, and align the Philippines with global trade facilitation standards. In relation, we laud the recent government efforts in demonstrating progress, such as the expansion of electronic processing systems and inter-agency portals.²⁹

Further opportunities exist to simplify regulatory processes and reduce unnecessary compliance costs for businesses. ECCP supports continued streamlining under the Ease of Doing Business Act (RA 11032) and welcomes ARTA's removal of engine and chassis number stenciling requirements, which has reduced delays and administrative burdens. Building on this progress, ECCP recommends eliminating the Motor Vehicle Clearance Certificate (MVCC) requirement for vehicles imported by authorized distributors, as these are already covered by importation records, tax compliance, and type approval processes. This reform would remove redundant requirements, accelerate vehicle processing, and further strengthen the Philippines' ease of doing business.

Enhancing the Competitiveness of the Philippine Automotive Industry

A competitive automotive industry is vital to strengthening the Philippines' manufacturing base, attracting investments, fostering innovation, and generating high-quality employment. To realize these benefits, the government must prioritize policies, incentives, and industry development programs that enhance the sector's competitiveness and support long-term growth.

²⁷ Bureau of Customs. (22 January 2025). Customs Memorandum Circular No. 15-2025. Retrieved from <https://customs.gov.ph/wp-content/uploads/2025/01/2025CMC-15-2025.pdf>

²⁸ United Nations. (3 November 2022). C.N.393.2022.TREATIES-XI.B.16 (Depositary Notification). Retrieved from <https://treaties.un.org/doc/Publication/CN/2022/CN.393.2022-Eng.pdf>

²⁹ Business World. (10 March 2026). Retrieved from: BoC digitalizes car import payments. <https://bworldonline.com/the-nation/2026/03/10/735404/boc-digitalizes-car-import-payments/>

In January 2026, however, President Ferdinand Marcos Jr. vetoed the unprogrammed appropriations for fiscal support under the Comprehensive Automotive Resurgence Strategy (CARS) Program and the proposed Revitalizing the Automotive Industry for Competitiveness Enhancement (RACE) Program in the 2026 General Appropriations Act. The decision underscores the need to establish a more sustainable and predictable policy framework to support the continued development and competitiveness of the Philippine automotive industry.

Recommended Action: While ECCP supports the government's commitment to fiscal discipline and stronger oversight of public spending, the Chamber underscores that honoring existing commitments under the CARS Program is essential to maintaining investor confidence and policy credibility. The Chamber therefore urges the government to provide a clear and transparent funding mechanism and timeline for fulfilling its CARS obligations, reinforcing the policy predictability needed to attract long-term, capital-intensive automotive investments.³⁰

Relatedly, the Chamber nevertheless welcomes the government's proposed new automotive incentive packages, particularly the Electric Vehicle Incentive Strategy (EVIS), which would provide up to P60 billion in incentives for four EV manufacturers, with up to P15 billion allocated per eligible investor. If implemented, the initiative would strengthen the Philippines' competitiveness as an EV manufacturing hub and support the country's transition to sustainable mobility.³¹

Taken together, fulfilling existing commitments while introducing forward-looking incentive programs will send a strong signal of policy consistency, strengthen investor confidence, and position the Philippines as a competitive destination for automotive and electric vehicle manufacturing in the region.

Develop a comprehensive support program for the domestic market adoption of electric vehicles

Accelerating the domestic adoption of electric vehicles (EVs) is essential to reducing transport emissions, improving energy security, and fostering a more sustainable and competitive automotive industry. To achieve these objectives, the government should develop a comprehensive support program that addresses key barriers to EV adoption while strengthening the enabling ecosystem for consumers, businesses, and industry stakeholders.

Recommended Action: The ECCP recommends strengthening interagency coordination to accelerate the implementation of the Electric Vehicle Industry Development Act (EVIDA). Although agency mandates are clearly defined, inconsistent technical guidelines, overlapping permitting processes, and varying regulatory interpretations continue to create implementation bottlenecks. Clear governance, streamlined processes, and stronger coordination among implementing agencies are essential to accelerate EV adoption.

Expanding also the current EV incentive framework to cover a broader range of EVs, components, and supporting infrastructure should be a priority of the government. While the extension of zero tariffs on EVs and related products until 2028 is a positive step, incentives should also include battery modules, power electronics, charging system components, and EV recycling facilities to strengthen the domestic EV value chain and attract long-term investment. Finally, ECCP supports providing stronger incentives for plug-in hybrid electric vehicles (PHEVs) than conventional hybrid electric vehicles (HEVs) to reflect their greater reliance on electric power and contribution to transport decarbonization. At the

³⁰ Desiderio L. (07 January 2026). Veto yanks 'critical lifeline' from auto industry, parts makers say. Business World. Retrieved from: <https://bworldonline.com/economy/2026/01/07/722940/veto-yanks-critical-lifeline-from-auto-industry-parts-makers-say/>

³¹ Zapanta L. (13 July 2026). Gov't eyes P60-B perks for EV makers. Inquirer. Retrieved from: <https://business.inquirer.net/600131/govt-eyes-p60-b-perks-for-ev-makers>

same time, strengthening workforce development and technical skills will be critical to supporting the growth of the country’s EV manufacturing and service ecosystem.

Corollary to vehicles and incentives, charging infrastructure remains among the critical pillars in advancing the country’s EV adoption. To this end, the ECCP lauds the DOE’s commitment to consistently grow the number of charging stations nationwide enabling the Philippine EV industry to keep pace with its regional neighbors. As of 30 April 2026, there are a total of two hundred eighty(280) DOE Accredited EVCS Providers that provide more accessible charging station solutions that are safe and reliable for your electric vehicle.³²

In addition, we further recognize and support the DOE’s continued push for the improvement and standardization of charging infrastructure through the issuance of the Implementing Guidelines on ORSI alongside Department Circular No. DC2025-08-0012 in an effort to address range-anxiety among Filipino consumers.³³ Nonetheless, the Chamber remains steadfast in urging the extension of substantial incentives to EV charging station (EVCS) operators to ensure the successful rollout of necessary infrastructure.

More specifically, we propose that the following incentives be granted in accordance with the Renewable Energy Act of 2008:

- 7-year income tax holiday (ITH);
- Corporate tax rate of 10% on its net taxable income after 7 years of ITH;
- Duty-free importation of machinery, equipment, and materials; and
- 0% Value-Added Tax (VAT) rate on purchases of local supply of goods, properties, and services needed by EVCS operators in the development, construction, and installation of its charging stations.

Enhance the Effectiveness and Efficiency of the Motor Vehicle Inspection System

As the Philippine vehicle fleet continues to expand, stronger emissions and roadworthiness standards are needed to ensure safer roads and cleaner mobility. ECCP supports reforms that enhance regulatory oversight while aligning testing systems with international best practices.

Recommended Action: ECCP supports the DOTr’s continued expansion of Private Motor Vehicle Inspection Centers (PMVICs) to strengthen vehicle inspection and emissions compliance. As vehicle ownership grows, inspection capacity must keep pace to address long queues and limited accessibility. ECCP recommends accrediting qualified independent inspection centers, establishing a centralized online appointment system, and digitalizing monitoring and audit processes to improve efficiency and transparency. The Chamber also reiterates its call to prohibit non-appearance testing schemes, which undermine the integrity of the Motor Vehicle Inspection System (MVIS), while promoting stronger public-private collaboration to advance safe, efficient, and globally aligned vehicle inspection standards.

32 Department of Energy. (18 May 2026). Accredited Electric Vehicle Charging Station (EVCS) Providers as of 30 April 2026. Retrieved from: <https://doe.gov.ph/articles/3466303-accredited-electric-vehicle-charging-station-evcs-providers-as-of-30-april-2026?title=Accredited%20Electric%20Vehicle%20Charging%20Station%20%28EVCS%29%20Providers%20as%20of%2030%20April%202026>

33 Department of Energy. (12 August 2025). DC2025-08-0012: Charging Infrastructure Development Plan (CIDP) Guidelines. Retrieved from [https://evindustry.ph/policy/DC2025-08-0012-Charging-Infrastructure-Development-Plan-\(CIDP\)-Guidelines/DC2025-08-0012-Charging-Infrastructure-Development-Plan-\(CIDP\)-Guidelines](https://evindustry.ph/policy/DC2025-08-0012-Charging-Infrastructure-Development-Plan-(CIDP)-Guidelines/DC2025-08-0012-Charging-Infrastructure-Development-Plan-(CIDP)-Guidelines)

Reinforce Euro 4 enforcement while developing a clear roadmap for Euro 5/6 adoption

The Philippines has adopted Euro 4 emission standards for new vehicles and fuel quality, with the government targeting full compliance for public utility vehicles and passenger cars under its transport modernization program. ECCP welcomes these efforts, which align with the country’s climate and air quality commitments. Since the implementation of Euro 4 fuel standards in 2016, average particulate matter (PM10) levels have declined by 28.2%, from 39 to 28 micrograms per normal cubic meter by 2024, demonstrating the positive impact of stricter emissions standards.³⁴

ASEAN Existing and Planned Euro Emissions Standards for HDVs															
Asean Member State	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Brunei Darussalam	Euro IV														
Cambodia	Euro I				Euro III	Euro IV					Euro V				
Indonesia	Euro II						Euro IV								
Lao PDR	Pre-Euro					Euro IV									
Malaysia	Euro II		Euro IV							Euro V					
Philippines	Euro IV														
Singapore	Euro V		Euro VI												
Thailand	Euro IV								Euro V				Euro VI		
Viet Nam	Euro II	Euro IV					Euro V		Euro VI						

Source: UNEP 2024

Source: United Nations Environment Programme ³⁵

Looking ahead, the ECCP urges the government to strengthen the enforcement of Euro 4 standards while accelerating preparations for the phased adoption of Euro 5 and Euro 6 emission standards. The Chamber welcomes the DENR’s Draft Administrative Order on Euro 5/V emission limits and encourages the DENR, in coordination with the DOTr, DOE, and LTO, to publish a multi-year roadmap towards Euro 5 and Euro 6 implementation by 2030. Aligning testing facilities, upgrading equipment, and providing clear regulatory timelines will improve compliance, reduce emissions, and align the Philippines with global best practices.

34 Atienza, K.A. (18 August 2025). Metro Manila air quality improved in 2024 due to Euro 4 fuel standards, says DENR. Retrieved from <https://www.bworldonline.com/the-nation/2025/08/18/692337/metro-manila-air-quality-improved-in-2024-due-to-euro-4-fuel-standards-says-denr>

35 United Nations Environment Programme. (2025). Accelerating the Global Shift to a Cleaner On-Road Diesel Fleet. Retrieved from <https://www.ccacoalition.org/sites/default/files/resources/files/ACCELERATING%20THE%20GLOBAL%20SHIFT%20TO%20A%20CLEANER%20ON-ROAD%20DIESEL%20FLEET%20-%20V1.3.pdf>

Advance Road Safety through Stronger Standards, Infrastructure, and Education

Improving road safety requires a comprehensive approach that combines stronger vehicle safety standards, safer road infrastructure, and greater public awareness. ECCP recommends coordinated investments in regulation, infrastructure, enforcement, and education to reduce road fatalities and build a safer, more resilient transport system.

1. Adopt compulsory vehicle safety standards for passenger cars and two-wheelers, including anti-lock braking systems (ABS) and electronic stability programs (ESP)

Road safety remains a pressing concern in the Philippines. The Department of Health (DOH) recorded 1,091 road crash injuries across 161 hospitals from March 29 to April 2, 2026, more than double the 437 cases reported during the same period in 2025. While the increase partly reflects expanded reporting coverage, the data underscores the continuing need to strengthen road safety measures, particularly for motorists, who accounted for the majority of injuries.³⁶

To reduce road crashes and fatalities, ECCP recommends expanding the adoption of proven vehicle safety technologies alongside the Philippine Road Safety Action Plan (PRSAP). In particular, the Chamber supports mandating anti-lock braking systems (ABS) for two-wheelers and promoting electronic stability control (ESC) for passenger vehicles, as these technologies have been proven to improve vehicle control and significantly reduce crashes, injuries, and fatalities.

To this end, the ECCP continues to recognize and applaud the concerted efforts of several vehicle manufacturers who include such features in their model lineups. In conjunction, we urge the government to take this up further by mandating vehicle safety features such as ESC for passenger cars of vehicle category M1 and ABS for powered two-wheelers over 125 cubic centimetres sold and used in the country to promote road safety and facilitate innovation in transportation and mobility solutions. While a previous bill pertaining to this issue had already been filed in the 19th Congress,³⁷ the Chamber likewise calls on legislators to aid in the re-filing of the aforementioned measure in order to make these electronic aids more accessible to other automotive market segments and significantly reduce fatalities and injuries.

2. Fully implement the Child Seat Law, require the installation of dashboard cameras (dash cams), and restrict dark car tints on public and private vehicles

ECCP supports the full implementation of the Child Safety in Motor Vehicles Act by finalizing its implementing guidelines, establishing technical standards for child restraint systems, and developing a clear transition plan in consultation with stakeholders.

The Chamber also recommends revisiting proposals to require dashboard cameras (dashcams) in motor vehicles and public transport to enhance road safety, strengthen law enforcement, and improve accountability. In addition, ECCP supports regulating vehicle tint levels by adopting a minimum visible light transmission (VLT) of 70% for front windshields and front side windows to improve driver visibility, enhance road safety, and facilitate effective enforcement of traffic regulations.

3. Incorporate road safety education into the basic education curriculum

Road safety requires not only stronger regulation and enforcement but also sustained public awareness and behavioral change. ECCP supports the proposed legislation integrating road safety education into the K-12 curriculum to equip future drivers, commuters, and pedestrians with practical knowledge of traffic rules, road signs, and responsible road use. Embedding road safety education in the formal curriculum will help reduce road fatalities, strengthen road discipline, and foster a safer mobility culture. ECCP remains committed to working with government, industry, and civil society to advance this initiative.

4. Regular calibration and testing for critical electronics in EVs

As EV adoption accelerates, ensuring the safety and reliability of their electronic systems will become increasingly important. Unlike conventional vehicles, EVs require regular electronic diagnostics and calibration to maintain roadworthiness. ECCP welcomes the DOE's requirement for EV certification under EVIDA and supports TESDA's inclusion of EV electrical system inspection and diagnostics as a core competency in its EV servicing standards.³⁸

Despite these foundations, however, there is no existing nationwide requirement for annual calibration or validation checks of critical EV electronics tied to registration renewal or inspection regimes. This gap poses a safety hazard, especially as EV adoption accelerates and electronic complexity grows. Cognizant of this fact, the ECCP strongly recommends that the implementing bodies of the EVIDA issue a regulation mandating such annual calibration and diagnostic testing of key EV electronic system.

³⁶ Villanueva G. (06 April 2026). DOH records 1,091 road crash injuries over four days. Inquirer. Retrieved from: doh-records-1091-road-crash-injuries-over-four-days

³⁷ Manila Standard. (24 February 2025). Rep. Daza files bill on vehicle safety features to help reduce road accidents. Retrieved from <https://manilastandard.net/community-spotlight/314561409/rep-daza-files-bill-on-vehicle-safety-features-to-help-reduce-road-accidents.html>

³⁸ Delgado, E. (11 February 2025). Tesda to train electric vehicle technicians. Retrieved from <https://pia.gov.ph/news/luzon/br/tesda-to-train-electric-vehicle-technicians/>

ASSESSMENT OF 2025 RECOMMENDATIONS

2025 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Improve Market Access through Tariff Liberalization and Customs Modernization for European automotive brands in the preferential trade arrangements	
Promote ease of doing business in the automotive sector	
Enhancing the Competitiveness of the Philippine Automotive Industry	
Develop a comprehensive support program for the domestic market adoption of electric vehicles	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
The Philippines has extended zero tariffs on EVs and related technologies until 2028, supporting EV adoption and market liberalization. However, broader tariff reforms—including the elimination of duties on European vehicles and parts under the EU–Philippines FTA—remain pending.	
While the government has streamlined selected import and registration processes, delays in licensing, regulatory approvals, and customs procedures continue to affect the automotive sector. ECCP continues to work with DOTr, ARTA, and other agencies to simplify these processes and promote more consistent nationwide implementation.	
Discussions on the Philippine Motor Vehicle Manufacturing Industry Act (PMVMI) have been revisited in the Congress. Recently, the government announced the planned implementation of the Electric Vehicle Incentive Strategy (EVIS) and the Revitalizing the Automotive Industry for Competitiveness Enhancement (RACE) program to strengthen local vehicle manufacturing. EVIS, now awaiting final presidential approval, is expected to provide up to PHP 60 billion in fiscal incentives, including up to PHP 15 billion for each of four qualified EV manufacturers.	
The extension of zero tariffs on EVs and components until 2028 strengthens consumer confidence and investment certainty. However, charging infrastructure deployment remains slow, and a comprehensive EV adoption strategy has yet to be implemented.	

2025 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Enhance the Effectiveness and Efficiency of the Motor Vehicle Inspection System	
Reinforce Euro 4 enforcement while developing a clear roadmap for Euro 5/6 adoption	
Advance Road Safety through Stronger Standards, Infrastructure, and Education	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
The Motor Vehicle Inspection System (MVIS) has been established, but implementation remains uneven due to inconsistent inspection capacity, calibration delays, and operational challenges across regions.	
Euro 4 standards are officially mandated, but enforcement remains inconsistent across testing centers and LGUs. Stakeholders continue to call for a transition roadmap to Euro 5 or Euro 6, which would align the Philippines with more advanced markets.	
	On Anti-lock braking systems (ABS and Electronic Stability Programs (EPS)) Advanced safety features such as ABS and ESC are not yet mandatory for all vehicles, resulting in uneven safety standards across the market.
On child seat law, dash cams, and dark car tints The Child Safety in Motor Vehicles Act is in place, but enforcement remains inconsistent and compliance is low. Proposed nationwide requirements for dashcams and vehicle tint standards remain under review.	
On road safety being incorporated into K-12 curriculum The Philippine Road Safety Action Plan (2023–2028) promotes road safety education, but integration into the K–12 curriculum remains limited. Stronger coordination with DepEd is needed to institutionalize road safety education nationwide.	On regular calibration and testing for critical electronics in EVs At present, the Philippines does not mandate regular calibration or testing of critical on-board electronic systems in private consumer EVs. Instead, periodic vehicle inspections are limited to evaluating general roadworthiness and do not include verification of internal electronic sensor calibration.



AVIATION ADVOCACY PAPER 2026

INTRODUCTION

The Philippine aviation sector enters the close of the current administration's term confronting both achievement and escalating risk. After successfully surpassing the 8.2 million visitor record set in 2019, with total foreign arrivals reaching 6,484,060 in 2025 and inbound visitor spending generating PHP 694 billion, the sector now faces a convergence of external shocks and persistent domestic structural weaknesses that threaten to erode these gains.¹

The Asian Development Bank observed that global macroeconomic conditions through late 2025 and into 2026 have been defined by persistent uncertainty, escalating Middle East geopolitical conflicts, and volatile global commodity pricing.² Severe external energy shocks and shifting international trade policies have compressed regional economic momentum across Southeast Asia, placing operational stress on aviation supply chains and jet fuel pricing. For the Philippines, an island archipelagic nation where air transport remains the single most critical conduit for trade, tourism, and regional integration.³ This external volatility compounds longstanding infrastructure deficits, institutional bottlenecks, and financing constraints.⁴

The persistence of high passenger volumes has exacerbated pre-existing systemic pressures. Philippine Statistics Authority (PSA) labor force statistics confirm that the services sector employs 62.7% of the total 50.66 million employed Filipinos, one of the top five sub-sectors with the highest year-on-year employment growth, introducing 189,000 additional workers.⁵ Because nearly 99% of foreign visitors enter the country by air, air connectivity directly fuels service-driven labor markets and regional commercial ecosystems. Strengthening provincial airport networks directly catalyzes regional investment, facilitates micro-enterprise trade, and fosters Human Capital Development in non-metropolitan growth corridors.

Within the Association of Southeast Asian Nations (ASEAN), regional competitiveness in aviation has become sharply differentiated by the pace of infrastructure modernization and regulatory agility. Leading regional hubs, including Singapore's Changi Airport and Bangkok's Suvarnabhumi Airport, surpassed pre-pandemic operational throughput by late 2024 and maintained aggressive capital investments through 2025 and 2026 to capture expanding international passenger and air cargo flows. Conversely, the Philippines faces the dual challenge of modernizing congested air transport infrastructure while navigating global economic volatility. The Philippines must execute Structural Reforms to prevent market share erosion within ASEAN.

¹ Department of Tourism. (2026, January 23). Tourism offers high investment returns amid growing demand –DOT chief. Philippine Information Agency. <https://pia.gov.ph/news/tourism-offers-high-investment-returns-amid-growing-demand-dot-chief/>

² Asian Development Bank (2026). Asian Development Outlook (ADO) July 2026: A Fragile Outlook as Energy Market Disruptions Persist. <https://www.adb.org/publications/asian-development-outlook-july-2026>

³ International Air Transport Association (n.d.). The Value of Air Transport to the Philippines. <https://www.iata.org/en/iata-repository/publications/economic-reports/the-value-of-air-transport-to-the-philippines/>

⁴ Asian Development Bank. (2026, April 10). Philippine GDP growth to remain subdued amid global uncertainty. <https://www.adb.org/news/philippine-gdp-growth-remain-subdued-amid-global-uncertainty>

⁵ Philippine Statistics Authority (2026, June 9). April 2026 Labor Force Survey. <https://psa.gov.ph/statistics/labor-force-survey/node/1684083610>

This Advocacy Paper assesses the achievements and backlogs of 2025, evaluates the impact of recent legislative and industry developments, and presents eight actionable advocacy pillars calibrated to the tightened macroeconomic environment of 2026. The ECCP emphasizes that the success of the “Build Better More” program is contingent upon the swift passage of pending legislation, the ratification of the Cape Town Convention, the resolution of the air cargo congestion crisis, and the institutionalization of comprehensive safety, cybersecurity, and sustainability frameworks.⁶

Global and Regional Economic Outlook Contextualization

The Asian Development Bank observed that global macroeconomic conditions through late 2025 and into 2026 have been defined by persistent uncertainty, escalating Middle East geopolitical conflicts, and volatile global commodity pricing.⁷ For the aviation sector, these macro-level dynamics translate into four interconnected pressure points that directly impact operating costs, financing conditions, and competitive positioning.

Jet Fuel Price Volatility and Operating Cost Pressure

The extension of geopolitical tensions in the Middle East throughout 2025 and into 2026 has generated sustained upward pressure on global energy prices, with jet fuel costs remaining elevated and unpredictable. The International Air Transport Association (IATA) reported that jet fuel prices averaged USD 85-95 per barrel through the first half of 2026, representing a 15-20% premium over 2024 averages⁸. This price level directly compresses airline operating margins across Southeast Asia, even as passenger volumes recover to pre-pandemic levels.

For Philippine carriers, the impact is magnified by structural vulnerabilities. The Philippines imports approximately 95% of its jet fuel requirements, making it highly susceptible to global price shocks. Industry estimates suggest that every USD 10 increase in jet fuel prices adds approximately PHP 3.5 billion to the annual operating costs of Philippine carriers combined. This cost pressure directly impacts ticket prices, passenger demand elasticity, and ultimately, the competitiveness of Philippine tourism destinations against regional alternatives.

The limited domestic refining capacity and absence of strategic fuel reserves leave Philippine carriers with minimal hedging flexibility. While Cebu Pacific and PAL have expanded their fuel hedging programs, the coverage remains limited to 20-30% of requirements, compared to 40-50% for major Asian carriers. The Philippine peso's depreciation against the US dollar—averaging 4.2% in 2025—further increases the peso cost of dollar-denominated fuel imports, compounding the operating cost pressure.

Global Interest Rate Environment and Aircraft Financing Costs

The synchronization of monetary policy tightening across developed economies has created a volatile financing environment for capital-intensive industries such as aviation. Global interest rates, as tracked by the US Federal Reserve and European Central Bank, remained elevated through 2025 and into 2026, with the US federal funds rate maintained at 4.25-4.50% through early 2026. This represents a significant increase from the near-zero rates that prevailed during the pandemic recovery period.

The weighted average cost of capital for Asian carriers increased by approximately 150 basis points between 2024 and 2026, according to industry analysts. For Philippine carriers, this translates into higher borrowing costs for the USD 24 billion Cebu Pacific order and PAL's 22-aircraft fleet expansion.⁹ The weighted average cost of debt for Philippine carriers is estimated at 7.5-8.5% for peso financing and 5.5-6.5% for dollar financing, compared to 4.0-5.0% for carriers in CTA-ratified jurisdictions. This 150-200 basis point premium represents a direct competitive disadvantage that undermines the commercial viability of fleet modernization investments.

The interest rate environment has also tightened aircraft lease rates. According to the industry overview by mba Aviation, aircraft lease rates increased by 8-12% across narrowbody and widebody categories in 2025-2026, reflecting higher interest rates and airframe delivery delays.¹⁰ Lessors are prioritizing jurisdictions with robust legal frameworks and predictable enforcement mechanisms, qualities that the Philippines currently lacks due to its non-ratification of the Cape Town Convention. Airline Economics noted that carriers operating from non-CTA jurisdictions face an average lease premium of 5-8%, representing an additional cost burden that undermines price competitiveness.¹¹

ASEAN Competitive Differentiation and Market Share Dynamics

Within the Association of Southeast Asian Nations (ASEAN), regional competitiveness in aviation has become sharply differentiated by the pace of infrastructure modernization and regulatory agility. The ASEAN Open Skies Agreement, which entered its final implementation phases in 2025, has intensified competition for regional traffic rights and passenger flows. The liberalization of air transport services has enabled increased market access for ASEAN carriers, intensifying competition on key routes and pressuring Philippine carriers to maintain service quality and cost competitiveness.

Singapore's Changi Airport and Bangkok's Suvarnabhumi Airport surpassed pre-pandemic operational throughput by late 2024, with Changi processing 68.3 million passengers in 2025, and Suvarnabhumi handling 65.2 million, representing 104% and 102% of 2019 levels respectively.^{12 13} Both hubs have maintained aggressive capital investments through 2025 and 2026: Changi commissioning its Terminal 5 expansion (adding 50 million passengers annual capacity) and Suvarnabhumi accelerating its third runway project to capture expanding international passenger and air cargo flows.

Malaysia's Kuala Lumpur International Airport reported 52.7 million passengers in 2025, driven by strong cargo growth of 8.3% year-on-year and expanding low-cost carrier operations through AirAsia's regional network. Vietnam's Noi Bai and Tan Son Nhat airports continue to expand capacity, with the Vietnamese government approving USD 4.2 billion in new aviation infrastructure investments through 2028, including a new Long Thanh International Airport slated to open in 2026 with 25 million passengers annual capacity.¹⁴

6 2025 ECCP Advocacy Papers - Aviation
7 Asian Development Bank (2026). Asian Development Outlook (ADO) July 2026: A Fragile Outlook as Energy Market Disruptions Persist. <https://www.adb.org/publications/asian-development-outlook-july-2026>
8 International Air Transport Association (IATA). (2026). Global Air Transport Industry Economic Performance & Jet Fuel Price Monitor. Montreal/Geneva: IATA. <https://www.iata.org>

9 Pillay, S. (July 3, 2024). Cebu Pacific signs \$24 billion MoU for 152 Airbus A320/1neo family aircraft. Simple Flying. <https://simpleflying.com/cebu-pacific-places-24-billion-mou-152-airbus-a320-1neo-family-aircraft/>
10 mba Aviation (2025). Industry Overview [Presentation]. <https://www.airlineeconomicsplus.com/public/uploads/PDFS/2025-tokyo/industry-overview.pdf>
11 International Institute for the Unification of Private Law. (n.d.). Overview - Cape Town Convention. UNIDROIT. <https://www.unidroit.org/instruments/security-interests/cape-town-convention/overview/>
12 Changi Airport Group. (2025, January 22). Changi Airport handled 67.7 million passengers in 2024. <https://www.changiairport.com/en/corporate/our-media-hub/newsroom/2025/2024-year-in-review.html>
13 Government Public Relations Department. (2024, July 2). Thailand welcomed over 17 million international tourists in the first half of 2024. Government Public Relations Department. <https://thailand.prd.go.th/en/content/category/detail/id/2078/jid/339011>
14 Linh, M. (2026, June 22). Việt Nam plans massive airport network expansion with focus on efficiency and sustainability. Việt Nam News. <https://vietnamnews.vn/economy/1783858/viet-nam-plans-massive-airport-network-expansion-with-focus-on-efficiency-and-sustainability.html>

The Philippines, by contrast, operates at a capacity disadvantage. NAIA's 50.1 million passenger throughput in 2024 already exceeded its designed annual capacity of 35 million, creating chronic congestion that undermines service quality and competitiveness. While the NNIC concession will expand capacity to 60 million by 2028, this is insufficient to keep pace with regional competitors. The planned New Manila International Airport (Bulacan) remains in early construction phases, with commercial operations not expected until 2028-2029 at the earliest.

Air Cargo Competitiveness and Logistics Integration

Global air cargo dynamics present a mixed picture for the Philippines. Global air cargo volumes grew by 5.2% in 2025, driven by e-commerce expansion and manufacturing supply chain realignments, according to IATA data. However, the Philippines has captured only a marginal share of this growth, with air cargo throughput at NAIA growing at 3.1% in 2025 compared to 7.8% at Singapore Changi and 6.5% at Bangkok Suvarnabhumi.

The Philippines' air cargo competitiveness is constrained by limited freighter capacity, with only PAL operating dedicated cargo aircraft; inadequate cold chain infrastructure for perishable exports, limiting the Philippines' competitive position in agricultural and seafood exports; airport capacity bottlenecks that limit cargo handling capacity; absence of dedicated cargo terminals and logistics zones at major airports; and limited integration with maritime and land transport logistics networks. These constraints represent lost economic opportunity in the growing logistics and perishable goods export sectors, with the Philippines' agricultural exports including tropical fruits, seafood, and processed foods having significant potential for air freight growth that remains unrealized.

National Macroeconomic Outlook and Fiscal Baseline

The World Bank highlights that the Philippines officially transitioned toward upper-middle income status in 2025, supported by an average annual gross domestic product (GDP) growth rate of 5.8% between 2021 and 2025. However, escalating global headwinds and domestic shocks during early 2026 led economic managers and multilateral institutions to recalibrate growth trajectories downward.

Economic Growth and Passenger Demand Elasticity

The IMF revised its 2026 Philippine real GDP growth forecast down to 3.9%, citing a weaker-than-expected first-quarter GDP growth print of 2.8% alongside severe spillovers from Middle East energy shocks.¹⁵ Concurrently, the ADB lowered its 2026 Philippine growth projection to 3.8%, prompting the Development Budget Coordination Committee (DBCC) to adjust its official full-year GDP growth target range to 3.5% – 4.5%.¹⁶ This represents a significant deceleration from 2024's 5.6% performance and 2025's estimated 5.3% – 5.6% growth.

For the aviation sector, this economic slowdown translates into reduced passenger demand elasticity, constrained corporate travel budgets, and pressure on tourism spending. Historical data suggests that a 1% decline in GDP growth correlates with a 0.8-1.2% reduction in domestic air travel demand and a 1.5–2.0% reduction in international inbound travel, depending on the composition of originating markets. The 2026 slowdown is therefore projected to dampen the 2025 momentum, with passenger traffic growth estimated to moderate from 11.3% in 2024 to 4-6% in 2026.

¹⁵ De Leon, N.G. (9 July 2026) IMF, ADB slash PH growth forecast. Philippine Daily Inquirer. <https://business.inquirer.net/599521/imf-adb-slash-ph-growth-forecast>

¹⁶ Ibid

Inflation and Operating Cost Dynamics

Consumer price inflation is projected by the IMF to average 4.3% in 2026, driven primarily by transport and energy inputs.¹⁷ The ADB projects inflation at 4.0% for 2026, with upside risks if energy prices remain elevated.¹⁸ For aviation, inflation compounds operating cost pressures through three primary channels: jet fuel costs, which account for 25–35% of airline operating costs and correlate closely with global oil prices; maintenance expenses, which rise with labor and parts inflation; and airport fees, which are often indexed to inflation or have built-in escalation clauses. Industry estimates suggest that a sustained 1% increase in domestic inflation adds approximately PHP 500 million annually to aggregate airline operating costs through these channels.

Fiscal Consolidation and Infrastructure Investment Constraints

The fiscal consolidation imperative constrains the government's capacity for direct infrastructure investment. The macroeconomic baseline metrics for 2026 reflect tightening fiscal parameters: National Government expenditures projected at PHP 6.03 trillion (21.5% of GDP), tax and non-tax revenue mobilization of PHP 4.45 trillion (15.9% of GDP), a fiscal deficit of –PHP 1.57 trillion (–5.6% of GDP), and total public debt of PHP 17.71 trillion (63.2% of GDP).¹⁹

DOTr aviation infrastructure appropriations in the 2026 General Appropriations Act are expected to be compressed, making the successful execution of the airport privatization roadmap encompassing 15 to 20 regional airports by 2028, essential to sustaining aviation infrastructure development.²⁰ The government's "Build Better More" program, while maintaining overall budget allocation, faces real-term reductions due to inflation, necessitating increased private sector participation.

Exchange Rate Dynamics and Dollar-Denominated Costs

Foreign exchange dynamics have particular significance for aviation. The Philippine peso's depreciation against the US dollar—projected at PHP 58.5–59.5 average for 2026—increases the peso cost of dollar-denominated obligations, including aircraft lease payments, fuel imports, maintenance contracts, overseas training programs, and insurance premiums. For Philippine Airlines and Cebu Pacific, approximately 70–80% of operating costs are dollar-denominated, making profitability highly sensitive to exchange rate movements. The peso depreciation from PHP 55.2 average in 2024 to PHP 58.5–59.5 in 2026 represents a 6–7% devaluation, adding estimated PHP 8–10 billion in annual operating costs across the industry.

¹⁷ International Monetary Fund. (2026) Philippines Country Data. International Monetary Fund. Retrieved from: <https://www.imf.org/en/countries/phl#countrydata>

¹⁸ Asian Development Bank (10 April 2026) Philippine GDP Growth to Remain Subdued Amid Global Uncertainty. Asian Development Bank. Retrieved from: <https://www.adb.org/news/philippine-gdp-growth-remain-subdued-amid-global-uncertainty>

¹⁹ Bangko Sentral ng Pilipinas (14 August 2026) PHILIPPINES: SELECTED ECONOMIC AND FINANCIAL INDICATORS. Bangko Sentral ng Pilipinas. Retrieved from: <https://www.bsp.gov.ph/statistics/keystat/sefi.pdf>

²⁰ Piad, T. (17 June 2025) DOTr chief commits privatization of 10 airports by 2028. Philippine Daily Inquirer. Retrieved from: <https://business.inquirer.net/531000/dotr-chief-commits-privatization-of-10-airports-by-2028>

Economic Contribution and Policy Justification

Aviation's contribution to the national economy provides the justification for continued policy support. The sector directly and indirectly supports approximately 14% of total employment, generates PHP 760 billion in annual tourism receipts, and serves as a critical enabler of trade, investment, and regional development.²¹ The multipliers are substantial: each direct aviation job supports an estimated 3.5 downstream jobs in tourism, logistics, and services. Constraints on aviation growth have cascading effects on poverty reduction and inclusive growth objectives, particularly in regions heavily dependent on tourism and air cargo.

The tightening fiscal environment underscores the importance of optimizing the aviation regulatory framework. Reducing the cost of aviation through policy reforms—including CTA ratification, CAAP fiscal autonomy, and targeted fiscal incentives—could generate efficiency gains equivalent to significant public investment. Industry estimates suggest that CTA ratification alone could reduce annual financing costs for Philippine carriers by PHP 5-8 billion, representing a substantial and immediate contribution to industry competitiveness without direct government expenditure.

Aviation and Inclusive Growth

Pivoting from macroeconomic baseline constraints to sectoral dynamics, civil aviation infrastructure serves as a non-negotiable catalyst for Inclusive Growth across the archipelago. Tourism Secretary Christina Garcia Frasco and Bureau of Immigration (BI) official data confirmed that total foreign visitor arrivals reached 6,484,060 in 2025—comprising 5,940,975 foreign tourists and 543,085 returning Overseas Filipinos—generating PHP 694 billion in inbound visitor spending.²² This builds upon 2024 performance wherein visitor receipts hit PHP 760 billion, accounting for 8.9% of national GDP and supporting 6.75 million jobs (13.8% of total national employment).

Philippine Statistics Authority (PSA) labor force statistics confirm that the services sector employs 62.8% of the national workforce, with the transport and storage subsector achieving an 8.87% growth rate—among the highest across industrial categories. Because nearly 99% of foreign visitors enter the country by air, air connectivity directly fuels service-driven labor markets and regional commercial ecosystems. Strengthening provincial airport networks directly catalyzes regional investment, facilitates micro-enterprise trade, and fosters Human Capital Development in non-metropolitan growth corridors.

The consistent increase over the years in the percentage share of tourism to employment strengthens the claim for the growing demand and interest in the aviation sector as an industry. The Civil Aeronautics Board (CAB) reported that total air traffic rose to 59.9 million passengers in the latter half of 2024, an 11.3% increase from 2023, with 32.1 million domestic passengers and 27.8 million international passengers. This recovery puts the Philippines close to matching ASEAN neighbors such as Thailand and Malaysia, both of which achieved pre-pandemic traffic levels in 2024.

The multiplier effects are substantial. The World Travel and Tourism Council estimates that every PHP 1 million in tourist spending generates approximately PHP 2.5 million in total economic impact through direct, indirect, and induced effects. In the Philippine context, tourism spending stimulates domestic agriculture (food and beverage supply), manufacturing (souvenirs and handicrafts), construction (hotel and resort development), and services (transportation, retail, and entertainment). The 6.48 million

international arrivals in 2025 generated an estimated PHP 1.2 trillion in total economic activity through these multiplier effects, supporting employment across all skill levels and income brackets.

The tourism sector's labor absorption capacity is particularly significant in the context of the Philippines' young and growing workforce. The 6.75 million tourism-related jobs represent a substantial share of total employment across diverse skill categories—from highly skilled aviation professionals (pilots, engineers, air traffic controllers) to semi-skilled service workers (hospitality, ground handling) and entry-level positions (retail, food service). This diverse employment profile ensures that the benefits of aviation-driven tourism accrue across income levels, supporting the poverty reduction objectives central to inclusive growth.

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

The period following the 2025 ECCP Advocacy Paper has been marked by significant private capital mobilization, fleet expansion commitments, and administrative progress, alongside persistent legislative gaps that demand renewed focus. This section examines government initiatives and industry developments across six critical dimensions: airport infrastructure modernization, airline fleet expansion, air cargo capacity, sustainability and innovation, aviation safety and security, and human capital development.

Airport Infrastructure Modernization and Public-Private Partnerships

The Marcos administration's commitment to transport infrastructure under the "Build Better More" program has driven substantial private sector investment into airport operations. The Department of Transportation (DOTr) has pursued an aggressive privatization agenda, recognizing that fiscal consolidation constraints limit direct government expenditure on aviation infrastructure. The government's strategy has evolved from fragmented, project-by-project approvals to a more systematic approach that bundles smaller airports with larger facilities to enhance commercial viability and attract a broader investor base.²³

NAIA Concession Management

At Ninoy Aquino International Airport (NAIA), the New NAIA Infrastructure Corporation (NNIC)—a San Miguel Corporation-led consortium—assumed operational control in September 2024 following the formal concession agreement signed in March 2024. Passenger throughput reached a record 50.1 million in 2024, surpassing its 2019 peak of 47.7 million and exceeding the airport's designed annual capacity of 35 million by 43%.²⁴ This capacity overutilization has resulted in chronic congestion, flight delays, and degraded passenger experience.

The transition to private management has been characterized by both achievements and challenges. Initial concession deliverables under NNIC have focused on immediate operational improvements: airside debottlenecking through taxiway expansions and runway rehabilitation; digital passenger processing upgrades including additional e-gates and automated baggage handling; terminal efficiency enhancements including optimized check-in and boarding processes; and improved on-time performance metrics, with NNIC reporting a 12% improvement in departure punctuality during the first six months of operations. However, the transition has also exposed complexities in managing a public-private partnership at this scale. The learning curve for NNIC in navigating Philippine regulatory requirements, coordinating with multiple government agencies, and managing labor relations has been

²¹ Rocamora, J.A. (6 January 2025) PH hits record-high tourism revenue of P760-B in 2024. Philippine News Agency. Retrieved from: <https://www.pna.gov.ph/articles/1241179>

²² Department of Tourism. (23 January 2026) Tourism offers high investment returns amid growing demand -DOT chief. Philippine Information Agency. Retrieved from: <https://pia.gov.ph/news/tourism-offers-high-investment-returns-amid-growing-demand-dot-chief/>

²³ Rosales, E. F. (May 12, 2025). DOTr: Regional airports to be privatized in bundles. The Philippine Star. <https://www.philstar.com/business/2025/05/12/2442340/dotr-regional-airports-be-privatized-bundles>

²⁴ New NAIA. (2 January 2025). NAIA breaks record for passengers and flights in 2024. New NAIA. Retrieved from: <https://www.newnaia.com.ph/about-us/news/naia-breaks-record-for-passengers-and-flights-in-2024>

steep. The private sector's emphasis on efficiency and cost-recovery has occasionally clashed with public expectations for affordable airport services, creating tensions that require careful management.

The NNIC concession agreement includes PHP 88 billion in committed investments over the 15-year concession period, with PHP 35 billion allocated for the first five years. These investments are targeted at increasing annual capacity to over 60 million passengers by 2028 through terminal expansion and operational optimization. The success of this transition will serve as a template for future airport privatizations, making its performance a critical benchmark for the broader PPP program.

Provincial Airport Privatization: Expanding the PPP Model

Public-private partnerships (PPPs) have similarly expanded across provincial airport networks. In June 2025, Aboitiz InfraCapital formally assumed operations of the Bohol-Panglao International Airport under a PHP 4.53 billion concession agreement, executing plans to expand terminal capacity from 2.0 million to 3.9 million passengers annually by 2030.²⁵ The concession includes commitments to terminal expansion and renovation, runway and taxiway upgrades, installation of modern navigation and weather systems, and development of commercial and retail facilities.

The Bohol-Panglao concession represents a significant evolution in the PPP model, incorporating more sophisticated performance metrics and revenue-sharing arrangements than earlier agreements. The concession agreement includes passenger service charge adjustments, commercial development rights, and performance-based incentives that align private operator interests with public service objectives.

The success of this privatization model, following earlier successful PPPs at Clark International Airport (North Luzon Airport Consortium), Mactan-Cebu International Airport (GMR-Megawide), and Laguindingan Airport (Aboitiz InfraCapital), has encouraged the DOTr to pursue an ambitious expansion of the program. These earlier concessions have demonstrated the viability of private sector participation in airport operations, with consistent improvements in service quality, operational efficiency, and passenger satisfaction.

Department of Transportation (DOTr) officials confirmed plans to bundle and privatize 15 to 20 regional airports by 2028. The bundling strategy is designed to make smaller airports commercially viable by combining them with larger, more profitable facilities, thereby broadening the investor base and ensuring that even remote airports benefit from modernization. The DOTr has identified the following airports for privatization in the initial tranche: Tier 1 (Large Regional) includes Iloilo, Davao, and Bacolod-Silay; Tier 2 (Medium Regional) includes Kalibo, Puerto Princesa, Legazpi, and Tacloban; and Tier 3 (Small Regional) includes Dumaguete, Siargao, Busuanga, San Vicente, and Camiguin. The bundling strategy groups Tier 3 airports with Tier 1 or Tier 2 facilities to create commercially viable packages that attract private investment while ensuring universal service obligations are met across all airport categories.

New Airport Development Projects

The DOTr's consolidated report on the aviation sector highlights several ongoing infrastructure projects, including development of new runways at Busuanga and Kalibo airports to accommodate larger aircraft and increased traffic; rehabilitation of existing facilities at Vigan and Laoag airports, including terminal upgrades and runway improvements; construction of new terminal buildings at key regional airports to expand capacity and improve passenger experience; and implementation of air traffic management system upgrades, including the installation of modern surveillance and communication equipment.

According to a 2024 policy brief on Philippine air transport, new airport development projects were in the government pipeline as of June 2024, signaling a sustained effort to build a more modern and efficient airport network. However, the pace and scope of these projects must be accelerated and broadened to meet growing demand and overcome persistent challenges.

Persistent Challenges and Implementation Gaps

Despite significant progress, several challenges persist that threaten the effective implementation of the infrastructure modernization agenda: land acquisition delays for airport expansion projects, particularly in densely populated areas, have been a persistent bottleneck; complex approval processes involving multiple government agencies create coordination challenges and delays; limited technical capacity within the DOTr and CAAP to oversee complex infrastructure projects has constrained implementation; continued reliance on official development assistance (ODA) and PPPs with limited domestic financing options creates dependency on external actors; and disparities in infrastructure quality between Metro Manila and provincial airports persist, with many provincial airports lacking the capacity to handle growing passenger volumes.

The ECCP notes that while physical infrastructure is being addressed, the modernization of services and processes is equally important. This includes the integration of modern technologies to streamline passenger and cargo processing, which is key to improving the "EASE of travel and movement of goods." The goal is not just to build new structures but to create seamless, customer-centric air transport systems that can handle a projected increase in both international and domestic travelers.

Airline Fleet Expansion, Commercial Deals, and Fleet Modernization

Domestic carriers have engaged in unprecedented capital investments to capture expanding regional demand, reflecting confidence in the Philippines' economic trajectory and tourism potential. These fleet investments represent a significant vote of confidence in the sector's future and the government's commitment to aviation development.

Cebu Pacific's Aircraft Order and Strategic Implications

Gokongwei-led low-cost carrier Cebu Pacific executed the largest aircraft order in Philippine aviation history—a landmark deal valued at USD 24 billion (PHP 1.4 trillion) for up to 152 A321neo aircraft order with Airbus, RTX's Pratt & Whitney [Press release].²⁶ The firm order comprises 102 A321neo aircraft (seating capacity: 236 passengers), 50 A320neo aircraft (seating capacity: 188 passengers), and purchase rights for an additional 50 aircraft.²⁷

²⁵ Balaoing, B. (16 June 2025) Aboitiz InfraCapital takes over Bohol airport operations. *ABS-CBN*. Retrieved from: <https://www.abs-cbn.com/news/business/2025/6/16/abotiz-infracapital-takes-over-bohol-airport-operations-1437>

²⁶ RTX / Pratt & Whitney. (July 22, 2024). Cebu Pacific celebrates agreement for up to 152 A321neo aircraft order with Airbus, RTX's Pratt & Whitney [Press release]. <https://www.rtx.com/en/prattwhitney/newsroom/news/2024/07/22/cebu-pacific-celebrates-agreement-to-152-a321neo-aircraft-order-with-airbu>

²⁷ Ibid

The order's strategic significance extends beyond its scale. Cebu Pacific's choice to commit to an all-neo fleet represents a bet on the Philippines' continued economic growth and tourism expansion. The carrier's confidence in the sector is evidenced by the order's unprecedented size—the largest single aircraft order in Philippine corporate history.

Deliveries are scheduled from 2026 through 2034, with the first aircraft expected to enter service in late 2026. The all-neo fleet transition is projected to reduce fuel consumption by 20% and carbon emissions by 25% compared to the current fleet, supporting Cebu Pacific's sustainability commitments and reducing operating costs. The fleet modernization will also enable Cebu Pacific to expand its network to new destinations, particularly in the ASEAN region, and increase frequencies on existing routes.

At the 2025 Paris Air Show, Cebu Pacific signed a 12-year EngineWise comprehensive maintenance service agreement with Pratt & Whitney, valued at approximately USD 1.5 billion. The agreement covers engine maintenance, repair, and overhaul services for the GTF engines powering the new fleet, ensuring long-term operational reliability and cost predictability. In 2026, Cebu Pacific secured private debt financing from BDO Unibank Inc. for incoming A320neo deliveries, representing one of the largest aviation financing arrangements in Philippine banking history.²⁸

Philippine Airlines Fleet Modernization and Network Expansion

Concurrently, Philippine Airlines (PAL) reported sustained net income expansion, with Q2 2025 net income growing by 48% year-on-year and passenger volume increasing by 9%. PAL scheduled the delivery of 22 new aircraft between late 2025 and 2028, representing a fleet renewal investment estimated at USD 3.5 billion.

PAL finalized long-term engine maintenance and supply agreements with GE Aerospace and Rolls-Royce in July 2026 to support its long-haul fleet expansion. The GE Aerospace agreement is a 10-year TrueChoice maintenance agreement for GE9X engines powering Boeing 787 Dreamliners, while the Rolls-Royce agreement is a 12-year TotalCare maintenance agreement for Trent XWB engines powering Airbus A350-1000s.

The fleet expansion is centered on Airbus A350-1000 acquisitions for non-stop transpacific and European routes; Boeing 787 Dreamliner acquisitions for long-haul routes to North America and the Middle East; and narrowbody replacements for domestic and regional routes. The new aircraft enable PAL to expand its network to underserved markets, including direct flights to European destinations and increased frequencies to North American gateways. The A350-1000, with its 350-passenger capacity and 16,000-kilometer range, enables non-stop Manila-New York and Manila-Los Angeles operations with improved fuel efficiency and cargo capacity.²⁹

Financing Challenges and the Cape Town Convention Gap

This unprecedented fleet expansion, however, magnifies the urgency of the Philippines' continued non-ratification of the Cape Town Agreement. The lack of a standardized international legal framework for aircraft transactions significantly elevates financing costs. Key financing challenges include higher borrowing costs with Philippine carriers facing interest rate premiums of 150-200 basis points compared to carriers in CTA-ratified jurisdictions; restricted access to international capital markets and export credit agency financing; lease rate premiums of 5-8% applied by lessors for aircraft

operating in non-CTA jurisdictions; and reduced investor confidence as international financiers perceive higher legal and enforcement risks in the Philippines.³⁰

According to ICAO economic assessments, the Cape Town Convention reduces average contract enforcement delays from 10 months to 2 months, significantly lowering creditor and lessor risk.³¹ Without the legal certainty provided by the CTA, Philippine carriers face higher borrowing costs and reduced access to international capital markets, potentially undermining the commercial viability of these historic investments. The ECCP notes that the government's failure to ratify the CTA represents a significant policy inconsistency—the administration is actively promoting aviation sector growth while simultaneously maintaining a policy that increases operating costs and constrains financing.

Air Cargo Capacity: The Congestion Crisis at NAIA

The air cargo congestion crisis at Ninoy Aquino International Airport represents an immediate threat to the Philippines' manufacturing sector, export competitiveness, and overall economic stability. The crisis, which escalated sharply in mid-2026, traces back to a capacity crunch triggered by the closure of the Philippine Skylanders International (PSI) facility after NAIA operator NNIC reclaimed its premises for redevelopment, leaving People's Air Cargo and Warehousing Co., Inc. (Paircargo) and Cargohaus as the only customs bonded warehouses serving multiple carriers at NAIA. Paircargo, which handles roughly 70% of NAIA's air cargo by virtue of its direct ramp access, has borne the brunt of the resulting volume surge.

95% of air shipments passing through NAIA warehouses were cleared in under three days, but that figure has since fallen to 76%, undermining manufacturers' ability to meet tight turnaround commitments. The stakes could not be higher. Electronics are the Philippines' largest import and export commodity, and semiconductor components are the lifeblood of that industry. At least one global technology company has already suspended production of one of its product lines due to the delays, with industry leaders warning others could follow if the situation is not resolved urgently.

The Bureau of Customs (BOC) has implemented immediate relief measures, including extending operating hours from 8 am–5 pm to 7 am–9 pm daily including weekends, deploying additional personnel, establishing a Viber group for stakeholders to follow up on unlocated entries, and converting an area of Duty Free into a satellite processing facility. BOC-NAIA has set a target of clearing the Paircargo backlog by July, ahead of the busy "ber months" when cargo volumes typically spike. Paircargo has similarly implemented 24-hour daily cargo releasing, procured additional equipment, and commissioned a satellite warehouse that is practically the same size as the closed NAIA International Cargo Terminal, which is expected to be fully operational within weeks.

However, these interim measures are not sufficient to address the structural capacity deficit that has been exposed. The development of a new cargo terminal at NAIA—a project that Paircargo won over a decade ago—requires only a notice to proceed from the Manila International Airport Authority. The modernization of the Bureau of Customs' aging Electronic-to-Mobile (e2M) System, which is widely considered past its operational prime, must be treated as a matter of urgency. Paircargo has directly suggested to the Customs Commissioner that procurement of upgrades or additions to the e2M platform be treated as an urgent priority.

²⁸ Zapanta, L. K. M. (July 21, 2026). BDO-backed Cebu Pacific gets two new A320neos. Inquirer.net. <https://business.inquirer.net/601541/bdo-backed-cebu-pacific-gets-two-new-a320neos>

²⁹ Airbus. (2026, July 21). Philippine Airlines to order nine more Airbus A350-1000s. <https://www.airbus.com/en/newsroom/press-releases/2026-07-philippine-airlines-to-order-nine-more-airbus-a350-1000s>

³⁰ International Institute for the Unification of Private Law. (n.d.). Overview – Cape Town Convention. UNIDROIT. <https://www.unidroit.org/instruments/security-interests/cape-town-convention/overview/>

³¹ Ibid

Clark International Airport is steadily positioning itself as a cargo hub, with United Parcel Services Inc. targeting September 2026 for the opening of a new sorting facility, FedEx Corp. expected to begin construction on a 78,000-square-meter facility in 2026, and DHL Express acknowledging the opportunities emerging at Clark. Clark is building a second runway—a 3,200-meter backup strip planned to open by late 2029—which could accommodate aircraft even larger than the Airbus A380. The Bases Conversion and Development Authority (BCDA) has awarded the PHP 206.9 million detailed engineering design contract, with the design expected to be completed by the second quarter of 2027. Luzon International Premiere Airport Development (LIPAD) Corp., the Clark airport operator, is also designing a 30-hectare Integrated Cargo and Logistics Ecosystem, called a “cargo city,” to redevelop land into an all-in-one complex for logistics activities.

Subic Bay International Airport presents another strategic opportunity. The Subic Bay Metropolitan Authority (SBMA) is advancing a PHP 6.2 billion (USD 101 million) project to transform Subic Bay into a modern, high-capacity international cargo hub through a 25-year operate-rehabilitate-add-transfer concession. US-based private equity affiliate Cerberus Asia Pacific Investments LLC holds original proponent status after submitting an unsolicited proposal in March 2025. Subic’s history as the Asia-Pacific hub of FedEx Express from 1995 until 2009 demonstrates its viability as a cargo gateway, and its revival would provide the redundancy that the Philippines urgently needs.

Sustainability and Innovation Initiatives

The government and private sector are advancing sustainable aviation initiatives, though progress remains uneven and a comprehensive national framework has yet to be established. Cebu Pacific conducted its first SAF-powered flights in 2024, utilizing a 50% SAF blend on selected domestic routes, and committed to broader adoption by 2030, targeting 5% SAF blend across its network.³² PAL is preparing to introduce SAF use by 2026, with initial blends of 10% on international routes, subject to supply availability and cost competitiveness.³³

The Department of Energy (DOE) and DOT are drafting SAF regulations and exploring local production facilities. Key initiatives include feasibility studies for local SAF production from coconut oil, used cooking oil, and agricultural waste; assessment of existing biofuel supply chains for SAF feedstock potential; engagement with international SAF producers and technology providers; and development of a national SAF framework for regulatory and fiscal support.

The Philippines’ agricultural base presents significant potential for domestic SAF production. The country is a major producer of coconut oil, which can be converted to SAF through hydro-processed esters and fatty acids (HEFA) pathways. Industry estimates suggest that the Philippines could produce up to 500 million liters of SAF annually by 2030, representing approximately 30% of projected domestic jet fuel demand. This domestic production potential could generate significant economic benefits, including employment in agriculture, processing, and logistics sectors.³⁴

CAAP has invested PHP 12.4 billion in 2025 for night-rating upgrades, navigational systems, and communications infrastructure to enhance safety and efficiency. Key initiatives include implementation of modern air traffic management systems to improve airspace capacity and reduce delays; investment in communication, navigation, and surveillance systems, including ADS-B and

multilateration; expansion of night-rating capabilities at regional airports to support 24/7 operations; and adoption of electronic flight strips, automated weather systems, and digital NOTAMs.³⁵

However, a fully integrated national sustainability roadmap for aviation has not yet been published. The ECCP notes that while awareness activities and green aviation campaigns have been conducted, the absence of a formal SAF roadmap with specific milestones, fiscal incentives, and production targets represents a critical gap.

Aviation Safety and Security Developments

CAAP has made progress in strengthening aviation safety oversight through stakeholder collaboration, regulatory updates, and infrastructure improvements. In July 2025, CAAP participated in Cebu Pacific’s inaugural Safety Workshop, underscoring the value of a collaborative approach to risk management that engages both regulators and airlines. The workshop focused on Safety Management System (SMS) implementation, incident reporting and investigation procedures, risk assessment and mitigation strategies, and human factors and organizational culture.³⁶

At the infrastructure level, airports such as Bicol International Airport and Zamboanga International Airport were commended in 2025 for successfully implementing safety-enhancing projects, ranging from upgraded emergency response systems to improved airside monitoring. These projects included installation of modern firefighting and rescue equipment, upgraded runway lighting and approach systems, enhanced perimeter security and access control, and improved wildlife hazard management.

CAAP has pursued systemic modernization, including digitalization of air traffic management systems, adoption of electronic safety reporting tools, alignment with ICAO’s Universal Safety Oversight Audit Programme (USOAP) standards, implementation of ICAO’s Safety Management System (SMS) requirements, and enhancement of safety inspector training and certification. These reforms are critical, particularly as the Philippines seeks to maintain its compliance record and avoid the reputational setbacks experienced in past years when safety deficiencies led to international restrictions. The Philippines’ USOAP audit, scheduled for 2027, will be a critical test of CAAP’s safety oversight capabilities.

Following the global CrowdStrike outage of July 2024,³⁷ which disrupted airline operations worldwide and exposed aviation’s dependence on digital infrastructure, cybersecurity has emerged as an operational imperative. In the Philippines, where airlines and airports are rapidly digitalizing operations—from e-gates and ticketing systems to AI-enabled scheduling tools—robust cybersecurity frameworks are now as essential as physical safety protocols. Key cybersecurity challenges include the lack of a comprehensive national cybersecurity risk management strategy for aviation, absence of mandatory threat-reporting protocols and information-sharing platforms, limited technical capacity for cybersecurity monitoring and response, inadequate cybersecurity training for aviation personnel, and insufficient investment in cybersecurity infrastructure.

Regulators have strengthened enforcement against unauthorized charter operations and counterfeit licenses. In 2025, CAAP, together with law enforcement agencies, conducted training and crackdowns on illegal charter practices and unlicensed maintenance. Enforcement actions included surveillance and inspection of suspected illegal charter operators, coordination with airport authorities and law

32 Cordero, T. (2022, September 27). Cebu Pacific, Shell Aviation ink deal for sustainable aviation fuel supply. GMA News Online. <https://www.gmanetwork.com/news/money/companies/846175/cebu-pacific-shell-aviation-ink-deal-for-sustainable-aviation-fuel-supply/story/>

33 Jose, A. E. O. (2025, May 30). PAL plans to expand nonstop routes, boost airline partnerships. BusinessWorld Online. <https://bworldonline.com/corporate/2025/05/30/675905/pal-plans-to-expand-nonstop-routes-boost-airline-partnerships/>

34 Arayata, M. C. (2026, April 21). PH has huge potential in sustainable aviation fuel production. Philippine News Agency. <https://www.pna.gov.ph/articles/1273415>

35 Philstar.com. (2025, January 9). P12.4 billion allotted for airport modernization in 2025. <https://www.philstar.com/headlines/2025/01/09/2413019/p124-billion-allotted-airport-modernization-2025>

36 Rosales, E. F. (2025, April 21). DOT pushes for creation of transport safety body. Philstar.com. <https://www.philstar.com/business/2025/04/21/2437070/dot-pushes-creation-transport-safety-body>

37 Walsh, W. (2024, July 30). The CrowdStrike IT outage carries lessons for regulators. International Air Transport Association. <https://www.iata.org/en/pressroom/opinions/the-crowdstrike-it-outage-carries-lessons-for-regulators/>

enforcement agencies, public information campaigns to raise awareness of illegal charter risks, and enhanced license verification and validation procedures. While enforcement efforts are visible, unregulated operators continue to pose challenges.³⁸

Human Capital Development

The demand for aviation professionals is rising rapidly as the industry undergoes expansion. The Civil Aviation Authority of the Philippines (CAAP) continues to face shortages of qualified air traffic controllers, maintenance engineers, and inspectors, even as traffic surges to pre-pandemic levels. Key shortages include air traffic controllers with a shortfall of approximately 150 controllers (20% of authorized positions); aircraft maintenance engineers with a shortage of licensed engineers certified for specific aircraft types; safety inspectors with limited inspector capacity for aircraft certification, operator oversight, and airworthiness monitoring; and technical staff shortages in specialized areas such as cybersecurity, data analytics, and systems integration.

The pilot shortage in the Philippines is less acute than global averages, but certain categories—particularly captains for widebody aircraft—face supply constraints. Philippine carriers have engaged in aggressive recruitment and retention efforts, including signing bonuses, career progression programs, and international compensation adjustments.

The President's Report to the People (2022-2025) highlights reforms in the education curriculum and training initiatives. However, aviation requires more targeted interventions to close the talent gap. Current initiatives include DOTr and CAAP scholarships for air traffic controller training, airline-sponsored pilot training programs, partnerships between airlines and aviation academies, and industry-funded maintenance training centers.

Training capacity is constrained by limited infrastructure and qualified instructors. Key challenges include limited simulation and training equipment, shortage of qualified training instructors and examiners, inadequate coordination between training institutions and industry requirements, and high training costs with limited scholarship availability.

The Philippines has engaged in international aviation training and capacity-building initiatives, including ICAO training programs and technical assistance, ASEAN aviation training network participation, bilateral training agreements with aviation authorities, and industry collaborations with international airlines and MRO providers.

38 Civil Aviation Authority of the Philippines. (2025, March 20). CAAP and FAA strengthen efforts against illegal charter operations. <https://www.caap.gov.ph/%F0%9D%90%82%F0%9D%90%80%F0%9D%90%80%F0%9D%90%8F-%F0%9D%90%9A%F0%9D%90%A7%F0%9D%90%9D-%F0%9D%90%85%F0%9D%90%80%F0%9D%90%80-%F0%9D%90%92%F0%9D%90%AD%F0%9D%90%AB%F0%9D%90%9E%F0%9D%90%A7%F0%9D%90%A0/>

ON AVIATION LEGISLATION

The aviation sector continues to be shaped by legislative reform efforts aimed at strengthening safety, governance, and infrastructure financing. Significant progress has been made in administrative reforms and fiscal incentives, but critical legislative priorities remain pending in the 20th Congress.

Philippine Transportation Safety Board (PTSB) Act

- In April 2025, then-Transportation Secretary Vince Dizon stated that the DOTr is urging the 20th Congress to prioritize the passage of the Philippine Transportation Safety Board (PTSB) Act. Supported by Senate Bill No. 2739 (authored by Senator Lito Lapid) and Senate Bill No. 1121 (authored by Senator Grace Poe), the legislation seeks to create an independent transport accident investigation authority modeled after the US National Transportation Safety Board (NTSB).
- Establishing an independent PTSB eliminates institutional conflicts of interest, as the Civil Aviation Authority of the Philippines (CAAP) currently acts as both aviation regulator and primary accident investigator. This dual role compromises the objectivity of accident investigations and creates a perception of regulatory capture. The PTSB Act mirrors global best practice and is designed to address conflicts of interest by separating investigatory functions from regulatory oversight.
- Despite administrative support from the DOTr and advocacy from industry stakeholders, the bill remained pending in committee as of mid-2026.

Philippine Airports Authority Act and CAAP Charter Restructuring

- Legislators have advanced Senate Bill No. 1073 (Philippine Airports Authority Act) alongside counterpart measure House Bill No. 2234 (Philippine Airports Corporation) to unbundle regulatory oversight from commercial airport management. The proposed framework transfers airport operations to a state-owned corporation, allowing CAAP to concentrate exclusively on air safety oversight, air traffic management, and regulatory compliance.
- Structural unbundling remains essential to separating commercial airport operations from safety regulation. The lack of a clear legal mandate for a dedicated airport operator continues to create operational ambiguity, particularly as the DOTr announces its plan to privatize 10 additional airports by 2028. The proposed legislation addresses this by establishing clear functional separation, aligning the Philippines with global best practices as mandated by ICAO.
- To address persistent funding bottlenecks in aviation oversight, proposed amendments to Republic Act No. 9497 (CAAP Charter) in House Bill 5366 aim to grant CAAP full fiscal autonomy. Proposed reforms include exempting CAAP from statutory dividend remittances under Republic Act No. 7656 (Dividend Law), enabling the regulator to retain 100% of its generated revenues to fund air navigation infrastructure, digital technical tools, and inspector capacity building. Several bills filed in both chambers propose amendments to strengthen CAAP's fiscal autonomy and governance, including adding ex-officio members from the Departments of Tourism and Defense to its Board.
- These bills remained pending in committee as of mid-2026.

Fiscal Incentives and Foreign Ownership Reforms

- The legislative enactment of Republic Act No. 12066, officially known as the CREATE MORE Act, reduced corporate income tax rates for registered business enterprises from 25% to 20%. This tax reform enhances airline liquidity and infrastructure concessionaire balance sheets, facilitating capital deployment for fleet expansion and terminal development. This measure has been welcomed by airlines and infrastructure developers as it improves capital flow for fleet modernization and airport development projects.
- This complements statutory liberalizations under Republic Act No. 11659 (Amendments to the Public Service Act), which redefined public utilities and permitted 100% foreign equity ownership in air transport and airport infrastructure. The amendments to the Public Service Act in 2022 represent an important reform to attract capital and expertise. However, as underscored during the Philippine Aviation Summit 2024 co-organized by the ECCP and the Asian Business Aviation Association (AsBAA), these reforms must be complemented by sector-specific incentive measures to fully unlock growth potential.
- While the CREATE MORE Act is a positive step, it is insufficient to address the unique needs of the aviation sector.

Cape Town Convention Ratification

- Despite strong advocacy from industry groups highlighting its benefits for aircraft financing, the Philippines has not ratified the Cape Town Convention and its Aircraft Protocol as of mid-2026. The benefits of ratification are widely recognized. According to an ICAO analysis in 2024, the CTA can reduce average global contract enforcement delays from 10 months to just 2 months, significantly lowering risks for creditors. This translates into lower financing costs for airlines, as creditors and lessors are more willing to extend favorable terms in jurisdictions with predictable enforcement mechanisms.
- For the Philippines, this could mean reduced leasing rates and better access to global financing pools, directly supporting carriers' expansion and modernization plans. The timing is crucial. Philippine Airlines (PAL) has announced plans to introduce 22 new aircraft starting in late 2025, including its first Airbus A350-1000, as part of a long-term fleet renewal strategy. More broadly, a 2025 EY report estimates that up to USD 1.5 trillion in investment will be required globally in the coming decades to achieve sustainable aviation growth, much of it tied to aircraft replacement and financing.
- Without the legal certainty provided by the CTA, Philippine carriers face higher borrowing costs and reduced access to international capital markets.

Montreal Protocol 2014

- The Montreal Protocol 2014, which strengthens legal measures against unruly passengers, has not been ratified by the Philippines. Aviation stakeholders urged immediate ratification in 2024, but no Senate approval or executive action has occurred as of mid-2026. This recommendation remains pending with no progress.

ProGRESS Bill

- The Promoting Growth, Revenue, and Equity towards Socio-Economic Sustainability (ProGRESS) Bill, which has been designated as a priority measure by the Legislative-Executive Development Advisory Council (LEDAC) and endorsed by President Ferdinand R. Marcos Jr. in his 2026 State of the Nation Address, represents a significant fiscal reform that will have implications for the aviation and logistics sectors. The Department of Finance (DOF) estimates that the ProGRESS Bill will generate PHP 518.71 billion in additional revenues from 2027 to 2030 while providing PHP 326.92 billion in tax relief, resulting in a net gain of PHP 191.77 billion. The bill's primary objectives are to raise the personal income tax exemption threshold from PHP 250,000 to PHP 350,000, providing relief to middle-income earners, and to exempt micro and small enterprises from the minimum corporate income tax.
- The DOF has proposed a top luxury tax tier of 75% for vehicles worth more than PHP 8 million, and private jets would be subject to excise taxes for the first time under the proposal. While the ECCP acknowledges the need for equitable taxation, the imposition of new taxes affecting business and general aviation could have unintended consequences for the sector, which plays a critical role in facilitating investment, corporate travel, and regional connectivity.

AVIATION ADVOCACY RECOMMENDATIONS

Based on the achievements and backlogs of 2025, and calibrated to the tightened macroeconomic environment of 2026, the ECCP proposes the following advocacy pillars.

Accelerate regional airport modernization and digital infrastructure integration to heighten ASEAN competitiveness and optimize transport logistics

The modernization of the Philippines' airport infrastructure is a critical step towards enhancing its global competitiveness and improving the overall value proposition of its destinations. With inbound foreign tourist spending reaching PHP 694 billion in 2025 and air passenger throughput expanding, physical infrastructure upgrades must be integrated with automated air traffic management systems, digital processing e-gates, and multi-modal freight connections.³⁹ The Department of Transportation (DOT) must prioritize the rapid execution of regional airport projects, including runway extensions at Busuanga and Kalibo, along with terminal facility upgrades at Laoag, Vigan, Dumaguete, and Tacloban. The privatization of 15-20 additional airports by 2028⁴⁰ must proceed with clear timelines and transparent selection processes to attract investment, ensuring that concession agreements include binding performance metrics to guarantee service standards and prevent the emergence of monopolistic inefficiencies.

Modernizing regional infrastructure removes operational bottlenecks, lowers air cargo handling delays, and enhances destination accessibility across provincial economic corridors. The goal is not just to build new structures but to create seamless, customer-centric air transport systems that can handle a projected increase in both international and domestic travelers. With fiscal consolidation limiting government expenditure, the PPP model is not merely an option but a necessity; the successful models at Clark, Mactan-Cebu, and Bohol-Panglao demonstrate the viability of private

39 Department of Tourism. (2026, January 29). DOT: PH tourism tells story of resilience amid headwinds. Philippine Information Agency. <https://pia.gov.ph/news/dot-ph-tourism-tells-story-of-resilience-amid-headwinds/>

40 Jose, A. E. O. (2025, May 1). DoTr hopes to privatize 15 more airports by 2026. BusinessWorld Online. <https://www.bworldonline.com/top-stories/2025/05/01/669621/dotr-hopes-to-privatize-15-more-airports-by-2026/>

sector participation. The DOTr must also integrate modern technologies to streamline passenger and cargo processing, which is key to improving the “EASE of travel and movement of goods.” The ECCP recommends that the DOTr establish a dedicated project management office for aviation infrastructure to coordinate across government agencies, accelerate approvals, and ensure timely project completion. Furthermore, the government should explore innovative financing mechanisms, including infrastructure bonds and project finance structures, to broaden the investor base and reduce financing costs for regional airport projects.

Address the urgent air cargo congestion crisis at NAIA through coordinated government action and strategic decentralization to Clark and Subic

The air cargo congestion crisis at Ninoy Aquino International Airport represents an immediate threat to the Philippines’ manufacturing sector, export competitiveness, and overall economic stability. The crisis, which escalated sharply in mid-2026, traces back to a capacity crunch triggered by the closure of the Philippine Skylanders International (PSI) facility after NAIA operator NNIC reclaimed its premises for redevelopment, leaving People’s Air Cargo and Warehousing Co., Inc. (Paircargo) and Cargohaus as the only customs bonded warehouses serving multiple carriers at NAIA. Paircargo, which handles roughly 70% of NAIA’s air cargo by virtue of its direct ramp access, has borne the brunt of the resulting volume surge, creating a backlog that threatens the semiconductor industry, logistics sector, and broader manufacturing supply chains.

Last year, 95% of air shipments passing through NAIA warehouses were cleared in under three days, but that figure has since fallen to 76%, undermining manufacturers’ ability to meet tight turnaround commitments. The stakes could not be higher: electronics are the Philippines’ largest import and export commodity, and semiconductor components are the lifeblood of that industry. At least one global technology company has already suspended production of one of its product lines due to the delays, with industry leaders warning others could follow if the situation is not resolved urgently.

The ECCP commends the Bureau of Customs (BOC) for its immediate relief measures, including extending operating hours from 8 am–5 pm to 7 am–9 pm daily including weekends, deploying additional personnel, establishing a Viber group for stakeholders to follow up on unlocated entries, and converting an area of Duty Free into a satellite processing facility. BOC-NAIA has set a target of clearing the Paircargo backlog by July, ahead of the busy “ber months” when cargo volumes typically spike. Paircargo has similarly implemented 24-hour daily cargo releasing, procured additional equipment, and commissioned a satellite warehouse that is practically the same size as the closed NAIA International Cargo Terminal, which is expected to be fully operational within weeks.

However, these interim measures are not sufficient to address the structural capacity deficit that has been exposed. The ECCP recommends that the government pursue a comprehensive, multi-pronged strategy to resolve the air cargo crisis. First, the DOTr and NNIC must accelerate the development of a new cargo terminal at NAIA—a project that Paircargo won over a decade ago and that requires only a notice to proceed from the Manila International Airport Authority. Second, the government must prioritize the modernization of the Bureau of Customs’ aging Electronic-to-Mobile (e2M) System, which is widely considered past its operational prime; Paircargo has directly suggested to the Customs Commissioner that procurement of upgrades or additions to the e2M platform be treated as a matter of urgency.

Third, the ECCP urges the government to pursue a strategic decentralization of air cargo operations to Clark International Airport and Subic Bay International Airport to reduce NAIA’s congestion and build redundancy into the national air cargo network. Clark International Airport is steadily positioning itself as a cargo hub, with United Parcel Services Inc. targeting September 2026 for the opening of a new sorting facility, FedEx Corp. expected to begin construction on a 78,000-square-meter facility in 2026, and DHL Express acknowledging the opportunities emerging at Clark. Clark is building a

second runway—a 3,200-meter backup strip planned to open by late 2029—which could accommodate aircraft even larger than the Airbus A380. The Bases Conversion and Development Authority (BCDA) has awarded the PHP 206.9 million detailed engineering design contract, with the design expected to be completed by the second quarter of 2027. Luzon International Premiere Airport Development (LIPAD) Corp., the Clark airport operator, is also designing a 30-hectare Integrated Cargo and Logistics Ecosystem, called a “cargo city,” to redevelop land into an all-in-one complex for logistics activities.

Subic Bay International Airport presents another strategic opportunity. The Subic Bay Metropolitan Authority (SBMA) is advancing a PHP 6.2 billion (USD 101 million) project to transform Subic Bay into a modern, high-capacity international cargo hub through a 25-year operate-rehabilitate-add-transfer concession. US-based private equity affiliate Cerberus Asia Pacific Investments LLC holds original proponent status after submitting an unsolicited proposal in March 2025. Subic’s history as the Asia-Pacific hub of FedEx Express from 1995 until 2009 demonstrates its viability as a cargo gateway, and its revival would provide the redundancy that the Philippines urgently needs. The ECCP recommends that the DOTr and relevant agencies coordinate a comprehensive cargo decentralization strategy, including the development of road and rail connections between Manila, Clark, and Subic to facilitate inter-airport cargo transfers and reduce dependence on NAIA’s constrained facilities.

Enact Senate Bill No. 2739 to establish the Philippine Transportation Safety Board while institutionalizing a comprehensive aviation cybersecurity framework

A robust and proactive safety and security framework is indispensable for any country seeking to position itself as a regional aviation hub. Transportation Secretary Vince Dizon emphasized that passing Senate Bill No. 2739 to create an independent transportation safety board aligns national governance with global best practices and restores public trust. Unbundling investigatory functions from the Civil Aviation Authority of the Philippines (CAAP) will allow the authority to focus strictly on safety oversight and compliance with International Civil Aviation Organization (ICAO) standards. The ECCP urges Congress to prioritize the passage of Senate Bill No. 2739 to establish the Philippine Transportation Safety Board (PTSB) in the 20th Congress, ensuring that the PTSB is adequately funded and staffed with qualified investigators who possess the technical expertise to conduct independent, credible accident investigations.

Concurrently, following the global CrowdStrike outage of July 2024, which disrupted airline operations worldwide and exposed aviation’s dependence on digital infrastructure, cybersecurity has emerged as an operational imperative.⁴¹ In the Philippines, where airlines and airports are rapidly digitalizing operations—from e-gates and ticketing systems to AI-enabled scheduling tools—robust cybersecurity frameworks are now as essential as physical safety protocols. The ECCP calls upon the DOTr and CAAP to establish a national aviation cybersecurity risk management strategy featuring mandatory threat-reporting protocols and real-time data sharing across airlines and airport operators. A national Security Management System (SeMS) must be institutionalized to harmonize safety oversight across all operators, service providers, and regulators, consolidating fragmented initiatives and ensuring consistency with best practices being rolled out globally by ICAO and the International Air Transport Association (IATA). CAAP and other aviation institutions require continued support to recruit, train, and retain highly skilled inspectors, auditors, and cybersecurity specialists, as strengthening human capital ensures that institutional reforms translate into effective oversight and sustainable safety outcomes. By embedding safety and security in every level of aviation governance—from regulatory processes and institutional capacity to digital resilience—the Philippines can build the trust of passengers, airlines, and investors, reinforcing the country’s position as a competitive aviation hub within ASEAN and ensuring long-term operational resilience in an increasingly complex global aviation environment.

41 Walsh, W. (2024, July 30). The CrowdStrike IT outage carries lessons for regulators. International Air Transport Association. <https://www.iata.org/en/pressroom/opinions/the-crowdstrike-it-outage-carries-lessons-for-regulators/>

Enact Senate Bill No. 1073 and amend Republic Act No. 9497 to unbundle regulatory functions and grant CAAP complete fiscal autonomy

The performance of the Philippine aviation sector is inseparable from the strength and adaptability of its governing institutions. Structural unbundling remains essential to separating commercial airport operations from safety regulation. The ECCP urges Congress to enact Senate Bill No. 1073 to create the Philippine Airports Authority, transferring airport management to a dedicated entity and permitting CAAP to act as an independent safety regulator. This legislative action would address the current operational ambiguity created by CAAP's dual role, aligning the Philippines with global best practices as mandated by ICAO and ensuring that airport operations are managed with commercial efficiency while safety regulation remains independent and uncompromised.

To guarantee institutional independence and technical capacity, Congress must pass proposed amendments to Republic Act No. 9497 exempting CAAP from dividend remittances under Republic Act No. 7656, ensuring 100% revenue retention to recruit technical inspectors, modernize air traffic systems, and enforce safety standards. The absence of fiscal autonomy has constrained CAAP's ability to invest in critical infrastructure, recruit qualified personnel, and maintain competitive compensation for technical staff. Streamlining regulatory processes, enhancing transparency, and integrating digitalized systems are equally essential to ensure faster approvals and greater investor confidence. A comprehensive institutional review and reform program is recommended to promote efficiency, accountability, and responsiveness—key elements for positioning the Philippines as a credible player in the global aviation market. The ECCP further recommends that the Philippine Airports Authority be established as a commercially oriented entity with a clear mandate to optimize airport assets, attract private investment, and enhance passenger experience, while ensuring that universal service obligations are met across all airport categories, including smaller regional facilities that may not be commercially viable on a standalone basis.

Prioritize Senate concurrence and ratification of the Cape Town Convention and Aircraft Protocol to lower cross-border financing costs for domestic carriers

Despite historic fleet commitments—including Cebu Pacific's USD 24 billion procurement of up to 152 Airbus A320neo/A321neo aircraft and Philippine Airlines' fleet renewal—the Philippines remains outside the Cape Town Convention framework as of 2026.^{42 43} According to ICAO economic assessments, the Cape Town Convention reduces average contract enforcement delays from 10 months to 2 months, significantly lowering creditor and lessor risk. Senate ratification will secure reduced lease rates and superior access to international capital markets, enabling sustainable fleet modernization across the aviation sector. The ECCP urgently calls upon the Senate to prioritize concurrence and ratification of the Cape Town Convention and Aircraft Protocol, and urges the Executive branch to issue the necessary declarations to ensure treaty provisions prevail over conflicting domestic laws, providing legal certainty for creditors and lessors.

Without the legal certainty provided by the CTA, Philippine carriers face higher borrowing costs and reduced access to international capital markets, directly undermining the government's efforts to modernize the fleet and threatening the competitiveness of the sector. A 2025 EY report estimates that up to USD 1.5 trillion in investment will be required globally in the coming decades to achieve sustainable aviation growth, much of it tied to aircraft replacement and financing.⁴⁴ Ratification would not only

align the Philippines with global best practices but also position the country as a more attractive and reliable hub for aircraft financiers and lessors, strengthening its aviation competitiveness in ASEAN and beyond. The ECCP recommends that the Department of Foreign Affairs and the Department of Transportation coordinate closely with the Senate to expedite the ratification process, including the preparation of the necessary implementing rules and regulations to ensure seamless application of treaty provisions. The ECCP further recommends that the government undertake a comprehensive awareness campaign to educate stakeholders—including airlines, lessors, financial institutions, and the legal community—on the benefits and implications of CTA ratification, ensuring that the business community is prepared to capitalize on the opportunities created by this landmark treaty.

Institute a targeted fiscal incentive framework under Republic Act No. 12066 to incentivize aerospace and MRO investments

While Republic Act No. 11659 permits 100% foreign equity ownership in transport infrastructure, attracting substantial foreign direct investment requires dedicated fiscal support. The CREATE MORE Act's reduction of the corporate income tax rate to 20% is a positive step, but it is insufficient to address the unique needs of the aviation sector. Capitalizing on corporate tax reductions under Republic Act No. 12066, the government should formulate aviation-specific fiscal incentive guidelines under the Strategic Investment Priority Plan (SIPP). The ECCP recommends a multi-faceted approach that includes 4-to-6-year corporate income tax holidays for new or expanding aviation businesses, similar to those granted in manufacturing and IT-BPM sectors; duty-free importation of capital equipment, aircraft parts, and MRO supplies; zero-rating of VAT on local purchases tied to registered aviation activities; and sustainability-linked incentives that provide fiscal support to offset the high cost of Sustainable Aviation Fuels (SAF), which remains 4 to 6 times more expensive than traditional jet fuel.

Targeted incentives will lower operating costs, attract aerospace investments, and position the Philippines as a regional MRO hub within ASEAN. By tying incentives to both competitiveness and sustainability, the Philippines can position itself as a leader in sustainable air service development in ASEAN. An aviation-specific incentive framework will help attract investment, ease operating costs, and accelerate the transition to green technologies. The ECCP recommends that the fiscal incentive framework be designed with clear performance metrics and sunset clauses to ensure that incentives deliver tangible economic benefits and are subject to regular review and adjustment. Furthermore, the government should establish a dedicated investment promotion unit within the DOTr or the Board of Investments to facilitate investment applications, provide investor support, and monitor incentive utilization. The ECCP further recommends that the fiscal incentive framework be complemented by regulatory reforms that reduce bureaucratic barriers to investment, streamline approval processes, and enhance the predictability of the regulatory environment—factors that are as important as fiscal incentives in attracting long-term investment.

⁴² Pratt & Whitney. (2024, July 22). Cebu Pacific celebrates agreement for up to 152 A321neo aircraft order with Airbus. <https://www.prattwhitney.com/newsroom/news/2024/07/22/cebu-pacific-celebrates-agreement-for-up-to-152-a321neo-aircraft-order-with-airbu>

⁴³ International Institute for the Unification of Private Law. (n.d.). Cape Town Convention. UNIDROIT. <https://www.unidroit.org/instruments/security-interests/cape-town-convention/>

⁴⁴ Eisenhuth, D., & Betina, V. (2025, August 15). Sustainable aviation fuels for greener skies. EY. https://www.ey.com/en_gl/insights/strategy/sustainable-aviation-fuels-for-greener-skies

Formulate a national aviation human capital strategy anchored in the paradigm of a Complementarity Economy

A resilient and competitive aviation sector depends on the availability of a skilled and sustainable workforce. Rapid fleet growth across domestic airlines has magnified acute shortages of air traffic controllers, licensed aircraft maintenance engineers, and safety auditors. The Civil Aviation Authority of the Philippines (CAAP) continues to face shortages of qualified personnel, even as traffic surges to pre-pandemic levels. Grounded in the concept of a Complementarity Economy, technological integration—such as automated flight dispatch, digital twin management, and AI-assisted traffic routing—must augment rather than displace human labor. The President's Report to the People (2022–2025) highlights reforms in the education curriculum and training initiatives, but aviation requires more targeted interventions to close the talent gap.

The government, in partnership with CAAP, academic institutions, and industry operators, must formulate a national aviation human capital strategy that includes curriculum alignment to realign technical training curricula with ICAO standards and the demands of AI-driven traffic systems and digital flight operations to ensure graduates meet industry requirements; scholarships and training programs to establish state-subsidized aviation scholarships and training programs for pilots, aircraft engineers, mechanics, and air traffic controllers; public-private partnerships to expand partnerships with international aviation academies to introduce global best practices and reskilling programs; and continuous professional development to fund ongoing training for current workers to adapt to emerging technologies, such as digital flight operations, AI-driven traffic systems, and the adoption of Sustainable Aviation Fuels (SAF). As highlighted in IATA's 2024 Annual Review, the aviation workforce must evolve in parallel with digital transformation, where areas like AI-assisted operations, big data analytics, and cybersecurity are becoming core competencies. Embedding continuous professional development into aviation workforce planning will not only ensure operational safety and integrity but also enhance the Philippines' competitiveness in the ASEAN aviation market. The ECCP recommends the establishment of a National Aviation Human Capital Council, composed of representatives from government, industry, and academia, to coordinate strategy development, monitor implementation, and ensure that training programs are responsive to industry needs and global standards.

Advance a national Sustainable Aviation Fuel (SAF) roadmap paired with targeted fiscal subsidies to advance decarbonization and CORSIA compliance

The Philippine aviation sector must embed sustainability as a central pillar of its long-term development strategy. Globally, the industry faces mounting pressure to decarbonize, with international aviation emissions projected to triple by 2050 if unaddressed. Sustainable Aviation Fuel (SAF) is considered the most immediate solution, with a 2025 EY report noting it could reduce lifecycle emissions by up to 65%. Yet the adoption of SAF remains constrained by cost, which is currently four to six times higher than conventional jet fuel. At the policy level, the United Nations Sustainable Development Cooperation Framework (UNSDCF) 2024–2028 with the Philippines underscores the need for low-carbon growth and renewable energy as national priorities. The challenge for Philippine aviation is to translate these broad commitments into sector-specific, actionable measures.

The Department of Energy (DOE) and DOTr must formulate a comprehensive national SAF roadmap incorporating production tax credits for domestic bio-feedstock processing, feedstock supply chain incentives, renewable airport infrastructure grants, alignment with ICAO's Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) to ensure accountability and appeal to sustainability-conscious travelers, and a phased implementation strategy encompassing regulatory framework development, infrastructure investment, and monitoring and verification. A phased strategy is recommended: phase one should focus on creating a regulatory framework that incentivizes the use of SAF and other green technologies, potentially through a national SAF roadmap, fiscal incentives, and support for domestic production; phase two should prioritize investments in infrastructure to enable

sustainable operations, including energy-efficient terminals, renewable-powered ground facilities, and modern air traffic management systems; and phase three must institutionalize monitoring, reporting, and verification mechanisms aligned with ICAO's CORSIA. By mainstreaming sustainability into aviation development plans, the Philippines can safeguard competitiveness in the ASEAN region, align with global environmental standards, and secure a resilient future for the industry. Leading regional hubs are aggressively investing in green aviation; the Philippines must act to avoid being left behind. The ECCP recommends that the national SAF roadmap include specific targets for SAF blending (e.g., 2% by 2030, 5% by 2035), clear milestones for domestic production capacity development, and fiscal incentives calibrated to support the industry through the transition period until SAF achieves cost parity with conventional jet fuel.

Ratify the Montreal Protocol 2014 to strengthen legal measures against unruly passengers and align Philippine aviation practices with international standards

The Montreal Protocol 2014, which strengthens legal measures against unruly passengers, has not been ratified by the Philippines despite strong advocacy from aviation stakeholders who urged immediate ratification in 2024. The ECCP reiterates its call for the swift ratification of this protocol to strengthen the legal framework for addressing disruptive passenger behavior and to align Philippine aviation practices with international standards. Unruly passenger incidents have increased globally in the post-pandemic period, driven by a combination of factors including heightened passenger anxiety, increased alcohol consumption, and social tensions. The Philippines is not immune to this trend, and the absence of a robust legal framework for addressing such incidents creates uncertainty for airlines, airport operators, and law enforcement agencies.

Ratification of the Montreal Protocol 2014 would provide Philippine authorities with clear legal authority to prosecute unruly passengers, establish consistent penalties across jurisdictions, and enhance cooperation with international aviation authorities. The protocol complements the Tokyo Convention of 1963 and provides expanded jurisdictional authority for states to take action against unruly passengers, including the ability to exercise jurisdiction over offenses committed on board aircraft registered in their territory, regardless of where the offense occurred. The ECCP recommends that the Senate prioritize concurrence and ratification of the Montreal Protocol 2014 in the 20th Congress, and that the DOTr and CAAP develop implementing rules and regulations to ensure effective enforcement. Furthermore, the government should undertake awareness campaigns to educate passengers on their responsibilities and the consequences of unruly behavior, contributing to a safer and more pleasant travel experience for all passengers and crew.

Ensure that the passage of the ProGRESS Bill considers that aviation and logistics sectors are not unduly burdened by new tax measures

The Promoting Growth, Revenue, and Equity towards Socio-Economic Sustainability (ProGRESS) Bill, which has been designated as a priority measure by the Legislative-Executive Development Advisory Council (LEDAC) and endorsed by President Ferdinand R. Marcos Jr. in his 2026 State of the Nation Address, represents a significant fiscal reform that will have implications for the aviation and logistics sectors. The Department of Finance (DOF) estimates that the ProGRESS Bill will generate PHP 518.71 billion in additional revenues from 2027 to 2030 while providing PHP 326.92 billion in tax relief, resulting in a net gain of PHP 191.77 billion. The bill's primary objectives are to raise the personal income tax exemption threshold from PHP 250,000 to PHP 350,000, providing relief to middle-income earners, and to exempt micro and small enterprises from the minimum corporate income tax.

The ECCP recognizes the importance of fiscal sustainability and the need to broaden the tax base to fund essential public services and infrastructure. The ECCP supports the bill's provisions for personal income tax relief and small business exemptions, as these measures will stimulate domestic consumption and support the broader economic growth that underpins aviation demand. However, the ECCP urges Congress and the DOF to carefully consider the potential impact of new or increased excise taxes on the aviation and logistics sectors, particularly the proposed taxation of private jets, luxury vehicles, and other non-essential goods. The DOF has proposed a top luxury tax tier of 75% for vehicles worth more than PHP 8 million, and private jets would be subject to excise taxes for the first time under the proposal.

While the ECCP acknowledges the need for equitable taxation, the imposition of new taxes affecting business and general aviation could have unintended consequences for the business aviation sector, which plays a critical role in facilitating investment, corporate travel, and regional connectivity. The ECCP recommends that any new taxes on aviation be carefully calibrated to avoid discouraging investment in the sector and to ensure that the Philippines remains competitive with other ASEAN jurisdictions that offer more favorable tax treatment for business aviation. The ECCP further recommends that the government engage in comprehensive stakeholder consultation with the aviation and logistics sectors to understand the potential impact of the ProGRESS Bill on operations, investment, and competitiveness. The ECCP supports the overall objectives of the ProGRESS Bill and urges its swift passage, while calling for the protection of the aviation sector's competitiveness through targeted exemptions or mitigating measures.

CONCLUSION

The Philippine aviation sector stands on the verge of a transformative leap. The milestones of 2025—from hitting 6.48 million foreign visitors to the transition of NAIA to a private consortium, the record fleet orders by domestic carriers, and the emergence of Clark and Subic as viable cargo hubs—demonstrate the sector's capacity for growth when met with strategic reform.

However, the macroeconomic headwinds of 2026 and the unresolved issues of 2025—the CTA ratification, the institutional restructuring of CAAP, the development of a national safety and cybersecurity framework, and the resolution of the air cargo congestion crisis—now represent critical inflection points. The ECCP emphasizes that the success of the “Build Better More” program is contingent upon these final legislative and administrative actions.

Failure to act on the Cape Town Agreement will continue to burden airlines with high financing costs, directly undermining the government's efforts to modernize the fleet. Failure to restructure CAAP will perpetuate a conflict of interest that undermines safety. Failure to institutionalize a cybersecurity framework will leave the sector dangerously exposed. Failure to establish a comprehensive sustainability roadmap will compromise the Philippines' global competitiveness and environmental standing. Failure to resolve the air cargo congestion crisis threatens to undermine the competitiveness of the manufacturing and logistics sectors that are essential to the Philippine economy.



ASSESSMENT OF 2025 RECOMMENDATIONS

2025 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Upgrade airport infrastructure	Modernization projects launched: NAIA transition to NNIC management (Sept 2024, PHP 88B commitment) led to a 12% improvement in departure punctuality in its first 6 months; Bohol-Panglao concession awarded (June 2025, PHP 4.53B); D0Tr advancing privatization pipeline for 15–20 regional airports. Land acquisition delays and technical capacity constraints remain.
Restructure the Civil Aviation Authority of the Philippines (CAAP)	
Establish the Philippine Airports Authority (PAA)	
Create the Philippine Transportation Safety Board (PTSB)	
Strengthen aviation competitiveness via industry incentives	
Bridge pay disparities for Filipino aviation professionals	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
	Pending in Congress. Proposed amendments to the CAAP Charter for fiscal autonomy remain unacted upon in committee, leaving regulatory reform and institutional separation stalled.
	No Legislative Action. Proposals to establish an independent Philippine Airports Authority have seen no progress in Congress.
	Stalled. despite D0Tr calls to prioritize the PTSB Act, legislative action remains pending, leaving multi-modal accident investigations under operating agencies.
	No Aviation-Specific Framework. General tax relief under the CREATE MORE Act (RA 12066) applies, but targeted aviation incentives (e.g., income tax holidays, duty-free equipment importation, VAT zero-rating) have not been enacted.
	Unaddressed. No concrete frameworks or policy measures have been instituted to address wage gaps for pilots, engineers, and technicians relative to ASEAN peers, contributing to ongoing talent flight.

2025 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Ratify the Montreal Protocol 2014 for unruly passengers	
Ratify the Cape Town Convention (CTA) and Aircraft Protocol	
Upgrade aviation safety systems and operations	CAAP invested PHP 12.4 billion in 2025 for night-rating upgrades, navigational systems, and communication infrastructure, alongside airport safety projects (Bicol, Zamboanga) and crackdown on illegal charters, preparing for the upcoming ICAO USOAP audit.
Institutionalize aviation cybersecurity risk management	
Integrate Sustainable Aviation Fuel (SAF) into aviation strategy	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
	Pending Ratification. The protocol lacks Senate concurrence and executive action, leaving domestic authorities without updated international legal mechanisms for disruptive passenger behavior.
	Unratified. The Philippines has not ratified the CTA, exposing local carriers to 150–200 bps interest rate premiums and 5–8% lease rate premiums during major fleet expansions.
Initial alignment on cybersecurity protocols began following major global software disruptions, but a comprehensive national aviation cybersecurity framework with mandatory threat reporting remains unestablished.	
Cebu Pacific conducted initial SAF flights (50% blend target) and PAL is preparing SAF integration (10% on international routes). DOE/DOT drafting regulatory frameworks, but a published national SAF roadmap with binding targets and subsidies is still lacking.	

2025 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Address air cargo congestion at NAIA	
Modernize Customs Electronic-to-Mobile (e2M) System for air cargo	
Evaluate tax reform implications on business aviation	Proposed luxury and excise taxes on private aircraft remain under legislative consideration. Executive tax priorities are undergoing evaluation, with ECCP advocating for calibrated taxes to protect business aviation investment.

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
Immediate operational relief was implemented by the BOC (extended hours, satellite facilities) and Paircargo (24-hour releasing), alongside Clark/Subic hub expansions. However, processing reliability dropped and structural capacity deficits persist.	
	System Bottlenecks Persist. Modernization and full platform deployment for the Bureau of Customs' e2M system remain pending, continuing to cause processing delays for time-sensitive cargo.

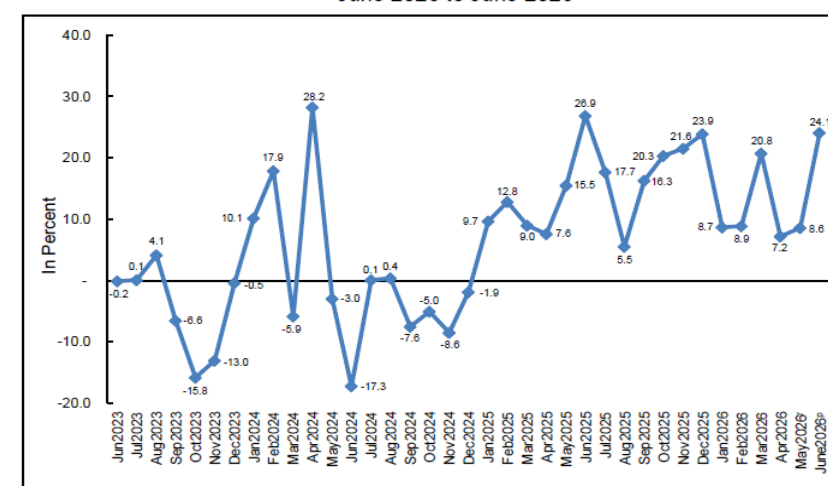
CUSTOMS AND LOGISTICS ADVOCACY PAPER 2026

INTRODUCTION

Customs have long been key to the fiscal growth and safety of a country, and this role has only grown in today's world. Customs play a central role in the economy, facilitating trade and collecting PHP 934.4 billion in 2025 to support the country's financial growth. Customs is also immensely important in national security, controlling the movement of goods, enforcing trade regulations and standards, and combating illicit trade.

The total value of Philippine exports has seen consistent year-on-year growth, with the Philippine Statistics Authority (PSA) recording an annual increase of 24.1% between June 2025 and June 2026, increasing from USD 7.07 billion in 2025 to USD 8.77 billion in 2026.¹ The same report from the PSA lists electronic products, gold, and electronic equipment and parts as the three commodity groups with the highest annual export value increase in June 2026, growing by USD 1.37 billion, 94.44 million, and 93.80 million, respectively.²

Figure 2. Year-on-Year Growth Rate (%) of Value of Philippine Exports
June 2023 to June 2026^p



p - preliminary
r - revised
Source: Philippine Statistics Authority

Graph 1. Year-On-Year Growth Rate (%) of Value of Philippine Exports June 2023 to June 2026^p

Source: Highlights of the Philippine Export and Import

Philippine import value has similarly grown compared to the previous year, with total June imports valued at USD 13.71 billion, up 19.6% from USD 11.46 billion in June 2025.³ Electronic products represented the imported goods commodity group with the highest annual growth in value, growing by USD 2.16 billion, followed by cereals and cereal preparations, growing by USD 158.86 million, and mineral fuels, lubricants and related material by USD 95.91 million.⁴

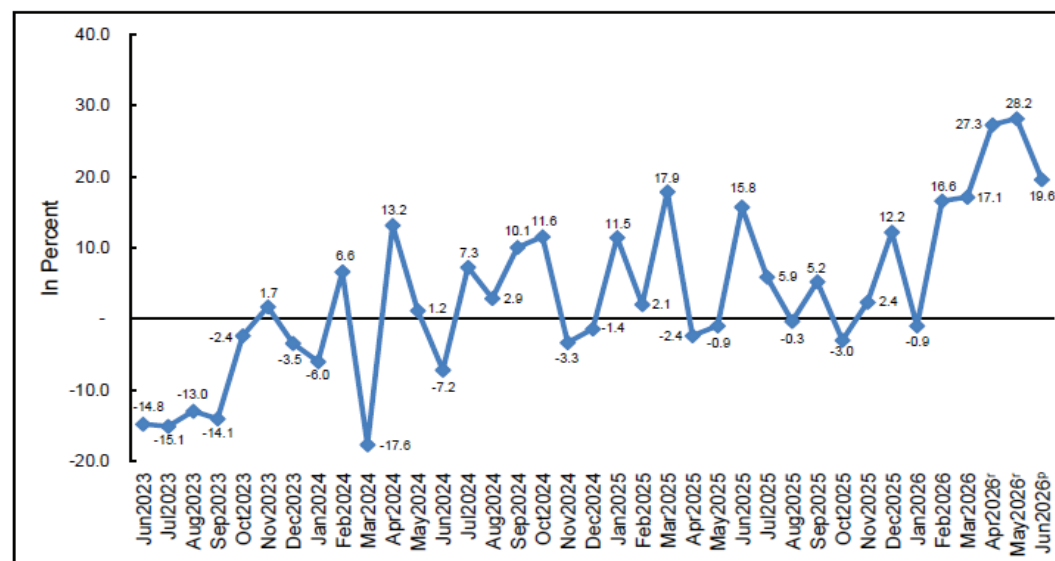
1 Philippine Statistics Authority. (30 July 2026). Highlights of the Philippine Export and Import. Philippine Statistics Authority. Retrieved from <https://psa.gov.ph/statistics/export-import/monthly>.

2 ibid

3 Philippine Statistics Authority. (30 July 2026). Highlights of the Philippine Export and Import. Philippine Statistics Authority. Retrieved from <https://psa.gov.ph/statistics/export-import/monthly>.

4 ibid

Figure 8. Year-on-Year Growth Rate (%) of Value of Philippine Imports June 2023 to June 2026^p



p - preliminary
r - revised
 Source: Philippine Statistics Authority

Graph 2. Year-On-Year Growth Rate (%) of Value of Philippine Imports June 2023 to June 2026^p

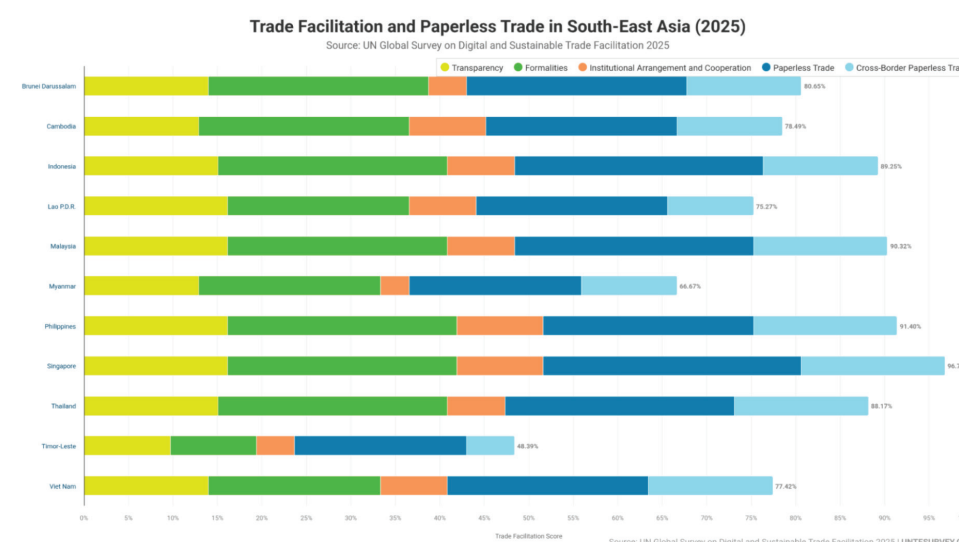
Source: Highlights of the Philippine Export and Import

Additionally, the Philippine Bureau of Customs has reported stronger revenue collection in 2026, collecting a total of PHP 84.426 billion in March, surpassing its March target of PHP 83.237 billion by PHP 1.190 billion.⁵ This represents an increase of PHP 4.067 billion from the bureau's March 2025 collection of PHP 80.359 billion.⁶ This increase in revenue, which Customs Commissioner Ariel F. Nepomuceno attributed to exceptional performance by BOC personnel, will support the maintenance and enhancement of public programs.

Philippine logistical performance has also seen some incremental improvement, with the country inching upwards in global logistics firm Agility's 2026 Emerging Markets Index, increasing to an overall score of 4.96 from a score of 4.91 in the 2025 index.⁷ This placed the Philippines in a modest ranking of 21st out of the world's 50 most promising logistics markets, two places up from a year before, but still lagging behind other ASEAN economies.⁸ However, the Index also indicated a decline in the Philippines' international logistics opportunities, with a score of 4.8, down from the previous year's 4.95, suggesting weaker performance in overseas logistics operations.

On the other hand, the Philippines has drawn some criticism in its logistics performance at the World Trade Organization's (WTO) Trade Policy Review of the Philippines. The WTO reported increased retail costs due to high logistics costs, which reportedly account for 27% of retail prices.⁹ Filipino logistics performance has been scrutinized by other experts and organizations as well, noting the reliance of Filipino logistics on volatile fossil fuel markets,¹⁰ as well as aging air logistics infrastructure.¹¹

The Philippines is currently involved in several Free Trade Agreements, both bilateral and multilateral, with major international trade partners in Europe, Asia and the Pacific. In previous decades, the Philippines had signed FTAs with Japan in 2008, and with the European Free Trade Association in 2018. In addition to these, the Philippines signed the ASEAN Trade in Goods Agreement (ATIGA) in 2009 to build on and maintain the Free Trade Area between the 10 ASEAN member countries. The Philippines, through ASEAN, is also involved in several other FTAs with Australia and New Zealand, China, Hong Kong, India, Japan and Korea.¹²



Graph 3. Trade Facilitation and Paperless Trade in South-East Asia (2025)

Source: UN Global Survey on Digital and Sustainable Trade Facilitation 2025

The 2025 United Nations Global Survey on Digital and Sustainable Trade Facilitation ranked the Philippines second in Southeast Asia in trade facilitation with a score of 91.40%, ranking behind only Singapore in the region. This metric indicates substantial Filipino policy success in promoting transparency, formalities, institutional arrangements, and cooperation, as well as domestic and cross-border paperless trade.

5 Bureau of Customs. (1 April 2026). BOC Beats Target Again, Secures PHP 84.4B in March 2026 for Nation-building. Bureau of Customs. Retrieved from <https://customs.gov.ph/boc-beats-target-again-secures-84-4b-in-march-2026-for-nation-building/>

6 ibid

7 Barro II, D. (2 March 2026). Philippines moves up in global logistics race, but still trails Southeast Asia. Manila Bulletin. Retrieved from <https://mb.com.ph/2026/03/02/philippines-moves-up-in-global-logistics-race-but-still-trails-southeast-asia>

8 Agility. (10 February 2026). Agility Emerging Markets Index 2026. Agility. Retrieved from <https://emergingmarketsindex.agility.com/wp-content/uploads/2026/02/Agility-Emerging-Markets-Index-2026-Final.pdf>

9 Cruz, B. (28 June 2026). WTO flags high Philippine trade costs. Business World. Retrieved from <https://bworldonline.com/economy/2026/06/28/759654/wto-flags-high-philippine-trade-costs/>

10 Cruz, B. (22 March 2026). Logistics firms losing money without price hikes. Business World. Retrieved from <https://bworldonline.com/economy/2026/03/22/737909/logistics-firms-losing-money-without-price-hikes/>

11 Cruz, B. (5 July 2026). Philippine air cargo congestion could undermine business confidence, management group warns. Business World. Retrieved from <https://bworldonline.com/economy/2026/07/05/761166/philippine-air-cargo-congestion-could-undermine-business-confidence-management-group-warns/>

12 Department of Trade and Industry. (2019). FTA PORTAL - FTAs in Effect. dti.gov.ph. Retrieved from <https://philippineftas.dti.gov.ph/discover-fta/ph-fta-status/effective-fta>

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

- **Customs Administrative Order (CAO) No. 01-2026** adjusts accreditation and renewal procedures, introducing new criteria for automatic renewal, extending the accreditation validity period to three years and lowering the accreditation charge for importers to PHP 5,000 per three-year period.¹³ Under the previous conditions set by CAO No. 07-2022, accreditation was valid for only one year, and importers were required to pay PHP 2,000 annually, totalling PHP 6,000 every three years.¹⁴ The new adjustments streamline the accreditation process for importers, easing their administrative burden and improving the overall ease of doing business and trade facilitation in the country.
- The Philippines has recently signed Free Trade Agreements (FTAs) with Korea and the United Arab Emirates, and has been negotiating additional FTAs with Canada, Chile and the European Union. These agreements reduce trade barriers with other countries, encouraging the Philippines' overseas trade and cooperation.
 - **The Philippine-Korea Free Trade Agreement (PH-KR FTA)** was signed on 7 September 2023 between the Philippines and Korea.¹⁵
 - **The Comprehensive Economic Partnership Agreement (CEPA)** was signed on 13 January 2026 between the Philippines and the United Arab Emirates (UAE) to establish a Free Trade Agreement between the two countries.¹⁶
 - The Philippines concluded the sixth round of negotiations for a **European Union-Philippines Free Trade Agreement (EU-PH FTA)** on the 31st of May 2026 and is seeking to reach a final agreement within the year.¹⁷
 - The Philippines is also **negotiating FTAs with Canada and Chile**, and is looking to conclude these negotiations in the near future.¹⁸
- In July 2026, the **Accounts Management Office of the Philippines (AMO) was transferred to the Post Clearance Audit Group (PCAG) from the Intelligence Group (IG)** to support the state's importer accreditation process. This transfer allows the AMO greater coordination with the PCAG, which has in place preexisting information and analysis systems on trade, risk and profiling, for use in importer accreditation.¹⁹ Additionally, the transfer allows the Bureau of Customs to ensure a smooth transition for the AMO in its planned final reallocation to the Assessment and Operations Coordinating Group.

¹³ Department of Finance. (14 April 2026). DOF extends importer accreditation from 1 year to 3 years, cuts total fees to boost trade. Department of Finance. Retrieved from <https://www.dof.gov.ph/dof-extends-importer-accreditation-from-1-year-to-3-years-cuts-total-fees-to-boost-trade/>

¹⁴ Bureau of Customs. (4 July 2022). Customs Administrative Order (CAO) No. 07-2022. Bureau of Customs. Retrieved from <https://customs.gov.ph/wp-content/uploads/2023/01/CAO-07-2022-Accreditation-of-Importers.pdf>

¹⁵ Tariff Commission. (2022). Philippines-Korea Free Trade Agreement (PH-KR FTA). Tariff Commission. Retrieved from <https://finder.tariffcommission.gov.ph/phkrfta>

¹⁶ Presidential News Desk. (13 January 2026). PH, UAE ink historic free trade agreement. Presidential Communications Office. Retrieved from <https://pco.gov.ph/news-releases/ph-uae-ink-historic-free-trade-agreement/>

¹⁷ Delegation of the European Union to the Philippines. (31 May 2026). Sixth round of negotiations for a European Union – Philippines Free Trade Agreement (EU-PH FTA). European External Action Service (EEAS). Retrieved from https://www.eeas.europa.eu/delegations/philippines/sixth-round-negotiations-european-union---philippines-free-trade-agreement-eu-ph-fta_en

¹⁸ Villanueva, J. (11 March 2026). PH targets FTA deals with EU, Canada, Chile this year. Philippine News Agency Retrieved from <https://www.pna.gov.ph/articles/1270810>

¹⁹ Bureau of Customs. (4 July 2026). BOC Enhances Importer Accreditation Process as Part of Continuing No-Nonsense Reforms. Bureau of Customs Retrieved from <https://customs.gov.ph/boc-enhances-importer-accreditation-process-as-part-of-continuing-no-nonsense-reforms/>

- On 19 June 2026, the Department of Information and Communications Technology officially launched the National Single Window-Integration Trade Facilitation Platform (NSW-ITFP), with two government agencies – The Bureau of Internal Revenue (BIR) and the National Tobacco Administration (NTA) – out of a planned 72 being the first to join the program, launching the platform on 22 June 2026.²⁰ The NSW-ITFP, once it is fully implemented, will support Philippine ease of doing business by lifting barriers and providing a single unified platform for client businesses.²¹
- On 21 February 2026, Customs Commissioner Ariel Nepomuceno announced renewed and prioritized efforts by the Bureau of Customs to adopt improved technological systems, such as Artificial Intelligence and cloud technology, to improve its governance and service systems.²²
- Customs Commissioner Ariel Nepomuceno announced in April of 2026 the Bureau's plans to begin the digitalization of the country's ports in 2027 through the new Customs Processing System.²³ This planned implementation will reportedly support business competitiveness, streamline trade workflows, strengthen anti-corruption measures, and improve data integrity. According to Commissioner Nepomuceno, the implementation will begin with a pilot program in a limited set of ports before being expanded to the remaining 56 BOC ports.
- On 23 July 2026, Government agencies signed a joint administrative order (JAO) establishing the rules for the investigation and prohibition of the importation of goods produced wholly or in part through forced labor. This was done in response to the 12.5% tariffs slapped on Philippine exports to the United States due to concerns over the country's importation of goods produced with forced labor. The Bureau of Customs will enforce the Inter-Agency Committee's findings by blocking and seizing imports tied to forced labor.²⁴

ADVOCACY RECOMMENDATIONS

For an archipelagic, import-dependent economy seeking to expand its export footprint, logistics performance is not merely an operational concern, it is a core determinant of national competitiveness. In an era of global supply chain reconfigurations and heightened inflationary pressures, the speed, transparency, and affordability with which goods move through Philippine ports directly dictate consumer prices, industrial productivity, and foreign investor confidence.

While recent policy developments, ranging from digital trade platforms and international carnet adoption to maritime domain delineation, reflect a commendable reform intent, execution gaps, regulatory fragmentation, and uncompetitive cost structures continue to hold the sector back. To fully

²⁰ Gonzales, A.L.. (23 June 2026). 72 agencies to join National Single Window by 2028. Philippine News Agency Retrieved from <https://www.pna.gov.ph/articles/1277907>

²¹ Department of Information and Communications Technology. (23 December 2025). Making History for a Faster, More Transparent Philippine Trade System. Department of Information and Communications Technology Retrieved from <https://dict.gov.ph/news-and-updates/25128>

²² De Leon, N.G. (10 April 2026). Customs reforms include tapping AI, cloud tech. Philippine Daily Inquirer Retrieved from <https://newsinfo.inquirer.net/2184819/customs-reforms-include-tapping-ai-cloud-tech>

²³ Patinio, F. (10 April 2026). BOC to implement digitalization of ports Q1 2027. Philippine News Agency Retrieved from <https://www.pna.gov.ph/articles/1272679>

²⁴ Gonzales, A. (23 July 2026). PH bans import of goods produced through forced labor. Philippine News Agency Retrieved from <https://www.pna.gov.ph/articles/1280157>

realize its potential as a regional trade and logistics hub, the Philippines must bridge the gap between policy formulation and frontline operational predictability.

Relieving Supply Chain Bottlenecks & Optimizing Container Yard Capacity

The Philippine shipping ecosystem continues to contend with severe structural friction, including limited truck supply, delayed return slots for empty containers, and acute terminal congestion. On 02 February 2026 the Manila International Container Terminal (MICT), overall yard utilization reached 81.99% while reefer utilization hit 105.98%.²⁵ While the ECCP recognizes the Bureau of Customs' (BOC) administrative efforts, such as dwell-time monitoring under CAO 08-2019, automated inventory systems for Empty Container Depots (ECDs), and empty container booking systems, these measures must be implemented in close consultation with industry stakeholders. Without addressing root-cause constraints such as depot capacity limitations, return slot availability, and empty container evacuation, rigid dwell-time controls risk imposing extra administrative costs without resolving underlying congestion.^{26,27}

Without expanding physical off-dock capacity and enforcing container return protocols, trucks remain tied up waiting for return slots rather than pulling out laden cargo. This directly drives up logistics costs via demurrage, detention, and storage penalties, ultimately inflating prices for local consumers and businesses.

To address systemic equipment flows in an import-heavy market, government and port authorities must prioritize terminal capacity for empty container evacuation back onto vessels alongside expanding off-dock storage. The government should formally authorize and publish a directory of external overflow container yards and establish protocols for strategic customs-bonded depots outside primary terminals, ensuring mandatory transfers are triggered only when verified return capacity exists.

Furthermore, trade authorities should elevate regional ports from mere overflow facilities into a strategic, decentralized multi-gateway logistics network. In particular, Subic should be developed as a primary gateway and domestic shipping hub, encouraging domestic carriers to establish direct regular services connecting Subic with key Visayas and Mindanao (VisMin) ports. Establishing a direct North/Central Luzon-VisMin corridor will allow cargo to bypass Metro Manila entirely, reducing truck kilometers, fuel consumption, and logistics costs while strengthening supply-chain resilience.

Relieving Air Cargo Supply Chain Bottlenecks

Ninoy Aquino International Airport (NAIA) serves as the primary gateway for Philippine air cargo, handling the vast majority of the country's annual 830,000 metric tons of air freight, making its operational capacity a crucial determinant of national supply chain efficiency and international trade competitiveness.²⁸ However, recent performance metrics highlight critical throughput bottlenecks, with the proportion of shipments cleared within three days dropping

sharply from 95% down to 76%.²⁹ While recent Bureau of Customs initiatives, such as extending operating hours, have successfully mitigated initial administrative clearance delays, industry stakeholders report that the primary constraint has shifted to a severe deficit in cargo handling and offload storage capacity. As incoming freight volume exceeds terminal throughput limits, shipments are routinely distributed across fragmented off-site locations, complicating cargo tracking, severely delaying retrieval, and creating widespread supply chain uncertainty.

This congestion poses a direct threat to strategic, high-value industries that depend heavily on time-sensitive air freight:

- **Semiconductors and Electronics:** As the country's leading trade driver, accounting for USD 49.64 billion in annual exports and representing over 60% of total Philippine merchandise exports, the electronics industry relies almost entirely on air freight for importing raw components and exporting finished goods. With sector exports projected to reach USD 50 billion and domestic manufacturing growing toward USD 7.21 billion, air freight delays directly threaten just-in-time assembly schedules and risk halting production lines.³⁰
- **Pharmaceuticals and Healthcare:** With a projection of USD 2 billion in revenues in 2025, an annual growth rate of 4.1% through 2029, and expanding rapidly to meet national healthcare needs, the Philippine pharmaceutical market depends heavily on international supply chains, as finished drugs and active ingredients are predominantly imported. Temperature-sensitive biologics, vaccines, and critical care medicines require uninterrupted cold-chain handling. Reports of incoming air cargo being temporarily stored in open airstrip areas due to warehouse overcapacity expose high-value medical shipments to thermal degradation, risking millions in product losses and threatening public health access.³¹
- **Retail and Consumer Goods:** Supporting a national retail market projected to grow from USD 41.26 billion to USD 44.51 billion, fast-moving consumer goods and e-commerce platforms rely on the USD 1.5 billion domestic air freight logistics market for rapid restocking. Extended clearance timelines disrupt inventory planning and seasonal stocking. The resulting supply chain friction inflates holding costs, which ultimately risk being passed on to everyday consumers through higher retail shelf prices.³²
- **Broad Trade and Logistics Ecosystem:** Importers, exporters, and logistics service providers operating across the Philippines' USD 1.5 billion air logistics sector continue to absorb compounding operational expenses, including elevated terminal storage fees, demurrage, extended truck waiting times, and cargo diversion costs, severely undermining the predictability and cost-efficiency of Philippine trade flows.

25 Inosante, A. (08 February 2026). Refrigerated-container congestion crisis seen looming at Manila port. Retrieved from: <https://bworldonline.com/economy/2026/02/08/729150/refrigerated-container-congestion-crisis-seen-looming-at-manila-port/>.

26 Bureau of Customs. (11 June 2019). Customs Administrative Order 08-2019. Retrieved from: https://customs.gov.ph/wp-content/uploads/2023/01/CAO-08-2019-Policies_on_Admission_Movement_and_Re-exportation_of_Containers_at_the_Seaports_up1.pdf

27 Bureau of Customs. (21 February 2026). BOC Calls on Shipping Lines to Remove Overstaying Empty Containers, Enforce 90-Day Dwell Rule. Retrieved from: <https://customs.gov.ph/boc-calls-on-shipping-lines-to-remove-overstaying-empty-containers-enforce-90-day-dwell-rule/>

28 iMarc. (2025). Philippines Air Freight Market Size, Share, Trends and Forecast by Service, Destination, End-User, and Region, 2026-2034. Retrieved from: <https://www.imarcgroup.com/philippines-air-freight-market#:~:text=Air%20freight%20offers%20the%20most%20effective%20means,the%20country's%20trade%20connectivity%20and%20economic%20integration.>

29 PortCalls. (03 July 2026). Manila's Cargo Crisis: Capacity Crunch at the Airport. Retrieved from: <https://portcalls.com/manilas-cargo-crisis-capacity-crunch-at-the-airport/>

30 SEIPI. (January 2026). PHILIPPINE ELECTRONICS EXPORT PERFORMANCE JANUARY 2026. Retrieved from: [https://www.seipi.org.ph/philippine-electronics-export-performance-january-2026/#:~:text=PHILIPPINE%20ELECTRONICS%20EXPORT%20PERFORMANCE%20JANUARY%202026.%20Electronics,the%20US\\$%24%207.09%20billion%20total%20Philippine%20exports.](https://www.seipi.org.ph/philippine-electronics-export-performance-january-2026/#:~:text=PHILIPPINE%20ELECTRONICS%20EXPORT%20PERFORMANCE%20JANUARY%202026.%20Electronics,the%20US$%24%207.09%20billion%20total%20Philippine%20exports.)

31 BOI. (22 September 2025). BOI highlights implementation of PH pharma industry roadmap at PCPI's 2nd GMM 2025. Retrieved from: <https://boi.gov.ph/boi-highlights-implementation-of-ph-pharma-industry-roadmap-at-pcpis-2nd-gmm-2025/>.

32 Research and Markets. (June 2026). Philippines Retail - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2026-2031). Retrieved from: <https://www.researchandmarkets.com/reports/5332774/philippines-retail-market-share-analysis#:~:text=The%20philippines%20retail%20market%20size%20is%20expected,2031%20at%20a%207.86%25%20CAGR%20over%202026%202031.>

To address severe cargo congestion at Ninoy Aquino International Airport (NAIA) and safeguard national supply chain continuity, the Joint Foreign Chambers (JFC), including the ECCP, has outlined key recommendations to implement immediate operational fixes alongside broader infrastructure upgrades.

A dual-track approach, combining short-term congestion relief with structural airport modernization, is essential to restore air freight throughput and protect Philippine trade competitiveness:

Short-Term Recommendations

- Activate Temporary Off-Dock Cargo Staging Facilities:** Rapidly identify, authorize, and operationalize auxiliary cargo staging and storage areas within or immediately adjacent to the NAIA precinct. Transitioning non-cleared, low-risk, or bulk import shipments to secure, off-terminal consolidation yards will immediately relieve physical floor space constraints at primary airport warehouses and prevent cargo from being exposed to open-air airstrip environments.
- Scale Up Cargo Handling Resources and Equipment:** Mandate that ground handlers and terminal operators scale up operational capacity during peak congestion periods. This includes deploying additional material-handling equipment (e.g., forklifts, automated pallet handlers, and temperature-controlled transport units), expanding warehouse labor shifts to 24/7 coverage, and optimizing physical rack storage configurations to accelerate cargo offloading and sorting.
- Establish Inter-Agency Operational Synchronization:** Strengthen direct operational integration among the Department of Transportation (DOTr), the Manila International Airport Authority (MIAA), terminal operators, ground handling agents, the Bureau of Customs (BOC), and key trade regulatory bodies (such as the FDA and Department of Agriculture). Harmonizing duty shifts, aligning inspection protocols, and establishing joint clearance windows will eliminate handoff friction and resolve administrative bottlenecks.
- Institute a Joint Government-Industry Task Force:** Form a dedicated, recurring coordination mechanism comprising government transport and revenue officials alongside private sector logistics, import, and trade associations. This platform will monitor real-time terminal operations and enforce measurable key performance indicators (KPIs) and Service Level Agreements (SLAs) covering cargo availability, dwell times, truck turnaround times, and end-to-end shipment visibility to ensure rapid, ground-level troubleshooting.
- Reopen and Operationalize Warehouse One:** Rapidly authorize the reopening and operationalization of CargoHaus' former MIASCOR facility (Warehouse One) to immediately augment primary air cargo handling and offload storage capacity without waiting solely for long-term infrastructure upgrades.

Long-Term Recommendations

- Accelerate NAIA Public-Private Partnership (PPP) Cargo Modernization:** Ensure that ongoing airport modernization plans under the NAIA PPP concession prioritize the expansion and digitalization of air freight infrastructure, including modern high-bay automated warehouse facilities, expanded cold-chain logistics hubs, and dedicated freight access corridors.
- Fully Digitized Pre-Arrival Customs and Real-Time Tracking:** Expand advanced electronic manifest filing systems to enable pre-arrival clearance for accredited importers, paired with a mandatory, unified digital tracking platform across all ground handlers to give importers end-to-end visibility over exact shipment locations.

Enacting the International Maritime Trade Competitiveness Act

While administrative measures by the BOC and MARINA improve day-to-day operations, long-term trade efficiency requires statutory backing. Unilaterally imposed destination charges, opaque fees, and non-compliance with INCOTERMS continue to distort shipping economics. Legislative proposals in both the 19th and 20th Congresses seek to establish a comprehensive framework for fair maritime practices.

Bill	Author	Congress & Session	Filing Date	Status
House Bill 1397	Rep. Bernadette Herrera-Dy	19 th Congress 1 st regular Session	July 6, 2022	Pending with Committee on Transportation
House Bill 4933	Rep. Bernadette Herrera-Dy	19 th Congress 1 st regular Session	September 19, 2022	Pending with Committee on Transportation
Senate Bill 2147	Sen. Jinggoy Ejercito Estrada	19 th Congress 1 st regular Session	May 9, 2023	Read on First Reading and referred to the Committees on Public Services and Trade and Commerce and Entrepreneurship
House Bill 10507	Rep. Rufus Rodriguez	19 th Congress 3 rd Regular Session	June 6, 2024	Pending with Committee on Transportation
House Bill 1338	Rep. Roberto Nazal Jr.	20 th Congress 1 st Regular Session	July 31, 2025	Awaiting Committee deliberation.
Senate Bill 1012	Sen. Jinggoy Ejercito Estrada	20 th Congress 1 st regular Session	August 6, 2025	Read on First Reading and referred to the Committees on Public Services and Trade and Commerce and Entrepreneurship

In the absence of a unified statutory law, international carriers can continue to pass uncontracted local fees and excessive demurrage surcharges onto domestic importers. Enacting a legislative framework will protect Philippine trade from arbitrary costs, restore INCOTERMS discipline, and align local shipping norms with international standards.

While recognizing that charges such as demurrage and detention play an essential operational role in ensuring equipment turnover and port efficiency, the lack of standardized fee publishing creates commercial uncertainty. Executive trade agencies (BOC, MARINA, PPA, DTI) should champion the passage of House Bill 1338 and Senate Bill 1012, aligning the advocacy with international regulatory standards by focusing on transparency, standardized disclosure, and operational predictability rather than government rate-setting or fee capping.

Specifically, legislative and regulatory frameworks should empower MARINA to establish a centralized, online registry of approved local shipping charges and ancillary fees, serving as a single authoritative source of applicable costs. The framework should enforce mandatory 30-day advance notice periods prior to any fee adjustments while preserving the commercial flexibility of market participants to compete independently.

Accelerating Trade Integration via the National Single Window (NSW)

The ECCP highly commends the Department of Finance (DOF), the Department of Information and Communications Technology (DICT), and the Public-Private Partnership (PPP) Center for their landmark progress in launching the National Single Window–Integrated Trade Facilitation Platform (NSW-ITFP).³³³⁴

The successful execution of the Build–Operate–Transfer (BOT) PPP concession with TradeX Network Inc., marks the first national project fully processed under the new PPP Code (RA 11966), and the initial go-live operations involving the Bureau of Internal Revenue (BIR eATRIG) and the National Tobacco Administration (NTA ICC) represent transformative steps toward modernizing Philippine trade infrastructure.³⁵ This joint public-private initiative demonstrates strong government leadership in establishing a single online portal to streamline permitting and regulatory requirements across 72 Trade Regulatory Government Agencies (TRGAs) through four phased rollouts scheduled through 2028.

This decisive operational progress directly addresses long-standing trade fragmentation across regulatory bodies, replacing slow manual submissions and disparate agency portals with a unified electronic gateway. By sustaining this momentum and securing full inter-agency compliance, the government is significantly reducing administrative transaction costs, mitigating smuggling risks, and positioning the Philippines to seamlessly exchange cross-border digital trade documents via the ASEAN Single Window (ASW).

To build upon this significant momentum, the government should maintain strict lead-agency oversight to ensure all 72 TRGAs adhere to the scheduled four-phase onboarding roadmap, while issuing an executive policy mandate to decommission legacy platforms once the NSW-ITFP is operational to eliminate duplicate entry points. The platform's functional scope should be continuously broadened to integrate inward and outward cargo manifests, empty container depot booking systems, and yard inventory tracking to deliver end-to-end digital visibility across supply chain movements. Furthermore, trade authorities should prioritize technical interoperability between the NSW-ITFP and the ASEAN Single Window framework to facilitate real-time, cross-border exchanges of digital trade documents, such as e-Phyto certificates and electronic Certificates of Origin (e-CO).

33 DOF. (23 June 2026). DOF welcomes launch of National Single Window, advances digital trade reforms. Retrieved from: <https://www.dof.gov.ph/dof-welcomes-launch-of-national-single-window-advances-digital-trade-reforms/>

34 DICT. (22 June 2026). PH National Single Window Goes Live; DICT Launches Integrated Trade Facilitation Platform with BIR and NTA Onboarding. Retrieved from: <https://dict.gov.ph/news-and-updates/27200>

35 Gonzales, A. (23 June 2025). 72 agencies to join National Single Window by 2028. Retrieved from: <https://www.pna.gov.ph/articles/1277907>

Furthermore, trade authorities should publish quarterly implementation dashboards tracking TRGA onboarding progress, transaction volumes, agency processing times, and system uptime metrics to ensure institutional transparency and accountability. There should also be an expansion of the NSW-ITFP beyond individual agency digitization to achieve true single-submission, end-to-end cargo visibility. Technical interoperability should be continuously broadened across ports, airports, terminal operators, shipping lines, and logistics providers.

Expanding Market Access via the ATA Carnet System

The implementation of the ATA Carnet framework, the international “Passport for Goods”, marks a major milestone in reducing trade friction for temporary importations. Spearheaded by the Bureau of Customs (BOC) and the Philippine Chamber of Commerce and Industry (PCCI)—designated as the sole National Issuing and Guaranteeing Association (NIGA) under Customs Administrative Order (CAO) No. 02-2022 and the Istanbul Convention, the system officially launched in July 2024, making the Philippines the 81st nation to adopt the system.³⁶ Under this framework, commercial samples, professional equipment, and exhibition goods can be temporarily admitted into or exported from the country without paying customs duties or import taxes, provided the items are re-exported within the prescribed timeframe.

By removing duty and VAT burdens on temporary importations, the ATA Carnet directly lowers financial and administrative entry barriers for Philippine exporters and Micro, Small, and Medium Enterprises (MSMEs) competing in international trade fairs. Simultaneously, it attracts foreign technical expertise, international exhibitions, and cultural exchanges to the Philippines, enhancing national economic competitiveness. However, localized delays and limited frontline awareness across regional customs ports threaten to underutilize this facility.

To maximize system utilization and impact, there should be an acceleration of the digital integration of the ATA Carnet system directly into the TradeNet and NSW-ITFP platforms, creating a unified electronic audit trail for carnet issuance, tracking, and customs validation. The BOC should also conduct continuous specialized training for customs collectors, airport inspectors, and frontline officers across all major international airports and regional seaports to ensure consistent, expedited handling of hand-carried and freighted carnet shipments. Furthermore, the government should partner with private sector trade associations to launch national awareness campaigns and structured technical workshops, guiding export-oriented MSMEs and event organizers on how to leverage carnet benefits to expand their global market presence.

Balancing Customs Enforcement with Due Process & Graduated Fines

Section 108 of the Customs Modernization and Tariff Act (CMTA / RA 10863) mandates that penalties for inadvertent clerical errors should not be excessive or confiscatory.³⁷ While Customs Administrative Order (CAO) No. 02-2025 provided welcome adjustments, such as suspending the PHP 500 certificate of origin fee and scrapping Authorized Economic Operator (AEO) fees for micro and small enterprises, it retained rigid fee structures for declaration modifications (PHP 1,000 to PHP 5,000), while CAO 01-2020 maintains an un-capped PHP 5,000 baseline penalty per clerical error regardless of tax impact.³⁸³⁹ Concurrently,

36 Bureau of Customs. (15 July 2024). BOC and PCCI Launch ATA Carnet System in the Philippines. Retrieved from: <https://customs.gov.ph/boc-and-pcci-launch-ata-carnet-system-in-the-philippines>.

37 Philippine Supreme Court. (30 May 2016). Republic Act No. 10863: Customs Modernization and Tariff Act (CMTA). Retrieved from: <https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/2/68014>.

38 Bureau of Customs. (22 April 2025). Customs Administrative Order 02-2025. Retrieved from: <https://customs.gov.ph/wp-content/uploads/2025/04/2025CAO-02-2025.pdf>

39 Bureau of Customs. (21 January 2020). Customs Administrative Order 01-2020. Retrieved from: https://customs.gov.ph/wp-content/uploads/2023/01/CAO_01-2020-Fines_and_Surcharges_for_Clerical_Error-1.pdf

Customs Memorandum Order (CMO) No. 12-2021 permits preliminary accreditation suspensions of up to 90 days against importers and customs brokers before formal administrative charges are heard, often under broad discretionary clauses.⁴⁰

Cumulative, un-capped fines for harmless clerical mistakes inflate compliance costs without adding border security value. Furthermore, preliminary accreditation suspensions without prior notice suspend normal business operations, disrupting supply chains and penalizing legitimate commercial trade before guilt is established.

The Bureau of Customs should revise CAO 01-2020 and CAO 02-2025 to introduce a graduated, capped penalty structure for inadvertent clerical errors, explicitly waiving fines when revisions do not alter duty/tax liabilities or when errors stem from IT system glitches. Additionally, the BOC should amend CMO 12-2021 to eliminate vague grounds such as “other analogous circumstances,” restricting preliminary suspensions strictly to clear cases of fraud or severe security threats while guaranteeing a formal hearing within 15 days prior to accreditation suspension. The administrative rules should also provide automated relief mechanisms for importers and customs brokers when entry modifications are initiated solely by customs personnel for tariff classification updates.

Furthermore, to maximize the impact of customs compliance and streamline release timelines, the government must strengthen the Authorized Economic Operator (AEO) program and ensure accreditation translates into tangible operational advantages, such as reduced physical inspection rates, priority customs clearance, expedited release protocols, and expanded utilization of Mutual Recognition Arrangements (MRAs) with key trading partners. In tandem, trade authorities should implement standardized, risk-based inspection frameworks across all trade regulatory agencies (TRGAs) to align inspection capacity directly with cargo release schedules, effectively eliminating administrative bottlenecks during clearance.

Modernizing Customs Valuation Procedures and e-VRIS Governance

To align with the paper’s assessment of customs valuation frameworks, the Bureau of Customs should conduct a comprehensive review and modernization of e-VRIS and related valuation regulations, including CAO 04-2004 and CMO 16-2010. A modernized valuation framework is vital to creating a predictable, transparent, and fair trade environment that fosters high investor confidence. Achieving this requires the Bureau to establish full transparency regarding its valuation methodologies, document requirements, and administrative dispute mechanisms, ensuring that legitimate trade is not unnecessarily delayed by opaque assessment criteria.

Furthermore, the BOC must publish regular, updated valuation guidance and establish clear, standardized protocols governing the application of reference values during post-entry audits and valuation reviews. Reliance on outdated or rigid reference values without context distorts transaction values and creates operational friction for importers. Clear guidelines will prevent arbitrary valuation adjustments and give business stakeholders greater certainty when forecasting import costs and managing supply chain risk.

Finally, trade authorities should strengthen formal importer consultation processes to encourage constructive dialogue and dispute resolution before punitive measures or administrative delays are imposed. Institutionalizing collaborative consultation mechanisms will help resolve valuation discrepancies efficiently, safeguard government revenue, and ensure strict alignment with international standards set by the WTO Customs Valuation Agreement.

⁴⁰ Bureau of Customs. (08 March 2021). Customs Administrative Order 12-2021. Retrieved from: https://customs.gov.ph/wp-content/uploads/2023/01/cmo-12-2021-Guidelines_on_the_Imposition_of_Penalties_relative_to_the_Customs_Accreditation.pdf

Advancing Blue Economy Policies & Domestic Shipbuilding

The Philippine ocean economy generates over PHP 1.01 trillion (3.8% of GDP), underscoring the vital strategic role of the maritime sector in driving national economic resilience.⁴¹ The landmark enactment of Republic Act No. 12064 (Philippine Maritime Zones Act) and RA 12065 (Philippine Archipelagic Sea Lanes Act) establishes a firm international legal foundation under UNCLOS to assert maritime sovereignty and regulate territorial sea lanes. To convert these legal gains into sustainable economic development, the Philippines must accelerate the passage of the Blue Economy Act. This foundational legislation will establish an integrated national framework for ocean governance, marine spatial planning, and the sustainable stewardship of coastal and marine resources. Working in tandem with the Maritime Industry Development Plan (MIDP 2028) and pending Shipbuilding and Ship Repair (SBSR) Development and Fiscal Incentive Bills, a cohesive ocean policy framework will modernize domestic fleets, establish an internationally competitive ship registry, and empower the national maritime workforce.^{42,43} Ultimately, a modern, well-regulated maritime architecture reduces reliance on foreign-flagged vessels, retains capital locally, generates high-skilled maritime jobs, and secures resilient inter-island trade across the archipelago.

To capitalize on these strategic opportunities, Congress should prioritize the swift passage of the Blue Economy Act to establish a unified inter-agency framework for ocean wealth management, sustainable marine industries, and coastal resilience. In parallel, lawmakers should enact the Shipbuilding and Ship Repair (SBSR) Development and Fiscal Incentives Bills to grant targeted tax relief, preferential financing, and duty exemptions for domestic vessel construction, shipyard expansion, and green fleet acquisitions. Concurrently, the Maritime Industry Authority (MARINA) should roll out a modernized, centralized digital portal for the Philippine Ship Registry to streamline vessel registration, flag-state inspections, and safety compliance. Finally, the government must ensure sustained budgetary allocation and inter-agency execution across the eight flagship programs of MIDP 2028, aligning commercial maritime development with marine environmental protection and national security under RA 12064.

Institutionalizing Agricultural Supply-and-Demand Mapping for Food Security

Recognizing that national food security is as much a logistics and supply-chain challenge as an agricultural production issue, the government should revive, update, and institutionalize the National Food Consumption Quantification Study (NFCQS). Originally developed by the Department of Agriculture with technical support from the UN FAO, this initiative should be transformed into a centralized, regularly updated national agricultural supply-and-demand platform. By systematically mapping production volumes, regional surpluses, demand deficits, and seasonal variations across specific commodities and geographies, the platform will establish a robust, data-driven foundation for food security planning.

This empirical visibility will directly guide strategic public and private sector investments across the entire cold chain and agricultural logistics ecosystem. Instead of relying on fragmented estimates, trade authorities, investors, and logistics providers can leverage accurate geographic data to optimize the placement and capacity of cold storage facilities, regional food terminals, agricultural consolidation hubs, reefer transport fleets, and primary trade corridors. Establishing infrastructure where it is needed most ensures higher operational efficiency and maximizes capital deployment across domestic supply chains.

⁴¹ Philippine Statistics Authority. (18 September 2025). Ocean-based Industries Reach the Trillion Mark, Accounted for 3.8 Percent of GDP in 2024. Retrieved from: <https://psa.gov.ph/statistics/ocean-economy>.

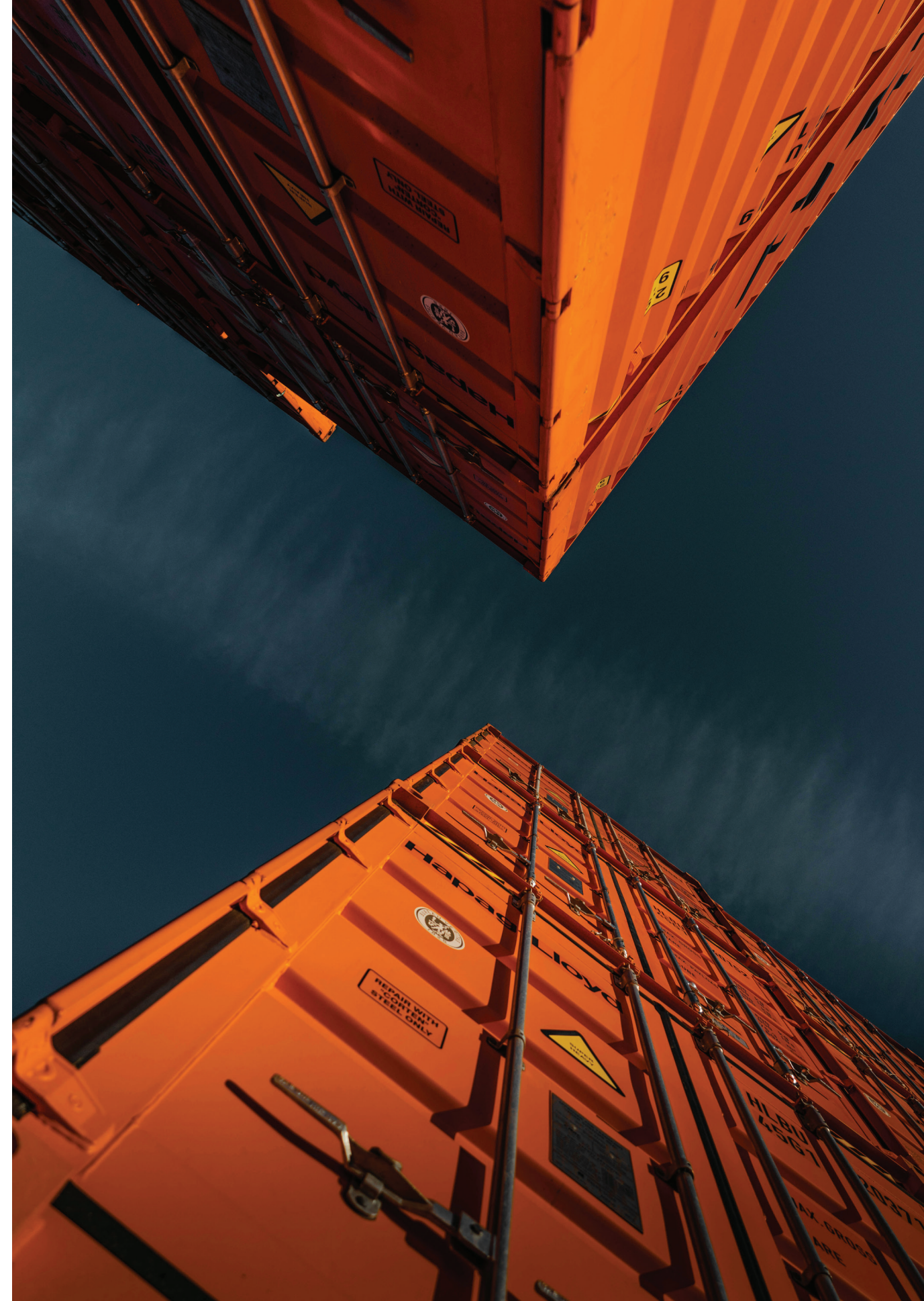
⁴² Philippine Supreme Court. (07 November 2024). Republic Act No. 12064. Retrieved from: <https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/2/98027>.

⁴³ Philippine Supreme Court. (07 November 2024). Republic Act No. 12065. Retrieved from: <https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/2/98029>.

Ultimately, a dynamic supply-and-demand platform will enable the country to seamlessly connect surplus production regions directly with deficit consumption centers. Streamlining these domestic trade flows will significantly reduce post-harvest losses, eliminate unnecessary food transit miles, and alleviate supply chain bottlenecks that drive up distribution costs. In turn, a more responsive, well-connected agricultural logistics network will stabilize retail food prices for consumers while bolstering the overall resilience of the national food supply.

Issue Statement

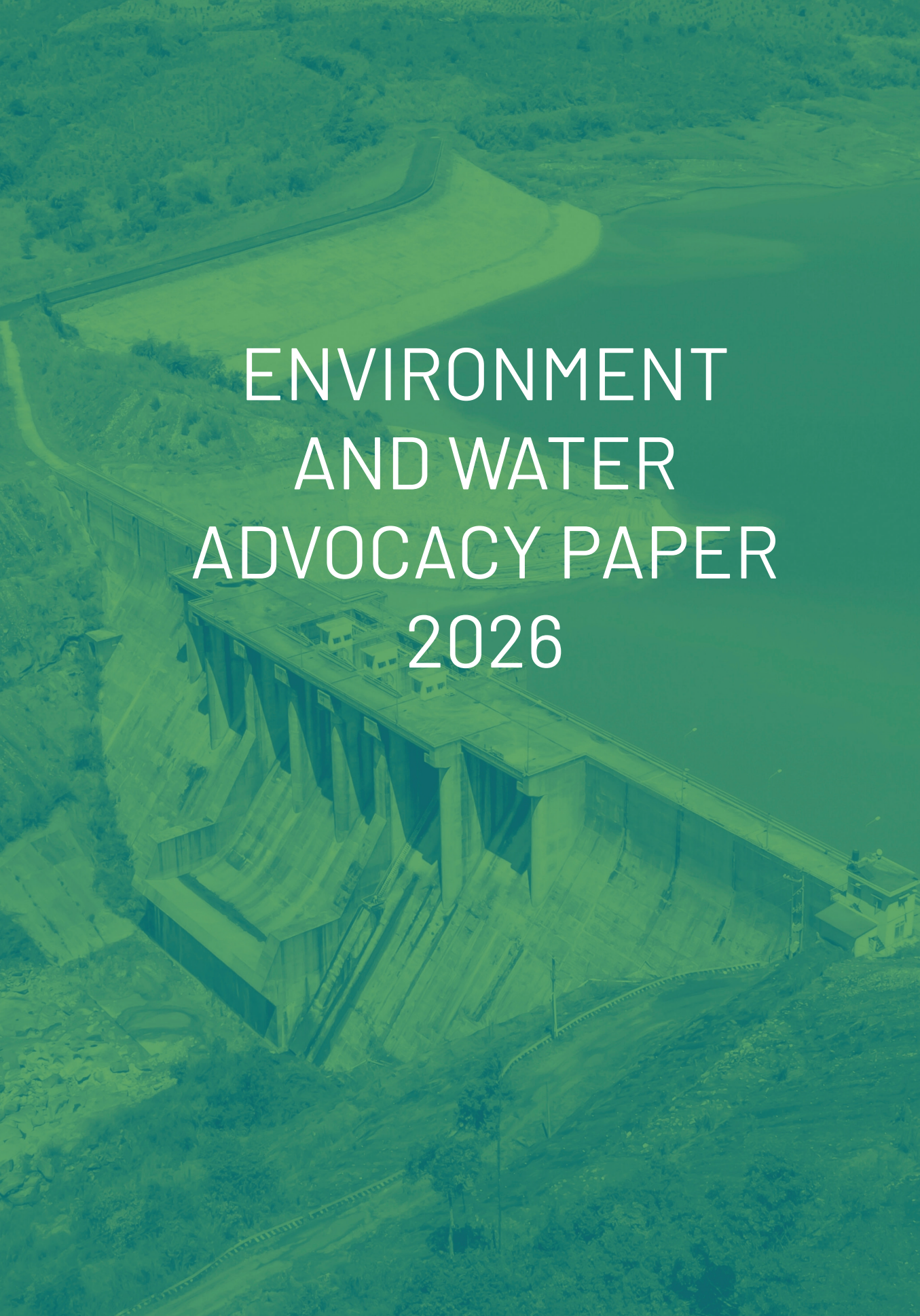
The European Chamber of Commerce of the Philippines (ECCP) remains firmly committed to serving as a constructive and proactive partner to the Philippine government. Through technical consultation, joint committee engagements, and continuous industry feedback, the ECCP stands ready to collaborate with the Department of Finance, the Bureau of Customs, MARINA, PPA, ARTA, and all relevant trade regulatory bodies to advance practical reforms that elevate logistics efficiency, reinforce border security, and drive inclusive national economic growth.



ASSESSMENT OF 2025 RECOMMENDATIONS

2025 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Expedite the operationalization of the National Single Window (NSW) and pursue integration with the ASEAN Single Window (ASW)	
Streamlined Cross-Border Trade with the ATA Carnet by accelerating the digital integration of the ATA Carnet system directly into the TradeNet and NSW-ITFP platforms.	
Enforce and update Citizen's Charters for transparent service delivery.	The new 2026 Bureau of Customs Citizens Charter emphasizes strict deadlines and integrates the new online processes.
Pass House Bill 1397 and 1338 in order to further expand compliance with INCOTERMS and broaden MARINA's powers.	
Pursue legal or administrative reforms to ensure due process, prevent arbitrary use of preliminary suspension authority, and provide clarity on what constitutes valid grounds for suspension.	
Promotion of the Blue Economy	
Ensure a Predictable and Fair Customs and Valuation Framework	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
Substantial progress has been made with the newly launched National Single Window-Integrated Trade Facilitation Platform (NSW-ITFP).	
	There has yet to be any initiatives to integrate the ATA Carnet system directly into the TradeNet and NSW-ITFP platforms.
Implementation is still inconsistent, with various TRGAs facing complaints regarding delays in application processes while also requiring documents not mentioned in their respective Citizen's Charters.	
	Both House Bill 1397 and 1338 are still pending in congress and have yet to be enacted into law.
	Customs Memorandum Order 12-2021 (CMO 12-2021) still contains vague grounds for suspension such as "other analogous circumstances".
Various policies related to the promotion of the Blue Economy such as House Bill No. 1338 (International Maritime Trade Competitiveness Act) and House Bill No. 1397 (Standardization of International Shipping Local Charges Act) are still pending in committee but have yet to be passed into law. However, the Blue Economy Bill has been designated as a Legislative-Executive Development Advisory Council (LEDAC) priority measure by the president.	
	Policies related to e-VRIS as well as the BOC's rules and regulations governing implementation of the Customs Valuation Agreement (notably CAO 4-2004, CMO 16-2010) have yet to be updated.



ENVIRONMENT AND WATER ADVOCACY PAPER 2026

ON WATER

INTRODUCTION

Water security is essential to the Philippines' future. Globally, as demand for water continues to grow and climate risks intensify, ensuring a reliable, resilient, and sustainable water supply will be vital to safeguarding public health, supporting economic competitiveness, and strengthening long-term climate resilience.

While the Philippines is naturally endowed with abundant water resources, fragmented governance, aging infrastructure, and growing demand continue to place increasing pressure on water security, underscoring the need for a more integrated and forward-looking approach to water resource management. Recognizing these challenges, the Department of Environment and Natural Resources (DENR) has called for stronger water conservation measures to avert a looming water crisis¹.

Against this backdrop, the ECCP advocates policy reforms that strengthen water governance, accelerate infrastructure investment, and deepen public-private collaboration to secure the country's long-term water future.

SECTOR OVERVIEW

The Philippines faces mounting water security challenges driven by fragmented governance, rapid urbanization, rising demand across households, agriculture, industry, and energy, and the growing impacts of climate change despite its abundant resources. These pressures mirror a broader global trend: water stress has remained at approximately 18% since 2015, with one in ten people living in areas facing high or critical water stress. While global access to safely managed drinking water has improved from 68% in 2015 to 74% in 2024, progress remains too slow to achieve universal access by 2030. Closing this gap will require sustained investments in water and sanitation infrastructure, ecosystem protection, resource efficiency, and integrated water resource management.²

For instance, agriculture accounts for approximately 83%–85% of total water withdrawals, placing increasing pressure on water availability for households, businesses, and industry. Although national water access has reached 87.7%, an estimated 12.4 million Filipinos still lack access to safe drinking water, fewer than half of households have piped water connections, and 332 municipalities remain waterless. At the same time, demand across the country's 532 water districts exceeds effective supply by an average of 3.6 million cubic meters annually, while overreliance on groundwater continues to heighten risks of depletion, contamination, and saline intrusion. Addressing these challenges requires integrated water resource management, accelerated investments in climate-resilient water and sanitation infrastructure, and stronger public-private collaboration to secure the country's long-term water future.³

¹ Moaje M. (19 March 2026). DENR ramps up efforts to address 'water bankruptcy' – chief. Philippine News Agency. Retrieved from: <https://www.pna.gov.ph/articles/1271436>

² United Nations. (2025). The Sustainable Development Goals Report. Retrieved from: <https://unstats.un.org/sdgs/report/2025/The-Sustainable-Development-Goals-Report-2025.pdf>

³ Philippine Institute for Development Studies (PIDS). (20 February 2026). Water Districts Fall Behind as Demand Exceeds Supply—PIDS Study. Retrieved from: <https://www.pids.gov.ph/details/news/press-releases/water-districts-fall-behind-as-demand-exceeds-supply-pids-study>

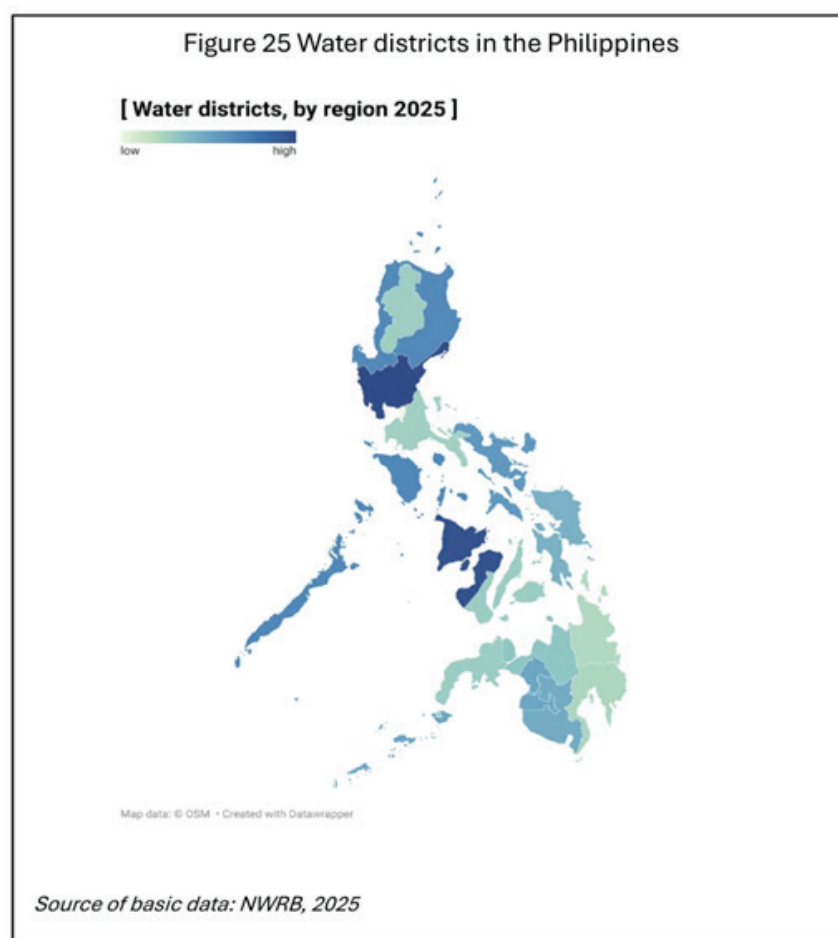


Figure 1: Water Districts in the Philippines
Source: Philippine Institute of Development Studies (PIDS)⁴

Other than that, water districts continue to face significant supply deficits that constrain service delivery and expansion. Between 2019 and 2024, the country's 532 water districts recorded an average annual water demand of 10.6 million cubic meters, compared with an effective supply of only about 7 million cubic meters, resulting in a recurring deficit of approximately 3.6 million cubic meters.⁵

Water security cannot be achieved by the government alone. Delivering universal access to safe, sufficient, affordable, and sustainable water by 2030 will require a whole-of-society approach, bringing together government, the private sector, development partners, and communities to drive investment, innovation, and effective water governance.

⁴ Ibid
⁵ Ibid

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

The Philippine government has intensified efforts to strengthen water security, improve flood resilience, and expand access to safe water through a series of policy, infrastructure, and institutional initiatives. These developments reflect a growing recognition of the need for integrated water resource management to address the country's increasing water-related challenges.

Strengthening Flood Mitigation and Waterway Management

In January 2026, the DENR finished drafting its National Flood Management Framework intended to guide government policy in managing and mitigating flood risk around the country, shifts the focus on flood management from simply disaster risk mitigation to, additionally, an opportunity for key water resources for irrigation, water supply, energy and others.⁶

Complementing these efforts, the Organisation for Economic Co-operation and Development (OECD) underscored the need for stronger governance in infrastructure delivery, identifying corruption and procurement weaknesses as key risks to flood control projects. The OECD recommended enhancing procurement transparency, competitive bidding, independent audits, and project-level monitoring, while strengthening anti-corruption and environmental safeguards in public procurement and public-private partnership (PPP) projects.⁷

On 2 June 2026, Executive Secretary Ralph Recto announced the mobilization of workers under the Tulong Panghanapbuhay sa Ating Disadvantaged/Displaced Workers (TUPAD) program to clean and de-clog waterways across Metro Manila. The initiative aims to improve water flow during the rainy season by removing silt and waste from critical waterways, supporting the government's broader flood mitigation agenda and President Ferdinand Marcos Jr.'s priority to strengthen disaster resilience.⁸

Taken together, these developments signal a shift toward a more integrated approach to flood resilience, one that combines strategic planning, stronger governance, and proactive maintenance to enhance the effectiveness and sustainability of the country's flood management efforts.

Addressing Water Access Gaps and Supply Constraints

Reliable access to safe water remains a persistent development challenge in the Philippines, reflecting infrastructure and service delivery gaps rather than a lack of water resources. A Philippine Institute for Development Studies (PIDS) report released in February 2026 estimated that 12.4 million Filipinos lack consistent access to safe water, largely due to inadequate piped water infrastructure and continued dependence on groundwater.⁹

⁶ Moaje, M. (12 January 2026). DENR flood management framework unifies policies of gov't agencies. Philippine News Agency. Retrieved from: <https://www.pna.gov.ph/articles/1266678>

⁷ De Vera BA. (12 June 2026). OECD: Flood-control corruption shows weak infra safeguards in Philippines. Manila Bulletin. Retrieved from: <https://mb.com.ph/2026/06/12/oecd-flood-control-corruption-shows-weak-infra-safeguards-in-philippines>

⁸ Cabalza, D. (2 June 2026). Gov't to tap Tupad workers to clean up Metro Manila waterways. INQUIRER.net. <https://newsinfo.inquirer.net/2238710/govt-to-tap-tupad-workers-to-clean-up-metro-manila-waterways>

⁹ Agbon, A. (20 February 2026). Water districts fall behind as demand exceeds supply—PIDS study. Philippine Institute for Development Studies. Retrieved from: <https://www.pids.gov.ph/details/news/press-releases/water-districts-fall-behind-as-demand-exceeds-supply-pids-study>

The scale of the challenge was further underscored by the Department of Environment and Natural Resources (DENR), which estimated that 40 million Filipinos still lack a reliable water supply. In response, the DENR announced a P485-million program to deploy filtration and desalination systems in underserved communities, while noting that an estimated P200 billion in additional investments will be required to address the country's long-term water security needs.¹⁰

ON LEGISLATION

Blue Economy Bill

Status: SB 168 was filed on 07 July 2025 pending in the Committee as of 30 July 2025
The Legislative-Executive Development Advisory Council (LEDAC) approved 21 priority measures for passage by June 2026 to strengthen governance, transparency, and public trust. However, 31 measures under the Common Legislative Agenda remain pending, including the proposed Blue Economy Act. The bill seeks to promote the sustainable development and management of the country's marine and coastal resources while supporting economic growth and resilience.¹¹

Department of Water Resources

Status: HB 6879 was approved on second reading as of December 2025
House Bill 9663, seeking to establish a DWR and WRC was approved on third reading by the House of Representatives on 12 December 2023.¹² In February 2025, President Marcos instructed the revision of the bill to enhance its clarity and establish a robust framework that minimizes inefficiencies, reinforces regulatory measures, and secures access to clean, reliable water for all Filipinos.¹³

The House of Representatives in December 2025, on the other hand, approved on second reading House Bill No. 6789, which proposes the creation of the Department of Water Resources (DWR). House Bill No. 6789 proposes the creation of the Department of Water Resources (DWR) as the lead agency responsible for the integrated planning, regulation, development, protection, and sustainable management of the country's water resources. The bill also grants the DWR authority to coordinate water-related programs, oversee sanitation and flood and drought risk management, facilitate public-private partnerships for water infrastructure, and recognize water and water treatment projects as matters of national interest.¹⁴

10 Villanueva, G. (25 March 2026). DENR to install filtration, desalination in areas with no clean water. Philippine Daily Inquirer. Retrieved from: <https://newsinfo.inquirer.net/2200766/denr-to-install-filtration-desalination-in-areas-with-no-clean-water>
11 Manila Bulletin. (10 February 2026). LEDAC Approves 21 Priority Bills to Restore Public Trust. Retrieved from: <https://mb.com.ph/2026/02/10/ledac-approves-21-priority-bills-to-restore-public-trust>
12 House of Representatives. (December 2023). House Bill No. 9663 otherwise known as the National Water Resources Act. Retrieved from <https://www.congress.gov.ph/search/#19>
13 Gascon M. (27 February 2025) Marcos Orders Refinement of the Department of Water Bill. Retrieved from: <https://newsinfo.inquirer.net/2038442/marcos-orders-refining-of-department-of-water-resources-bill>
14 Gulla. V. (15 December 2025) House approves on 2nd reading bill creating Department of Water Resources. ABS-CBN News. Retrieved from: <https://www.abs-cbn.com/news/nation/2025/12/15/house-approves-on-2nd-reading-bill-creating-department-of-water-resources-2037>

ON ENVIRONMENT

INTRODUCTION

The rapid growth of municipal solid waste is becoming one of the defining environmental and urban development challenges of the 21st century. Global waste generation now exceeds 2 billion tonnes annually and is projected to rise by 73% to nearly 4 billion tonnes by 2050, outpacing the capacity of existing waste management systems. Today, around 23% of global waste remains uncollected, while 33% is openly dumped, imposing significant environmental, public health, and economic costs.¹⁵

The challenge is particularly pronounced in low- and middle-income countries, where infrastructure, financing, and institutional capacity have struggled to keep pace with rising waste volumes. Even where collection systems exist, environmentally sound disposal remains limited, with much of the collected waste still ending up in open dumps or being openly burned. These practices contribute to land and water pollution, increase greenhouse gas emissions, and release hazardous air pollutants, underscoring the need for more integrated and sustainable waste management systems.¹⁶

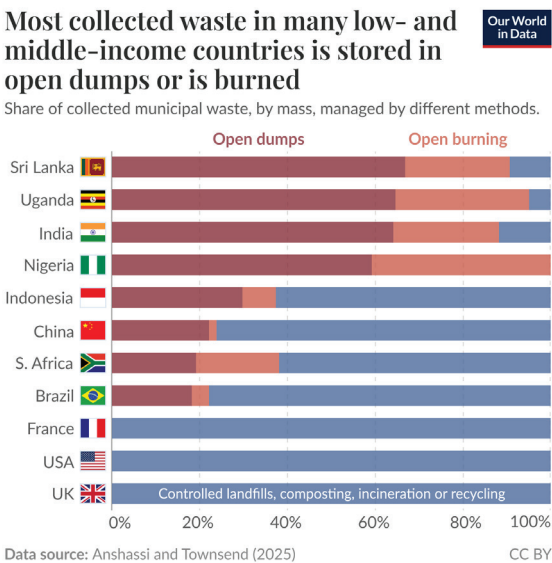


Figure 2: Most Collected Waste in Many Low and Middle Income Countries in Open Dumps or Burned
Source: Our World in Data

Plastic waste has emerged as one of the most pressing global environmental challenges, driven by rising production and its persistence in the environment. Global plastic production nearly doubled from 234 million tonnes in 2000 to 460 million tonnes in 2019 and is projected to reach 736 million tonnes by 2040 without stronger policy intervention. This trend underscores the urgent need to strengthen circular economy measures and reduce plastic leakage across the value chain.¹⁷

15 Ionkova and Boukerche. (16 May 2025). How The World Bank is Tackling the Growing Global Waste Crisis. Retrieved from: <https://blogs.worldbank.org/en/sustainablecities/how-the-world-bank-is-tackling-the-growing-global-waste-crisis>
16 Ritchie and Samborska. (28 May 2026). Most collected waste in many low- and middle-income countries is stored in open dumps or is burned. Our World in Data. Retrieved from: <https://ourworldindata.org/data-insights/most-collected-waste-in-many-low-and-middle-income-countries-is-stored-in-open-dumps-or-is-burned>
17 OECD. (02 October 2024). Policy Scenarios for Eliminating Plastic Pollution by 2040. Retrieved from: https://www.oecd.org/en/publications/policy-scenarios-for-eliminating-plastic-pollution-by-2040_76400890-en.html

Across the ASEAN region, plastic pollution remains a major environmental concern. Six ASEAN Member States generate more than 31 million tonnes of plastic waste each year, much of which is improperly managed and ultimately enters waterways and oceans. Plastic makes up an estimated 80% of all marine debris, posing serious threats to marine ecosystems and coastal communities.¹⁸ The Philippines is among the world's largest contributors to marine plastic pollution, with over 0.3 million tonnes of plastic waste entering the oceans each year.¹⁹

Recognizing the growing impacts of plastic pollution, the Philippines has strengthened its policy framework through the Extended Producer Responsibility (EPR) Act of 2022 (Republic Act No. 11898). By requiring producers to take responsibility for the full life cycle of plastic packaging, the law advances the country's transition to a circular economy. Its effective implementation will be critical to reducing plastic leakage, increasing resource recovery, and accelerating investment in recycling infrastructure and public-private collaboration.

Status of policies to close leakage pathways, 2023

Country	Region	Population Share	MSW Collection	Non-MSW Collection
Brunei Darussalam	ASEAN	<1%	70–90%	Exists, no data
Cambodia	ASEAN	1%	<50%	No formal coordination
Indonesia	ASEAN	12%	50–70%	Exists, no data
Lao PDR	ASEAN	<1%	<50%	No formal coordination
Malaysia	ASEAN	2%	>90%	Developing, with data
Myanmar	ASEAN	2%	50–70%	Exists, no data
Philippines	ASEAN	5%	50–70%	Exists, no data
Singapore	ASEAN	1%	>90%	Advanced, with data
Thailand	ASEAN	3%	70–90%	Exists, no data
Viet Nam	ASEAN	2%	70–90%	Exists, no data
China	Plus Three	62%	>90%	Developing, with data
Japan	Plus Three	5%	>90%	Advanced, with data
Korea	Plus Three	2%	>90%	Advanced, with data

MSW : Municipal solid waste.
Note: High waste collection rates are key to reducing pollution but they don't guarantee environmentally sound management. Without proper treatment or disposal infrastructure, waste may still be dumped, burned, or leak into the environment.
Source: OECD (2025), *Regional Plastics Outlook for Southeast and East Asia*

Figure 3: Status of Policies of Close Leakage Pathways
Source: OECD Regional Plastics Outlook for Southeast and East Asia

The Philippines has further reinforced its commitment to tackling plastic pollution through its participation in the Global Plastic Action Partnership (GPAP) and the launch of the National Plastic Action Partnership (NPAP).

18 ASEAN. (05 January 2026). Making Waves: Our Fight Against Plastic Pollution Across ASEAN Oceans. Retrieved from: <https://asean.org/making-waves-our-fight-against-plastic-pollution-across-asean-oceans/>
19 World Bank Group. (2025). Addressing a National Challenge: How the Philippines is strengthening Sustainable Plastic Waste Management with Support from the World Bank Group. Retrieved from: <https://openknowledge.worldbank.org/server/api/core/bitstreams/3afaeb37-65ab-465f-81ae-ec99bd67bf7d/content>

These initiatives provide a platform to strengthen cross-sector collaboration, accelerate the transition to a circular economy, and scale investments in sustainable waste management. Sustaining this momentum will require coordinated implementation, policy certainty, and continued public-private collaboration.²⁰

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

Scaling Investment-Ready Circular Economy Partnerships

The EU–Philippines Green Economy Partnership has awarded technical and feasibility study support to Iligan City, the Island Garden City of Samal, and Zamboanga City to develop inclusive circular economy public-private partnership (PPP) projects. The selected LGUs will also receive capacity-building support to strengthen PPP planning and implementation, with a particular focus on integrating Gender Equality, Disability, and Social Inclusion (GEDSI) principles and the participation of informal waste workers.²¹

These pilot initiatives demonstrate how targeted technical assistance and stronger local capacity can accelerate the transition to a circular economy. If successfully implemented and scaled, they could provide a replicable model for expanding sustainable, inclusive, and investment-ready green infrastructure projects across the Philippines.

Enhancing River-Based Plastic Waste Management

The Department of Environment and Natural Resources (DENR) signed a 5-year deal with Dutch nonprofit The Ocean Cleanup to remove floating waste pollution from the Pasig River last 04 June 2026. The project aims to intercept waste in the river before it reaches the ocean using low-cost technological solutions, following the Marcos administration's October 2025 announcement of the fourth phase of the Pasig Bigyang Buhay Muli river rehabilitation project, which was launched in 2023 under Executive Order No. 35.²² The Pasig River is a major pipeline of ocean plastic pollution, being one of the world's largest contributors to ocean plastic pollution as of 2021.²³

Beyond restoring the Pasig River, the initiative offers an opportunity to strengthen the Philippines' long-term strategy for marine plastic prevention through innovation, cross-sector collaboration, and scalable intervention models.

20 OECD. (30 July 2025). Regional Plastics Outlook for Southeast and East Asia. Retrieved from: https://www.oecd.org/en/publications/regional-plastics-outlook-for-southeast-and-east-asia_5a8ff43c-en.html
21 Delegation of the European Union to the Philippines. (11 June 2026). EU-Philippines Green Economy Partnership Signs Agreements with Three Cities to Support Circular Economy PPPs. Retrieved from: https://www.eeas.europa.eu/delegations/philippines/eu-philippines-green-economy-partnership-signs-agreements-three-cities-support-circular-economy-ppps_en
22 Moaje, M. (4 June 2026). PH, Dutch NGO ink 5-year deal to rid Pasig River of plastic wastes. Philippine News Agency. Retrieved from: <https://www.pna.gov.ph/articles/1276596>
23 Meijer, L. J., van Emmerik, T., van der Ent, R., Schmidt, C., & Lebreton, L. (2021). More than 1000 rivers account for 80% of global riverine plastic emissions into the Ocean. Science Advances, 7(18). <https://doi.org/10.1126/sciadv.aaz5803>

EPR Implementation Gains Momentum

On 17 April 2026, DENR announced success in the ongoing implementation of the Extended Producer Responsibility (EPR) Act of 2022, noting that 1,017 enterprises had registered EPR programs as of December 2025. Based on the “EPR Compliance Audit Reports (ECARs), companies have met these targets, recovering about 168 million kilograms out of a reported 509 million kilograms of plastic in 2023, and increasing recovery to around 246 million kilograms out of 440 million kilograms in 2024.²⁴

The steady increase in recovery rates signals early progress in EPR implementation, highlighting the importance of sustained compliance, stronger monitoring, and expanded private sector participation to accelerate the country’s transition to a circular economy.

Amending the Ecological Solid Waste Management Act of 2000

In January 2026, DENR expressed openness to amending Republic Act No. 9003, or the Ecological Solid Waste Management Act of 2000, to address emerging challenges in waste management. Former DENR Secretary Raphael Lotilla noted that while the law remains a sound policy framework, gaps in its implementation and evolving waste management necessitates legislative review. The DENR is currently participating in congressional deliberations on proposed amendments, including measures to provide clearer guidance on the adoption of emerging waste management technologies and strengthen accountability across the waste management value chain, from households and businesses to local government units.²⁵

ADVOCACY RECOMMENDATIONS

The Philippines has made important strides in strengthening its waste management and circular economy agenda. Recent reforms, including the implementation of the Extended Producer Responsibility (EPR) Act of 2022, expanding public-private partnerships, and growing investments in plastic recovery and recycling have laid the foundation for a more investment-ready and resource-efficient waste management sector. However, rising waste generation, persistent plastic leakage, and implementation gaps continue to limit progress. The next phase of reform should focus on strengthening governance, accelerating circular economy investments, and scaling innovative solutions that reduce waste at source, creating greater opportunities for sustainable business, innovation, and long-term public-private collaboration.

Institutionalizing Integrated Water Governance Through a Department of Water Resources

The Philippines’ water sector remains highly fragmented, with more than 30 agencies exercising overlapping mandates across water supply, irrigation, flood control, watershed management, and water quality. While the establishment of the Water Resources Management Office (WRMO) and the proposed Department of Water Resources (DWR) signal important progress toward integrated water governance, institutional fragmentation continues to impede effective policy coordination and investment.

Recommended action: The support for the swift creation of a Department of Water Resources (DWR) and an independent Water Regulatory Commission (WRC) to strengthen governance, streamline regulation, and provide a more predictable framework for water investments and public-private partnerships. A unified governance framework, supported by a national water monitoring system, will be critical to improving water security, climate resilience, and the delivery of reliable and sustainable water services.

Increased support for water and sanitation-related programs and projects

Closing the country’s water infrastructure gap will require sustained investment, stronger policy support, and greater private sector participation. Greater private sector participation will help address the country’s financing, technology, and operational gaps while improving service delivery. A predictable regulatory environment and stronger collaboration between government and industry will be essential to expanding access to safe water and sanitation and advancing the Philippines’ long-term water security and Sustainable Development Goals.

Recommended action: ECCP supports the government’s prioritization of water and wastewater infrastructure as a critical enabler of water security, public health, and sustainable economic growth. To maximize impact, we recommend broadening infrastructure investments beyond water supply to include wastewater treatment, sewerage networks, sewage treatment plants, septage management, and sanitation facilities. The Chamber also encourages the government to strengthen public-private partnership (PPP) frameworks, streamline project approvals, and provide clear, investment-friendly incentives to accelerate infrastructure development.

Improve the local government units’ (LGU) operational efficiency and capacity to effectively implement their water and sanitation-related programs

Strengthening local implementation will be critical to achieving universal access to safe and sustainable water services. Local government units (LGUs) play a central role in delivering water supply, wastewater, and sanitation services, particularly in underserved and geographically isolated communities.

Recommended action: To improve service delivery, ECCP recommends strengthening LGU capacity through targeted technical assistance, institutional support, and sustainable financing mechanisms that enable evidence-based and locally tailored solutions. Building stronger local institutions will enhance water security, improve public health outcomes, and accelerate progress toward Sustainable Development Goal 6 (Clean Water and Sanitation).

Reduce Plastic Pollution through the implementation of an Extended Producers’ Responsibility (EPR) Scheme and reconsider any move towards the banning of single-use plastics

Plastic pollution remains a pressing environmental challenge, driven by increasing plastic consumption and inadequate waste management systems. The creation of the Extended Producer Responsibility (EPR) Act of 2022 is an important legislation for reducing plastic waste and advancing a circular economy. The EPR framework is already delivering measurable results. In 2025, the DENR reported a 55.98% plastic diversion rate, exceeding the statutory 40% target, with over 1,000 registered enterprises and 201 approved EPR programs.

To strengthen implementation, the Chamber recommends harmonizing local ordinances with RA 11898, establishing robust traceability and verification systems, and ensuring that any product restrictions are supported by science-based assessments and viable alternatives. Continued public-private collaboration will also be essential to strengthen EPR implementation, enhance regulatory certainty, and support investment in circular economy solutions. In light of ongoing congressional discussions on a potential ban on single-use plastics, the ECCP reiterates the following recommendations:

²⁴ Moaje M. (16 April 2026). DENR: EPR gains steady as over 1K firms meet waste recovery targets. Philippine News Agency. Retrieved from: <https://www.pna.gov.ph/articles/1273211>

²⁵ Moaje M. (27 January 2026). DENR open to Review, Possible Amendments to Solid Waste Law. Philippine News Agency. Retrieved from: <https://www.pna.gov.ph/articles/1267809>

Recommended actions:

1. Ensure viable alternatives before restricting single-use plastics

ECCP recommends that any restrictions on single-use plastics (SUPs) be implemented only after affordable, scalable, and fit-for-purpose alternatives are commercially available. These alternatives should meet key criteria, including performance, technical standards, intended use, reliable supply, regulatory compliance, and cost competitiveness, to ensure they can effectively replace existing applications.

While reducing plastic waste remains a shared objective, plastics continue to play a critical role in protecting product safety, hygiene, and quality. Their lightweight, durable, moisture- and chemical-resistant, and cost-effective properties make them indispensable across sectors, particularly for food, healthcare, and other essential goods. At present, commercially viable alternatives for applications such as sachets, multilayer packaging, film wraps, and plastic bags below 50 microns remain limited.

ECCP therefore encourages a phased, evidence-based approach that prioritizes innovation, circularity, and investment in sustainable alternatives over blanket bans or additional taxes, which may increase costs for consumers without addressing the root causes of plastic waste. Regulatory measures should be guided by robust life-cycle assessments and introduced only where alternatives demonstrate clear environmental, economic, and social benefits.

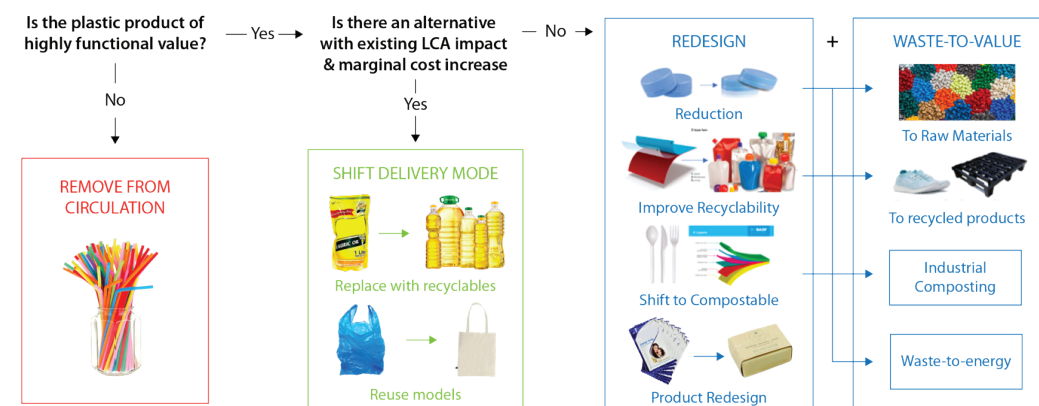
ECCP further recommends strengthening collaboration between government, industry, academia, and the scientific community to accelerate research, innovation, and the commercialization of sustainable packaging solutions. Such a partnership-based approach can help achieve environmental objectives while minimizing unintended consequences, including the substitution of plastics with materials that are less recyclable, less reusable, or insufficiently tested.

Finally, ECCP recommends that the definition and scope of single-use plastics be developed through broad stakeholder consultation to ensure regulatory clarity, practical implementation, and alignment with industry realities. Regulations should continue to recognize the essential role of packaging in meeting FDA and DTI requirements for product safety, hygiene, and quality, while remaining sufficiently flexible to accommodate future technological advancements and evolving sustainable packaging solutions.

2. Prioritize effective waste management alongside plastic reduction

ECCP recommends prioritizing effective waste management as the foundation of plastic pollution reduction. While increasing the use of reusable products can help reduce waste generation, it will not, on its own, significantly reduce marine litter.

3. Adopt science-based, fit-for-purpose plastic policies



ECCP recommends that plastic policies be guided by Life Cycle Sustainability Assessments (LCSA) and other scientific evidence to evaluate the full environmental, economic, and social impacts of products throughout their life cycle. Given the diversity of plastic applications, a one-size-fits-all approach is unlikely to deliver optimal outcomes. Policy interventions should instead be tailored to the function, performance requirements, and availability of viable alternatives.

A differentiated policy framework may include:

- Phase out low-value single-use plastics where they are unnecessary or can be readily replaced with recyclable alternatives.
- Promote substitution where lower-impact, cost-competitive alternatives exist through targeted incentives and market-based mechanisms.
- Support redesign and innovation where plastics remain the most suitable material by encouraging material reduction, improved recyclability, compostable solutions, and product redesign to advance circularity.

Beyond reducing plastic use, ECCP recommends strengthening systems that recover value from post-consumer waste. Priority should be given to recycling, waste-to-raw-material conversion, upcycling, industrial composting, and the use of post-consumer recycled content, complemented by economically viable downcycling where appropriate.

Waste-to-Energy (WTE), including co-processing, pyrolysis, and gasification, can serve as a complementary solution for residual waste that cannot be recycled, provided waste is properly segregated and pre-processed. To support responsible deployment, the government should establish a clear regulatory framework that defines environmental safeguards and implementation standards.

ECCP also recommends accelerating waste diversion through stronger segregation at source, expanded Materials Recovery Facilities (MRFs), and improved local government implementation of RA 9003.

Develop a competitive market for recycling and resource recovery

To accelerate investment, the government should provide targeted financial and non-financial incentives that support recycling industries and related infrastructure. Priority areas include waste collection and transport, waste-to-value facilities, production of alternative fuels and recycled materials, quality assurance for recyclables, domestic procurement of recycled content, and access to green financing.

Complementary non-financial measures—including green public procurement, environmental labeling, and sustainable purchasing guidelines—can further strengthen market demand, improve industry competitiveness, and accelerate the transition to a circular economy.

Recommended Action: ECCP recommends creating a robust market for recycling and resource recovery by strengthening waste collection systems, expanding waste-to-value infrastructure, and stimulating demand for recycled materials. A well-functioning circular economy requires both reliable supply chains for recyclable waste and stable markets for recycled products.

Strengthen the implementation of the Extended Producer Responsibility (EPR) Act

ECCP fully supports the implementation of the Extended Producer Responsibility (EPR) Act as a cornerstone of the Philippines' transition to a circular economy. To maximize its impact, ECCP recommends refining the EPR Procedural Manual to improve regulatory clarity, strengthen implementation, and encourage broader industry participation.

Recommended actions:

1. Adopt competency-based accreditation for EPR auditors

Expand eligibility beyond CPA-accredited firms to qualified environmental and sustainability auditors accredited under internationally recognized standards (e.g., ISO 17020, ISO 17021, ISO 17029, ISO 14065, and ISO 19011), supported by DENR certification and training.

2. Avoid duplicative registration and strengthen data confidentiality

Recognize existing Producer Responsibility Organization (PRO) registrations and establish clear protocols for handling commercially sensitive information, including the use of aggregated or anonymized data where appropriate.

3. Align reporting requirements with existing legislation

Ensure that reporting obligations remain consistent with RA 11898, DAO 2023-02, and the Data Privacy Act (RA 10173) to reduce unnecessary compliance burdens while safeguarding confidential business information.

4. Establish a transparent EPR crediting framework

Develop clear guidelines for recognizing plastic recovery, recycling, and community-based initiatives as compliance credits to incentivize greater private sector investment in circular economy solutions.

5. Improve regulatory coordination

Designate clear points of contact within DENR-EMB and the National Ecology Center (NEC), supported by standardized processes and guidance to facilitate timely and consistent compliance.

6. Clarify the scope of covered materials

Align material classifications with existing standards by explicitly excluding paper-dominant composite materials, such as used beverage cartons, from the plastics category where appropriate.

Beyond compliance, ECCP recommends complementing existing penalties with performance-based incentives, including streamlined regulatory processes, financial support, and technical assistance particularly for MSMEs. A balanced framework of incentives and accountability will strengthen compliance, encourage innovation, and accelerate the country's transition to a circular economy.

Strengthen environmental education

The current K-12 curriculum should emphasize waste segregation, resource efficiency, water conservation, sustainable consumption, and circular economy principles, supported by strengthened teacher training, updated learning materials, and greater industry participation through site visits, immersion programs, and experiential learning. Embedding environmental stewardship from an early age will help foster lifelong sustainable practices, improve waste management outcomes, and build a more environmentally responsible society.

Recommended Action: ECCP recommends strengthening the implementation of Republic Act No. 9512 (National Environmental Awareness and Education Act) by embedding practical, competency-based environmental education across the K-12/MATATAG curriculum. While the legal framework is already in place, implementation should be enhanced to equip students with the knowledge and skills needed to adopt sustainable behaviors.

Advance sustainable development through stronger stakeholder collaboration

Public-private collaboration should encourage partnerships between large enterprises and MSMEs through incentives for shared sustainability investments, resource pooling, and knowledge exchange. This will help accelerate the adoption of sustainable practices while reducing implementation costs.

Recommended Action: ECCP recommends institutionalizing regular dialogue among government, industry, academia, civil society, and other stakeholders to improve policy design, strengthen accountability, and build consensus on sustainable solutions. ECCP reaffirms its commitment to working with government and industry to advance the Philippines' sustainability and net-zero objectives. A collaborative, whole-of-society approach will deliver more effective, practical, and enduring outcomes.

Prioritize the Blue Economy Act for Sustainability and Climate Resilience

The Philippines' marine and coastal resources present a strategic opportunity to accelerate sustainable economic growth, strengthen climate resilience, and protect biodiversity. Realizing this potential requires a clear, integrated, and investment-ready policy framework.

Recommended Action: ECCP identifies the Blue Economy Act as one of the committee's top legislative priority and recommends it as an urgent legislation. The proposed law should establish an integrated governance framework that streamlines permitting, institutionalizes Integrated Marine and Coastal Area Management, and aligns with existing laws, including the Maritime Zones Act, Fisheries Code, and EPR Act. It should also provide long-term policy certainty to encourage investments in offshore wind, sustainable fisheries, aquaculture, and coastal tourism, while strengthening marine litter prevention through improved monitoring, resource recovery, recycling, and public-private partnerships.

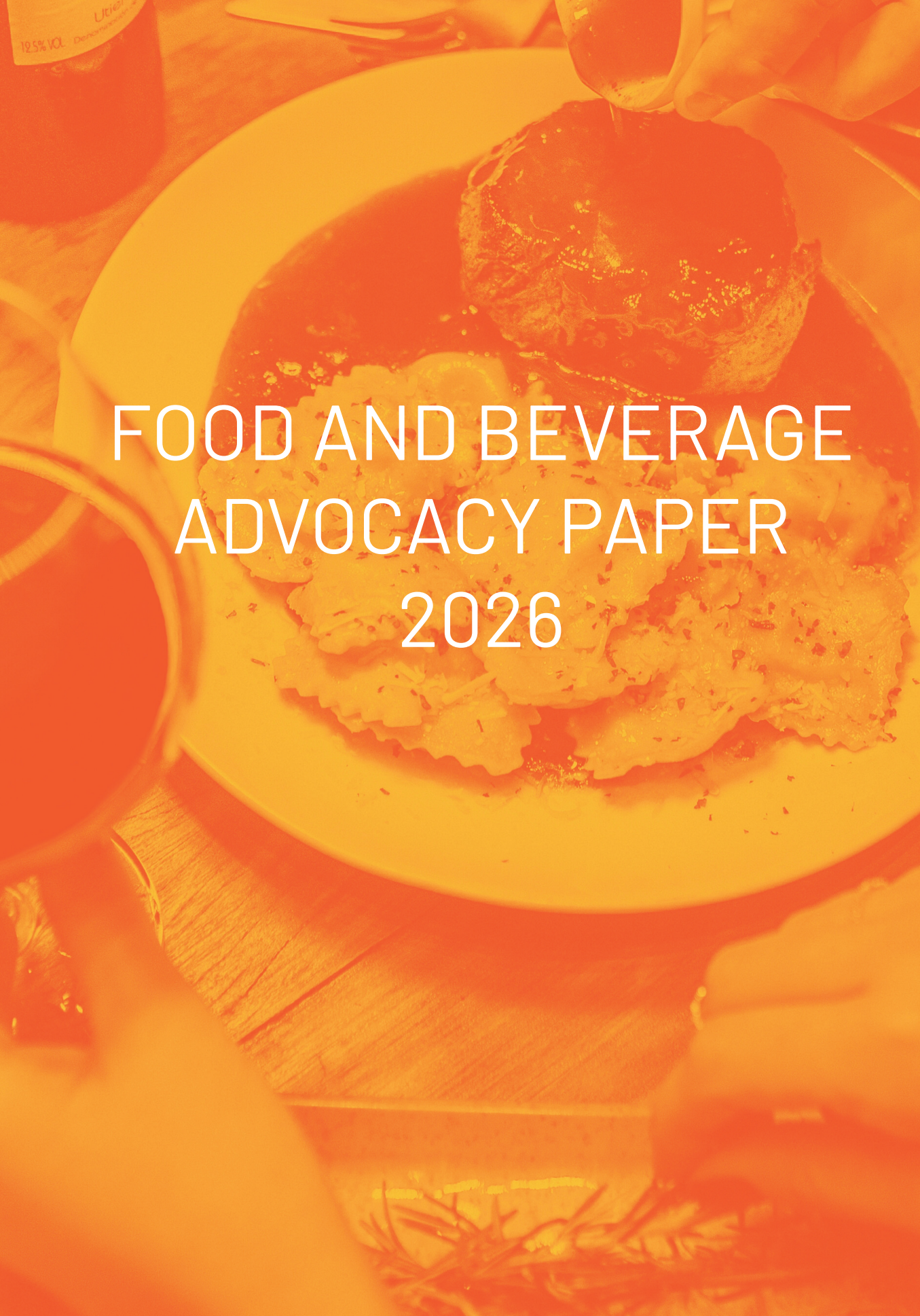
ASSESSMENT OF 2025 RECOMMENDATIONS

2025 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Institutionalizing Integrated Water Governance Through a Department of Water Resources	
Increased support for water and sanitation-related programs and projects	
Improve the local government units' (LGU) operational efficiency and capacity to effectively implement their water and sanitation-related programs	
Reduce Plastic Pollution through the implementation of an Extended Producers' Responsibility (EPR) Scheme and reconsider any move towards the banning of single-use plastics	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
House Bill No. 6789, which seeks to establish the Department of Water Resources (DWR) and the Water Regulatory Commission, continues to advance in Congress following its approval on second reading in the House in December 2025. The measure builds on earlier legislative efforts and aligns with President Marcos Jr.'s directive to strengthen water governance, improve regulatory efficiency, and ensure reliable access to clean water.	
The DILG's SALINTUBIG program continues to expand safe and sustainable water systems in underserved communities, supporting the country's commitment to universal access to water and sanitation under SDG 6.	
	The Philippine government decreased the 2026 budget for locally funded flood control and water infrastructure. The decrease is driven in part by reduced infrastructure spending amid stricter fiscal controls and corruption investigations into flood control projects, underscoring the need to protect and prioritize investments in climate resilience and transparent infrastructure development.
	In November 2025, the DENR called for harmonizing the proposed single-use plastics tax with the EPR Act to avoid overlapping regulations and reduce compliance costs. Earlier, in September 2025, the EMB, DOF, and UNEP conducted public consultations on the draft guidelines for fiscal incentives under the EPR Act.

2025 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Develop a competitive market for recycling and resource recovery	
Strengthen the implementation of the Extended Producer Responsibility (EPR) Act	
Strengthen environmental education	
Advance sustainable development through stronger stakeholder collaboration	
Prioritize the Blue Economy Act for Sustainability and Climate Resilience	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
In 2025, the DENR advocated aligning the proposed single-use plastics tax with the EPR Act to avoid regulatory overlap and reduce compliance costs, while the EMB, DOF, and UNEP conducted public consultations on the draft fiscal incentive guidelines to strengthen EPR implementation.	
The DENR-EMB brought together Obligated Enterprises, Producer Responsibility Organizations, and Collectives to pilot and preview the new Philippine EPR Portal last 05 August 2025. Developed with technical support from Simplevia, the digital platform aims to streamline EPR registration, monitoring, and compliance reporting while improving transparency and efficiency.	
RA 9512 mandates the integration of environmental education into school curricula, including both theoretical and practical learning, while the K-12 curriculum also incorporates waste minimization education.	
The DENR consistently holds public consultations and dialogues with relevant stakeholders on drafting policies and regulations on waste management and achieving a circular economy.	
The proposed Blue Economy Act has passed the House of Representatives and is now headed to the Senate, aiming to overhaul how the Philippines manages and develops its ocean resources. If enacted, it would create a unified framework for coordinating government decisions, guiding marine investments, protecting key areas, and supporting an ocean economy worth over PHP 1 trillion annually and 2.46 million jobs.	



FOOD AND BEVERAGE ADVOCACY PAPER 2026

INTRODUCTION

The Philippine Food and Beverage (F&B) sector is a foundational pillar of the economy and a strategic platform for national competitiveness. It connects household consumption with agriculture, manufacturing, logistics, retail, food service, tourism, employment, trade, investment, public health, and food security. The sector's importance therefore extends beyond the value of food and beverages sold. Its performance reflects the country's ability to convert agricultural and imported inputs into higher-value products, create jobs, support businesses across regions, provide affordable and safe food, and participate more effectively in domestic and international markets.

The sector enters the current period from a position of resilience, but also at an important point of transition. Domestic demand remains its principal source of strength, while foodservice, manufacturing, retail, and digital channels continue to evolve. At the same time, businesses face persistent pressures from input costs, agricultural supply volatility, logistics, regulatory complexity, changing consumer preferences, and the growing need to meet nutrition and sustainability objectives. The central competitiveness question is therefore no longer whether the sector can grow. It is whether the policy and business environment can enable that growth to become more productive, inclusive, innovative, resilient, and sustainable.

Food and non-alcoholic beverages remain one of the largest components of household spending in the Philippines, accounting for approximately 36% of household final consumption expenditure.¹ This gives the F&B sector a distinctive position in the economy: demand is broad-based and recurring because food is a basic necessity, but consumer behaviour is also highly sensitive to income and price changes. When purchasing power is under pressure, households adjust through changes in product choice, pack size, purchasing frequency, and retail channel. These adjustments shape the strategies of manufacturers, retailers, restaurants, and foodservice businesses.

The wider consumption environment remained supportive in 2025, although growth moderated. Household Final Consumption Expenditure grew by 4.6% for the full year and by 3.8% year-on-year in the fourth quarter.² The continued expansion of household spending indicates that domestic demand remains an important stabiliser for the economy and for F&B businesses. However, moderation also signals that consumers remain selective. For the sector, growth is increasingly dependent on the ability to offer value, convenience, quality, and differentiated products rather than relying solely on broad-based increases in household spending.

¹ United States Department of Agriculture, Foreign Agricultural Service. (2025, March 31). Food Processing Ingredients Annual – Manila, Philippines (Report No. RP2025-0018). Retrieved from https://apps.fas.usda.gov/newgainapi/api/ReportByFileName?fileName=Food+Processing+Ingredients+Annual_Manila_Philippines_RP2025-0018.pdf

² Philippine Statistics Authority. (2026, January 29). Q4 2025 Gross Domestic Product Highlights. Retrieved from <https://psa.gov.ph/content/q4-2025-gross-domestic-product-highlights>

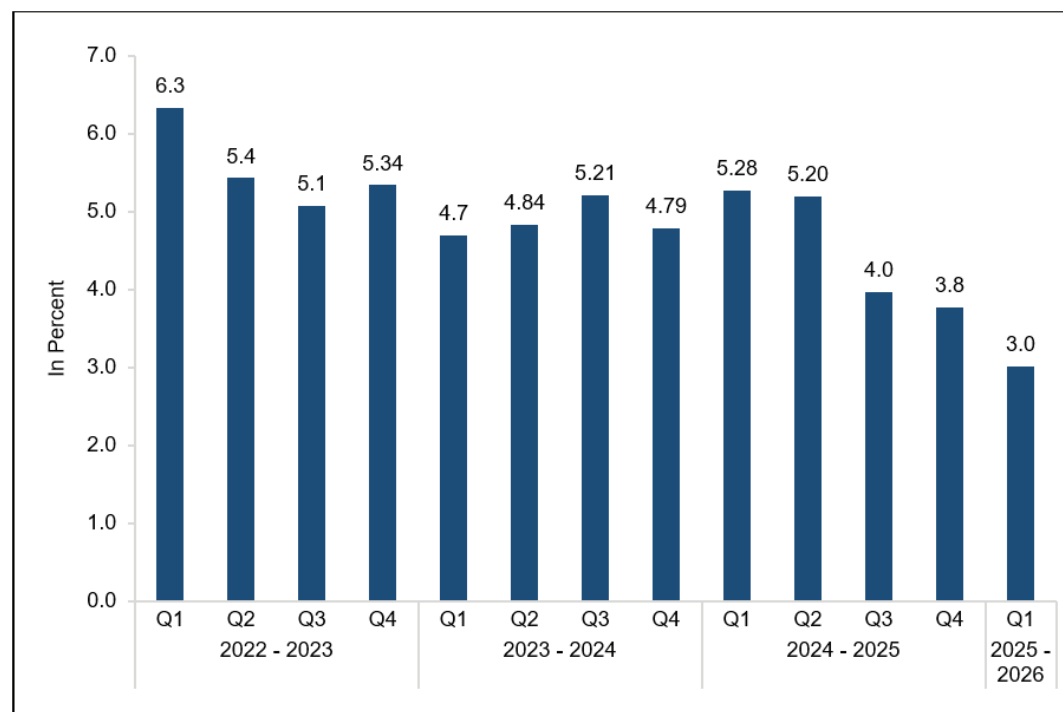


Figure 1. Household Final Consumption Expenditure, Q1 2023 to Q1 2026 Growth Rates, (At Constant 2018 Prices)
Source: Philippine Statistics Authority³

Food affordability remains central to this outlook. Annual average food inflation declined to 1.0% in 2025 from 4.5% in 2024, while overall annual average inflation fell to 1.7%.⁴ This improvement provided meaningful relief to consumers and businesses. It should not, however, be interpreted as the disappearance of structural affordability pressures. Food prices remain exposed to weather events, agricultural production cycles, logistics costs, global commodity prices, energy costs, and policy changes affecting trade and supply. The sector’s competitiveness is therefore closely linked to the efficiency and resilience of the wider food system.

Table 9. Year-on-Year Changes of the Food and Food and Non-Alcoholic Beverages, in Percent, by Area: November 2024 - November 2025 (2018 = 100)

Area	Commodity Group	2 0 2 4				2 0 2 5											
		Dec	Ave	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave	
PHILIPPINES	Food and Non-Alcoholic Beverages	3.4	4.4	3.8	2.6	2.2	0.9	0.9	0.4	-0.2	0.9	1.0	0.5	0.1	1.4	1.2	
	Food	3.5	4.5	4.0	2.6	2.3	0.7	0.7	0.1	-0.5	0.6	0.8	0.2	-0.3	1.2	1.0	
NATIONAL CAPITAL REGION (NCR)	Food and Non-Alcoholic Beverages	5.4	3.6	5.5	4.3	3.6	2.5	2.2	2.3	1.8	3.9	2.6	2.4	1.7	1.3	2.8	
	Food	5.6	3.8	5.8	4.4	3.7	2.4	2.2	2.2	1.7	3.9	2.6	2.3	1.7	1.2	2.8	
AREAS OUTSIDE NCR	Food and Non-Alcoholic Beverages	3.1	4.5	3.6	2.2	2.0	0.6	0.6	0.0	-0.6	0.3	0.7	0.2	-0.3	1.4	0.9	
	Food	3.1	4.7	3.7	2.2	2.0	0.4	0.5	-0.3	-0.9	0.1	0.5	-0.1	-0.7	1.2	0.7	

Source: Philippine Statistics Authority, Retail Price Survey of Selected Commodities for the Generation of Consumer Price Index

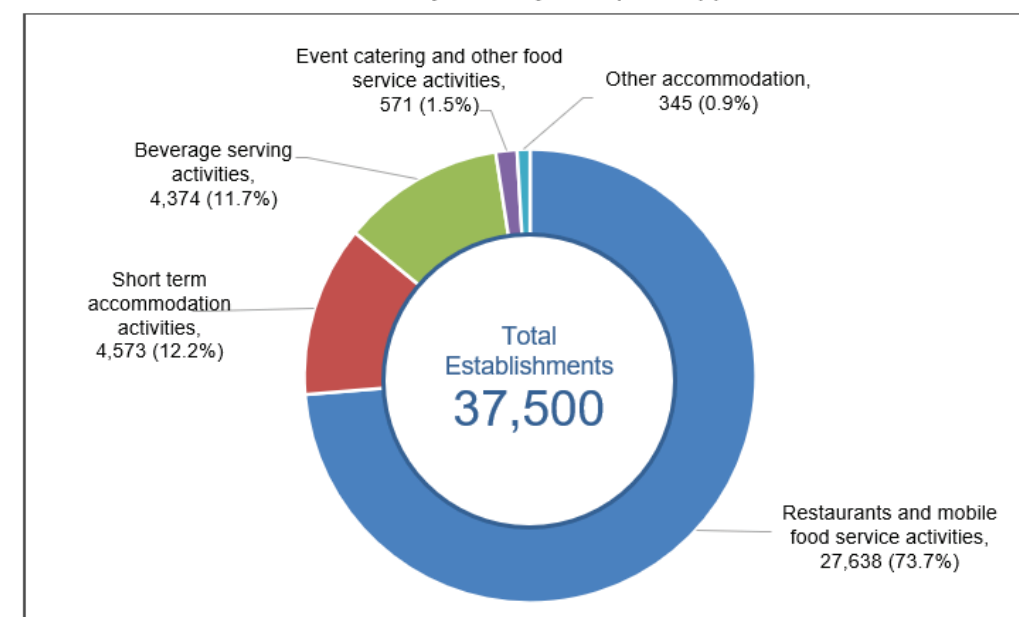
Table 1. Year-on-Year Changes of the Food and Non-Alcoholic Beverages, in percent, by Area: November 2024 - November 2025
Source: Philippine Statistics Authority⁵

³ Philippine Statistics Authority. (2026, May 7). Q1 2026 Household Final Consumption Expenditure (HFCE). Retrieved from <https://psa.gov.ph/content/q1-2026-household-final-consumption-expenditure-hfce>
⁴ Philippine Statistics Authority. (2026). Consumer Price Index and Inflation Rate: 2025 Annual Average Inflation. Retrieved from <https://psa.gov.ph/price-indices/cpi-ir/node/1684081387>
⁵ Philippine Statistics Authority. (6 January 2026). Summary Inflation Report Consumer Price Index(2018=100): December 2025. Retrieved from <https://psa.gov.ph/price-indices/cpi-ir/node/1684081387>

FOOD SERVICE AS A MAJOR SOURCE OF VALUE CREATION AND EMPLOYMENT

The growth of food service demonstrates how the F&B sector is becoming increasingly diversified. The 2024 Annual Survey of Philippine Business and Industry recorded 37,500 formal-sector establishments engaged in accommodation and food service activities, a 21.5% increase from 2022. These establishments generated PHP 874.70 billion in revenue and employed 520,642 workers.⁶ Restaurants and mobile food service activities accounted for 27,638 establishments and 349,629 workers, making them the largest industry group within the sector.

Figure 1. Distribution of Establishments Under Accommodation and Food Service Activities Section by Industry Group: Philippines, 2024



Note: Details may not add-up to total due to rounding and/or statistical disclosure control.
Source: Philippine Statistics Authority, 2024 ASPBI (Final Results)

Figure 2. Distribution of Establishments Under Accommodation and Food Service Activities Section by Industry Group: Philippines, 2024

Source: Philippine Statistics Authority⁷

These figures are significant because they demonstrate that foodservice is not simply a consumption outlet; it is a major economic activity in its own right. The sector supports employment, entrepreneurship, tourism, commercial real estate, logistics, agriculture, and a wide network of suppliers. Its recovery and expansion therefore generate multiplier effects across the economy. At the same time, the sector’s fragmented business structure means that regulatory efficiency, workforce capability, digital adoption, and access to finance are particularly important for enabling smaller businesses to scale and improve productivity.

⁶ Philippine Statistics Authority. (2026, June 29). 2024 Annual Survey of Philippine Business and Industry (ASPBI) – Accommodation and Food Service Activities Section: Final Results. Retrieved from <https://psa.gov.ph/content/2024-annual-survey-philippine-business-and-industry-asabi-accommodation-and-food-service>
⁷ Ibid.

The sector is also becoming more digitally enabled. E-commerce sales within accommodation and food service activities reached PHP 16.98 billion in 2024, an increase of 186.1% from 2022.⁸ Digital ordering, delivery platforms, digital payments, and data-enabled operations are changing how businesses reach consumers and manage demand. The opportunity is substantial, particularly for MSMEs, but the policy environment must ensure that digitalisation reduces barriers to market access rather than creating new compliance burdens.

Table A. Comparative Summary Statistics for Accommodation and Food Service Section: Philippines, 2022 and 2024

Particulars	2022 ^f	2024 ^f	Growth Rate (%)
Total Number of Establishments	30,861	37,500	21.5
Total Employment	363,970	520,642	43.0
Average Number of Workers per Establishment	12	14	16.7
Total Compensation (in thousand pesos)	67,931,614	98,582,098	45.1
Average Annual Compensation per Paid employee (in pesos)	188,251	190,425	1.2
Total Revenue (in thousand pesos)	619,869,281	874,701,764	41.1
Total Expense (in thousand pesos)	530,207,230	763,330,780	44.0
Revenue per Expense Ratio	1.17	1.15	(1.7)
Sales from E-Commerce Transactions (in thousand pesos)	5,936,335	16,981,798	186.1

f - final

() – negative value

Sources: Philippine Statistics Authority, 2022 ASPBI and 2024 ASPBI

Table 2. Comparative Summary Statistics for Accommodation and Food Service Section: Philippines, 2022 and 2024

Source: Philippine Statistics Authority⁹

8 Philippine Statistics Authority. (2026, June 29). 2024 Annual Survey of Philippine Business and Industry (ASPBI) – Accommodation and Food Service Activities Section: Final Results. Retrieved from <https://psa.gov.ph/content/2024-annual-survey-philippine-business-and-industry-aspbi-accommodation-and-food-service>

9 Ibid.

FOOD PRODUCTION AND HIGHER-VALUE GROWTH

The economic significance of F&B extends beyond foodservice and retail. Food manufacturing provides the principal bridge between primary production and higher-value economic activity. It connects farmers, fisheries, livestock producers, processors, packaging suppliers, logistics providers, retailers, restaurants, and exporters. Manufacturing growth of 2.5% in 2025, within an economy that grew by 4.4%, highlights the continued importance of industrial value creation.¹⁰

The opportunity is to deepen this value creation. Processing, cold-chain infrastructure, product innovation, automation, research and development, and improved quality systems can allow Philippine businesses to capture more value domestically. Recent investment activity illustrates the potential: in 2025, PEZA approved a Japanese food-processing facility valued at more than PHP 9.1 billion in Tarlac, intended to serve both domestic and export markets.¹¹

The sector’s competitiveness is inseparable from agricultural and supply-chain performance

The F&B sector is only as resilient as the supply chains that feed it. Agriculture and fisheries production increased by 2.6% in 2025 to PHP 1.77 trillion, while palay production reached 19.67 million metric tons.¹² Yet annual improvements coexist with significant variation across commodities and production periods. This matters because processors and consumers depend not only on total annual output, but also on timing, storage, transport, quality, and the ability of supply to reach markets efficiently.

TABLE 2.1. Growth Rates of Value of Production in Philippine Agriculture and Fisheries at Constant 2018 Prices First Quarter 2024 to Fourth Quarter 2025 (in percent)

Subsector	2023-2024				2024-2025				January to December	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2023-2024	2024-2025
Crops	-0.3	-8.6	-5.2	-3.1	1.0	11.3	3.0	-2.5	-4.2	2.8
Livestock	-3.5	-0.3	-6.7	-6.1	-2.8	-5.8	-1.9	1.0	-4.2	-2.3
Poultry	5.9	8.7	5.8	6.1	9.8	7.0	10.6	8.9	6.6	9.1
Fisheries	-0.2	2.4	-4.7	-0.5	1.5	-4.3	-2.5	4.0	-0.8	-0.3
AGRICULTURE AND FISHERIES	0.2	-3.2	-3.6	-2.0	2.0	5.7	2.8	0.5	-2.1	2.6

Source: Philippine Statistics Authority

Table 3. Growth Rates of Value of Production in Philippine Agriculture and Fisheries at Constant 2018 Prices First Quarter 2024 to Fourth Quarter 2025

Source: Philippine Statistics Authority¹³

10 Philippine Statistics Authority. (2026, January 29). Q4 2025 Gross Domestic Product Highlights. Retrieved from <https://psa.gov.ph/content/q4-2025-gross-domestic-product-highlights>

11 Philippine Economic Zone Authority. (2025, September 30). Japanese investments propel DTI-PEZA to PHP 154.704 billion, surging 62% of annual target. Retrieved from <https://www.peza.gov.ph/press-releases/japanese-investments-propel-dti-peza-p154704-b-surging-62-annual-target>

12 Philippine Statistics Authority. (2026). Value of Production in Philippine Agriculture and Fisheries: 2025 results. Retrieved from <https://psa.gov.ph/content/value-production-philippine-agriculture-and-fisheries-improves-05-percent-growth-rate>

13 Ibid.

The country’s trade profile reinforces this interdependence. Total agricultural trade reached USD 29.63 billion in 2025, the highest recorded since the series began in 1991. Agricultural exports reached USD 9.25 billion, while imports reached USD 20.37 billion. Cereals were the largest agricultural import commodity group, accounting for USD 3.89 billion or 19.1% of agricultural import value.¹⁴

The 2025 rice-price episode illustrated the importance of supply-chain resilience. The government declared a food security emergency on rice and released buffer stocks after domestic prices remained elevated despite lower global prices and reduced rice tariffs.¹⁵ The episode demonstrated that consumer affordability depends on the interaction of production, trade, procurement, inventories, logistics, and market conditions.

NEXT PHASE OF GROWTH: TRADE, EMPLOYMENT, AND INNOVATION

The Philippines is deeply integrated into international food and agricultural markets. Total export sales reached USD 84.48 billion in 2025, a 15.3% increase from the previous year, while agricultural exports reached a record USD 9.25 billion.¹⁶ The opportunity is to expand higher-value Philippine products in regional and global markets. This will increasingly depend on sanitary and phytosanitary compliance, traceability, customs efficiency, sustainability standards, and reliable logistics. The sector’s employment footprint is substantial. The formal accommodation and food service sector employed 520,642 workers in 2024, 43.0% more than in 2022.¹⁷ This confirms the importance of F&B as a source of livelihoods and entry-level opportunities, while also highlighting the need for stronger skills development, workforce productivity, and business capacity.

Table A. Summary of External Trade Performance in the Philippines
2023, 2024, and 2025^r

Indicator	2023		2024		2025 ^r	
	FOB Value (in million USD)	Year-on-Year Growth (%)	FOB Value (in million USD)	Year-on-Year Growth (%)	FOB Value (in million USD)	Year-on-Year Growth (%)
Total Trade	199,826.22	-7.8	200,865.35	0.5	218,681.34	8.9
Balance of Trade	-52,592.09	-8.8	-54,327.91	3.3	-49,721.59	-8.5
Exports	73,617.12	-7.5	73,268.72	-0.5	84,479.87	15.3
Imports	126,209.20	-8.0	127,596.63	1.1	134,201.46	5.2

r - revised
Note: Details may not add up to total when computed manually due to rounding.
Source: Philippine Statistics Authority

Table 4. Summary of External Trade Performance in the Philippines 2023, 2024, and 2025
Source: Philippine Statistics Authority¹⁸

Technology and sustainability are becoming competitiveness issues. Digital ordering, data systems,

automation, traceability, packaging innovation, and resource efficiency can improve productivity and market access. At the same time, nutrition and environmental performance are increasingly part of the sector’s operating environment. The adoption of the Philippine Nutrient Profile Model in 2026 provides a new technical foundation for nutrition-related policy, while Extended Producer Responsibility is moving packaging sustainability toward more measurable accountability.¹⁹

BUILDING A MORE CONNECTED AND COMPETITIVE FOOD SYSTEM

The Philippine F&B sector has demonstrated resilience because it is deeply embedded in everyday consumption and connected to a broad economic ecosystem. Its performance has been supported by a large domestic market, the recovery of foodservice, continued investment interest, expanding trade, and the ability of businesses to adapt to changing consumer behaviour. Yet structural constraints remain: agricultural supply is uneven, logistics and input costs can erode margins, consumers remain price-sensitive, regulatory processes can be complex, and nutrition and sustainability challenges require sustained investment.

The central opportunity is to strengthen the links across the value chain. More productive agriculture can support stronger manufacturing. More efficient logistics can improve affordability. Predictable regulation can accelerate investment. Digitalisation can raise productivity and expand market access. Evidence-based nutrition policy can support public health while enabling responsible innovation. Effective sustainability systems can reduce environmental pressures while creating opportunities in circularity and resource efficiency.

The F&B sector should consequently be viewed not as a collection of separate subsectors, but as an integrated ecosystem whose competitiveness affects investment, employment, consumer welfare, food security, public health, regional development, and national economic resilience. The reforms, industry developments, and recommendations that follow should be understood against this broader context. The objective is to create an enabling environment in which Philippine F&B businesses can invest, innovate, compete, and contribute more effectively to inclusive and sustainable economic growth.

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

The Philippine Food and Beverage (F&B) sector is entering a period in which competitiveness will increasingly depend on the quality of the systems surrounding the industry, not only on consumer demand. Recent developments point to three broad shifts: more structured and digital regulation; stronger emphasis on food security and supply-chain infrastructure; and rising investment in nutrition, sustainability, and higher-value production. These developments create opportunities for productivity and market expansion, but they also make implementation quality and regulatory predictability more important for businesses of all sizes.

The overall direction is encouraging but uneven. The policy environment is becoming more sophisticated, yet businesses continue to face transition costs, overlapping compliance requirements, and uncertainty where reforms remain under consultation or phased implementation. The strategic issue for the sector is to ensure that reform strengthens public outcomes while also improving the ability of firms—particularly MSMEs—to comply, invest, innovate, and compete.

14 Philippine Statistics Authority. (2026, March 26). International Merchandise Trade Statistics of the Philippines for Agricultural Commodities, 2025. Retrieved from <https://psa.gov.ph/content/international-merchandise-trade-statistics-philippines-agricultural-commodities-2025>
15 Department of Agriculture. (2025, February 3). DA Chief Declares Food Security Emergency on Rice. Retrieved from <https://www.da.gov.ph/da-chief-declares-food-security-emergency-on-rice/>
16 Philippine Statistics Authority. (2026). International Merchandise Trade Statistics of the Philippines 2025. Retrieved from <https://psa.gov.ph/content/international-merchandise-trade-statistics-philippines-2025>
17 National Nutrition Council. (2026, June 25). National Nutrition Council adopts Philippine Nutrient Profile Model as national reference for packaged food and drinks. Retrieved from <https://nnc.gov.ph/national-nutrition-council-adopts-philippine-nutrient-profile-model-as-national-reference-for-packaged-food-and-drinks/>
18 Philippine Statistics Authority. (2026). International Merchandise Trade Statistics of the Philippines 2025. Retrieved from <https://psa.gov.ph/content/international-merchandise-trade-statistics-philippines-2025>

19 Ibid.

Making FDA regulation more predictable: the fee reform is being recalibrated

Administrative Order No. 2024-0016 introduced a new schedule of FDA fees and charges and took effect on 12 January 2025. The FDA subsequently suspended the pre-assessment fee for certain applications and the Department of Health issued successive extensions of the temporary suspension while the fee structure was reviewed. In 2026, the FDA also opened a public consultation on amendments to AO No. 2024-0016.^{20 21 22}

For food businesses, regulatory fees are a direct cost of market entry, renewal, product changes, and continued compliance. A fee structure that is transparent, proportionate, and aligned with the cost and complexity of regulation can strengthen compliance incentives. Abrupt or poorly calibrated increases can disproportionately affect MSMEs and discourage product innovation or formalisation.

The current review creates an opportunity to improve the fee system through clearer cost justification, predictable transition periods, differentiated treatment where appropriate, and continued stakeholder consultation.

Digitalising FDA licensing can reduce administrative friction—but execution will determine the gain

DOH Administrative Order No. 2024-0015 established revised rules and procedures for licenses to operate, with implementation beginning in 2025 and migration of covered services to the FDA eServices Portal.^{23 24}

Digital licensing can reduce transaction costs, improve visibility over application status, and create more consistent administrative records. For a sector with many MSMEs and geographically dispersed operators, these benefits can materially improve ease of doing business.

The transition needs clear migration rules, stable systems, responsive technical support, and consistent treatment of legacy and new applications. Digitalisation will produce the greatest competitiveness gains when it is accompanied by process simplification.

20 Food and Drug Administration. (2025). FDA Advisory No. 2025-0032: Effectivity of Administrative Order No. 2024-0016. Retrieved from <https://www.fda.gov.ph/fda-advisory-no-2025-0032-effectivity-of-administrative-order-no-2024-0016-entitled-implementing-guidelines-on-the-new-schedule-of-fees-and-charges-of-the-food-and-drug-administration/>

21 Department of Health. (2025). Department Circular No. 2025-0382: Extension of the temporary suspension of Administrative Order No. 2024-0016. Retrieved from <https://www.fda.gov.ph/wp-content/uploads/2025/09/Department-Circular-No.-2025-0382.pdf>

22 Food and Drug Administration. (2026). Draft for Comments: Amendment to Administrative Order No. 2024-0016. Retrieved from <https://www.fda.gov.ph/draft-for-comments-amendment-to-administrative-order-no-2024-0016-entitled-implementing-guidelines-on-the-new-schedule-of-fees-and-charges-of-the-food-and-drug-administration/>

23 Department of Health. (2024). Administrative Order No. 2024-0015: Rules and Procedures in the Application for License to Operate of Covered Health Product Establishments. Retrieved from <https://www.fda.gov.ph/administrative-order-no-2024-0015-prescribing-the-rules-requirements-and-procedures-in-the-application-for-license-to-operate-of-covered-health-product-establishments-with-the-food-and-drug-adm/>

24 Food and Drug Administration. (2025). FDA Advisory No. 2025-0019: Implementation of Administrative Order No. 2024-0015. Retrieved from <https://www.fda.gov.ph/fda-advisory-no-2025-0019-implementation-of-administrative-order-no-2024-0015-entitled-prescribing-the-rules-requirements-and-procedures-in-the-application-for-license-to-operate-of-covered-h/>

Mega food hubs are being developed to strengthen the links between producers, processors, and markets

The Department of Agriculture and Food Terminal Inc. signed an agreement in October 2025 for a PHP 3.6 billion Bagsakan ng Bayan Mega Food Hub in Clark, integrating wholesale trading, storage, processing, logistics, and other agri-food activities. Additional hubs are planned for other regions.^{25 26}

The development addresses the distance between production and consumption markets and the costs of aggregation, storage, transport, and distribution. Better-integrated food hubs can reduce post-harvest losses and improve market access.

The value of the model will depend on utilisation, connectivity, governance, and private-sector participation. Food hubs should function as commercially viable market infrastructure.

A major food-processing investment signals renewed confidence in Philippine manufacturing

In September 2025, PEZA approved a Japanese food-processing facility in Tarlac valued at more than PHP 9.1 billion, intended to serve domestic and export markets.²⁷

Large-scale investments can generate demand for local suppliers, strengthen processing capabilities, create employment, and integrate Philippine production into regional value chains.

The investment reinforces the importance of predictable incentives, reliable infrastructure, efficient customs, and a stable regulatory environment.

The EPR framework is moving from legislation toward measurable implementation

The Extended Producer Responsibility Act of 2022 established recovery obligations for plastic packaging. By December 2025, more than 1,000 enterprises had registered EPR programs, while the 2026 EPR Recognition Program highlighted performance exceeding initial recovery goals in some areas.^{28 29}

Packaging is central to food safety, shelf life, logistics, and consumer access, but packaging waste creates significant environmental costs. EPR therefore has direct implications for F&B manufacturers and brand owners.

The next phase should focus on credible measurement, collection and recovery infrastructure, consistent reporting, and practical compliance pathways for smaller businesses.

25 Department of Agriculture. (2025, October 27). FTI, CIAC sign deal for PHP 3.6-billion Food and Agri Hub to boost food security. Retrieved from <https://www.da.gov.ph/fti-ciacc-sign-deal-for-p3-6-b-food-and-agri-hub-to-boost-food-security/>

26 Department of Agriculture. (2025, April 21). DA, DOTr to speed up Clark food hub project. Retrieved from <https://www.da.gov.ph/da-dotr-to-speed-up-clark-food-hub-project/>

27 Philippine Economic Zone Authority. (2025, September 30). Japanese investments propel DTI-PEZA to PHP 154.704 billion, surging 62% of annual target. Retrieved from <https://www.peza.gov.ph/press-releases/japanese-investments-propel-dti-peza-p154704-b-surging-62-annual-target>

28 Republic Act No. 11898. (2022). Extended Producer Responsibility Act of 2022. Retrieved from https://lawphil.net/statutes/repacts/ra2022/ra_11898_2022.html

29 Philippine News Agency. (2026). EPR implementation and recognition developments. Retrieved from <https://www.pna.gov.ph/>

Pre-border verification and electronic invoicing could improve trade integrity and supply-chain visibility

Administrative Order No. 23, Series of 2024, established a framework for a digital and integrated system for pre-border technical verification and cross-border electronic invoicing of imported commodities. The implementing framework has been subject to consultations and phased development.^{30,31}

F&B businesses rely on imported ingredients, raw materials, packaging, and finished products. Better information before goods arrive can support risk-based inspection, reduce misdeclaration, and improve identification of substandard or unsafe products.

The system needs clear commodity coverage, interoperable data requirements, and adequate transition time so that trade facilitation gains are not offset by duplicative compliance.

CREATE MORE strengthens the investment framework for qualified manufacturing projects

The CREATE MORE framework and its implementing rules clarified incentives available to qualified registered business enterprises, including income tax incentives, customs duty exemptions, and VAT zero-rating for qualifying transactions, subject to applicable rules and the Strategic Investment Priority Plan.³²

Food manufacturing is capital-intensive and exposed to costs for machinery, imported inputs, energy, logistics, and compliance. A clearer incentive framework can improve the investment case for new capacity and technology adoption.

Effectiveness will depend on predictability, efficient approval processes, and transparent implementation. Incentives should complement – not substitute for – improvements in infrastructure, logistics, skills, and regulatory administration.

Nutrition policy is moving toward a more integrated and evidence-based approach

The PNPM adoption has been accompanied by continued efforts to strengthen implementation and monitoring of the Philippine Plan of Action for Nutrition. The policy direction increasingly recognises that nutrition outcomes depend on affordability, product composition, information, and consumer behaviour.^{33,34}

The Philippines faces a dual burden of malnutrition, making food policy both an economic and public-health issue. For the industry, this creates a need to engage constructively in reformulation, consumer information, responsible marketing, and innovation.

A stronger public-private framework can align industry capabilities with national nutrition goals through technical cooperation, clearer standards, nutrition education, and incentives for innovation where appropriate.

Recalibrating sugar-sweetened beverage taxation will test the balance between public-health objectives, affordability, and regulatory certainty

The debate on sugar-sweetened beverages (SSBs) has re-emerged as a significant policy issue for the Food and Beverage sector. In September 2025, House Bill No. 5003 was filed to amend the excise-tax treatment of sweetened beverages. The bill remained pending with the House Committee on Ways and Means as of 4 March 2026 and should therefore be treated as a legislative proposal, not an enacted reform.³⁵ The proposal is significant because it would reopen questions that directly affect product formulation, pricing, consumer affordability, and investment decisions across the beverage industry.

The policy discussion is taking place against an existing excise-tax framework introduced under the TRAIN law. The current framework distinguishes between beverages sweetened with purely caloric sweeteners, purely non-caloric sweeteners, or a combination of sweeteners, and applies different rates and exemptions.³⁶ The renewed debate therefore concerns not only the level of taxation but also the design of product coverage. Changes to the treatment of different sweetener categories could influence reformulation strategies, the relative competitiveness of product formats, and demand for particular ingredients.

The public-health rationale is substantial. The Department of Health has identified the reduction of consumption of unhealthy goods through price disincentives as part of its legislative health agenda and has proposed consideration of higher taxes on SSBs, broader product coverage, and excise taxes on certain packaged foods high in sugar and salt.³⁷ International evidence also supports the use of well-designed fiscal measures as one component of a broader strategy to address diet-related non-communicable diseases. However, taxation alone cannot resolve affordability, nutrition, and public-health challenges. Its effectiveness depends on how the policy interacts with product reformulation, consumer substitution, access to healthier alternatives, nutrition education, and the broader food environment.

For the F&B sector, the central policy challenge is therefore to ensure that any future SSB-tax reform is evidence-based, predictable, and proportionate. Clear definitions, transparent criteria for product coverage, adequate transition periods, and consistent administration would help businesses plan reformulation and investment. At the same time, the policy should be assessed against measurable outcomes, including consumption patterns, reformulation, consumer prices, revenue performance, and public-health indicators. A more systematic evaluation framework would allow future adjustments to be based on evidence rather than periodic changes in tax policy alone.

The opportunity is to move the discussion beyond a simple choice between higher taxation and no taxation. A coherent policy framework can support public-health objectives while giving businesses sufficient certainty to innovate, reformulate, and compete. For ECCP, continued engagement will be important to ensure that any future measures are technically clear, administratively workable, and aligned with both consumer welfare and the long-term competitiveness of the Philippine F&B sector.

30 Administrative Order No. 23, Series of 2024. (2024). Digital and Integrated System for Pre-Border Technical Verification and Cross-Border Electronic Invoicing of Import Commodities. Retrieved from <https://customs.gov.ph/customs-memorandum-circular-cmc-2024/>

31 Bureau of Customs. (2024). Public consultations on the Draft Joint Administrative Order implementing Administrative Order No. 23, Series of 2024. Retrieved from <https://customs.gov.ph/64149-2/>

32 Republic Act No. 12066. (2024). Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy Act (CREATE MORE). Retrieved from <https://www.bir.gov.ph/home>

33 National Nutrition Council. (2026, June 25). National Nutrition Council adopts Philippine Nutrient Profile Model as national reference for packaged food and drinks. Retrieved from <https://nnc.gov.ph/national-nutrition-council-adopts-philippine-nutrient-profile-model-as-national-reference-for-packaged-food-and-drinks/>

34 National Nutrition Council. (2026, June 23). Partners Unite to Strengthen PPAN Monitoring. Retrieved from <https://nnc.gov.ph/>

35 House of Representatives of the Philippines. (2025). House Bill No. 5003, 20th Congress: An Act amending Sections 150-B and 288-A of the National Internal Revenue Code and creating a new Section 150-C, as amended, and for other purposes. Legislative status shown as pending with the Committee on Ways and Means since 4 March 2026. Retrieved from <https://www.congress.gov.ph/legislative-documents?page=1>

36 Republic Act No. 10963. (2017). Tax Reform for Acceleration and Inclusion (TRAIN) Act, including Section 47 amending the excise-tax treatment of sweetened beverages under the National Internal Revenue Code. Retrieved from https://lawphil.net/statutes/repacts/ra2017/ra_10963_2017.html

37 Department of Health. (2025). Health Executive Agenda for Legislation (HEAL), as reported in discussions on proposed health-related fiscal measures. The proposal remains a policy proposal and is not itself an enacted tax measure. See also: Philippine Department of Health public legislative agenda materials.

Alcohol excise-tax proposals and recent tax-policy changes highlight the need for a more predictable framework for the sector

Alcoholic beverages remain subject to continuing policy attention because excise taxation serves both revenue and public-health objectives. In October 2025, several bills proposing higher excise taxes on alcoholic beverages were filed in the House of Representatives. House Bill No. 5475 and House Bill No. 5478 sought to increase excise taxes on alcoholic beverages, while House Bill No. 5476 proposed higher excise taxation on pre-mixed alcoholic beverages. These measures remained pending in the House Committee on Ways and Means as of the latest available legislative status and should therefore be treated as proposals rather than enacted reforms.³⁸

The renewed legislative activity is significant because tax changes can affect the entire alcohol value chain, including manufacturers, importers, distributors, retailers, hospitality businesses, and consumers. Differences in tax treatment across product categories can also influence product positioning, pricing, consumer substitution, and the relative competitiveness of formal and informal channels. For businesses making long-term investments in manufacturing, distribution, and brand development, the predictability of the tax framework is therefore an important component of the investment environment.

At the same time, the Philippines has already established a framework of scheduled increases in alcohol excise taxes. Republic Act No. 11467 provides for annual increases in specific taxes on alcoholic beverages, including distilled spirits and fermented liquors, and the statutory framework has continued to shape the sector's tax environment.³⁹ The policy implication is that future proposals should be assessed not only in terms of the proposed rate increase, but also against the cumulative effect of existing statutory escalators, changes in consumer prices, tax compliance, and the risk of substitution toward untaxed or illicit products.

The sector's competitiveness is also affected by the integrity of tax administration. A tax system that is transparent and consistently enforced can support fair competition between compliant businesses and operators that evade excise obligations. Conversely, frequent changes in rates or product classifications can increase compliance complexity, particularly where product formulations or new categories do not fit clearly within existing rules.

The opportunity is to pursue a more evidence-led approach to alcohol-tax policy. Future reforms should consider public-health objectives, revenue performance, consumer affordability, enforcement outcomes, and the competitiveness of legitimate businesses as part of one policy assessment. Clear advance notice, consultation on technical implementation, and stable classification rules would help businesses plan while allowing the government to pursue its fiscal and health objectives. A predictable framework would also strengthen the ability of formal industry participants to compete against illicit or non-compliant products.

38 House of Representatives of the Philippines. (2025). House Bills Nos. 5475, 5476, and 5478, 20th Congress, proposing increases in excise taxes on alcoholic beverages and pre-mixed alcoholic beverages. Retrieved from <https://www.congress.gov.ph/house-members/view/L046> and <https://www.congress.gov.ph/house-members/view/G009>

39 Republic Act No. 11467. (2020). An Act Increasing the Excise Tax on Alcohol and Tobacco Products. Retrieved from https://lawphil.net/statutes/repacts/ra2020/ra_11467_2020.html

Customs digitalisation is moving from isolated systems toward a more integrated trade-facilitation environment

The Bureau of Customs continued to advance digitalisation and trade-facilitation reforms in 2025. The Bureau reported the upgrading of its online tax estimator, the launch of the Origin Management System for Free Trade Agreement-related origin and Product Evaluation Report processing, and implementation of the ASEAN Electronic Document Exchange.⁴⁰ These initiatives are relevant to the F&B sector because food manufacturers and distributors frequently depend on imported ingredients, raw materials, packaging, machinery, and finished products.

The potential competitiveness gains are significant. Better digital tools can improve the ability of importers to estimate duties and taxes before lodging declarations, while electronic document exchange can reduce reliance on paper-based processes and improve the speed of document verification. The Origin Management System is particularly relevant to businesses seeking to use preferential tariff arrangements, because more efficient origin-related processing can reduce administrative friction and support the use of trade agreements.

The Bureau also issued Customs Memorandum Order No. 6-2025 establishing rules for the Free Trade Agreement Origin Management System and the Product Evaluation Report Management System.⁴¹ This represents a move toward more structured digital management of origin-related procedures and may support more predictable access to preferential treatment for eligible goods.

For F&B businesses, however, digitalisation must be evaluated from the perspective of the full transaction rather than the existence of individual platforms. Importers often interact with multiple agencies and documentary requirements, including food, agricultural, sanitary, phytosanitary, and customs authorities. The competitiveness benefit will be greatest where systems are interoperable and information submitted to one government platform can be used effectively across related processes.

The remaining challenge is implementation consistency. Businesses need clear technical requirements, reliable system availability, responsive support, and sufficient transition periods when new digital processes are introduced. The Bureau's broader 2025 trade-facilitation programme indicates that digitalisation is becoming a central part of customs reform.⁴² The next step should be to ensure that this progress translates into measurable improvements in clearance predictability, processing time, cost, and compliance for legitimate traders.

40 Bureau of Customs. (2026, February 4). BOC Boosts Trade Facilitation in 2025 Through Digitalization, Policy Reforms, and Stronger Partnerships. Retrieved from <https://customs.gov.ph/boc-boosts-trade-facilitation-in-2025-through-digitalization-policy-reforms-and-stronger-partnerships/>

41 Bureau of Customs. (2025). Customs Memorandum Order No. 06-2025: Rules and Regulations Governing the Implementation of the Free Trade Agreement (FTA) Origin Management System (OMS), Including the Product Evaluation Report (PER) Management System (PMS), in the Philippines. Retrieved from <https://customs.gov.ph/customs-memorandum-order-cmo-2025/>

42 Ibid.

Risk-based customs processing can improve clearance efficiency, but food imports require strong coordination across regulators

A second important customs development is the continued movement toward more differentiated, risk-based processing. In 2025, the Bureau issued measures concerning the temporary suspension of the Green Lane clearance procedure and the expansion of commodities subject to Imports and Assessment Service clearance.⁴³⁴⁴ The Bureau also issued a memorandum on the prior-inspection rule of the Department of Agriculture for imported food shipments and separately required information-sharing and action concerning food products identified through the ASEAN Rapid Alert System for Food and Feed.⁴⁵⁴⁶

These developments illustrate the tension at the centre of food-import regulation. The government must protect consumers and domestic markets from unsafe, non-compliant, or misdeclared products, while legitimate businesses require efficient and predictable clearance of time-sensitive goods. For food and beverage importers, delays can have disproportionate consequences because many products and ingredients are perishable, have finite shelf lives, or are needed for continuous manufacturing operations.

The opportunity is to strengthen the connection between customs risk management and food-safety regulation. Better data-sharing can allow authorities to focus inspection resources on higher-risk consignments while reducing unnecessary intervention for businesses with strong compliance records. The ASEAN Rapid Alert System for Food and Feed also demonstrates the value of international information exchange in identifying risks before they become broader market problems.⁴⁷

The remaining policy challenge is coordination. Multiple inspection and clearance requirements can create delays when agencies operate sequentially rather than through coordinated risk management. The continued development of integrated systems, clear agency responsibilities, and transparent risk criteria would help balance food safety with trade facilitation. For the F&B sector, the objective should be a border regime that is both rigorous and predictable.

Authorized Economic Operator expansion offers a pathway toward faster clearance for compliant businesses

The Bureau of Customs continued to expand the Authorized Economic Operator (AEO) programme in 2025, including the implementation of Level 1 and Level 2 AEO benefits for additional companies.⁴⁸ The programme is designed to provide benefits to businesses that meet defined security and compliance standards, with the broader objective of strengthening supply-chain security while facilitating legitimate trade.

The model is particularly relevant to large food manufacturers, multinational companies, and businesses with significant import and export operations. A credible AEO framework can reward demonstrated compliance with more efficient customs treatment, thereby creating an incentive for businesses to invest in internal controls, supply-chain security, and customs compliance.

The opportunity is to broaden the practical value of the programme while maintaining robust standards. Food and beverage businesses often operate complex supply chains involving agricultural inputs, packaging materials, ingredients, finished products, and multiple logistics providers. AEO benefits can therefore be particularly valuable where they reduce uncertainty and improve the predictability of cross-border operations.

The remaining challenge is accessibility. Smaller businesses may find the requirements and compliance investments associated with AEO accreditation difficult to meet. A tiered and proportionate approach, together with clear guidance and capacity-building, could help extend the benefits of trusted-trader programmes beyond the largest firms. This would support a broader shift from transaction-by-transaction control toward risk-based regulation grounded in demonstrated compliance.

FDA licensing reforms are creating a more unified framework for establishment authorisation

The implementation of DOH Administrative Order No. 2024-0015 represents a significant continuing development in the FDA's licensing environment. The issuance repealed the previous LTO framework under AO No. 2020-0017 and established revised rules, requirements, and procedures for covered health-product establishments. The FDA began implementing the new framework in January 2025, including the use of the eServices Portal for covered licensing procedures.⁴⁹

The reform is significant for the F&B sector because licensing is a basic condition for the operation of regulated establishments. A more standardised system can improve regulatory predictability, reduce variation in administrative practice, and create a clearer basis for initial, renewal, and variation applications.

The FDA's continuing onboarding of regulatory services into the eServices Portal also illustrates the broader shift toward digital administration. The portal provides online pathways for FDA-regulated applications, including food-related product authorisations.⁵⁰ For businesses, the potential benefits include reduced physical transactions, improved application tracking, and more consistent record management.

The transition nevertheless requires careful implementation. Digital systems can reduce administrative friction only when the underlying requirements are clear and the technology is stable. Businesses also need timely guidance on the treatment of existing applications, renewals, variations, and changes in establishment information. The FDA's experience in rolling out different licensing procedures indicates that phased onboarding and stakeholder communication remain important.

43 Bureau of Customs. (2025). OCOM Memorandum No. 42-2025: Temporary Suspension of "Clearance Procedure Under Green Lane" as provided by Section 6.3 of Customs Memorandum Order No. 17-2023. Retrieved from <https://customs.gov.ph/memoranda-2025/>

44 Bureau of Customs. (2025). OCOM Memorandum No. 15-2025: Additional Commodities Subject to IAS Clearance. Retrieved from <https://customs.gov.ph/memoranda-2025/>

45 Bureau of Customs. (2025). AOCG Memorandum No. 156-2025: Prior Inspection Rule of the Department of Agriculture for All Imported Food Shipments. Retrieved from <https://customs.gov.ph/memoranda-2025/>

46 Bureau of Customs. (2025). AOCG Memoranda Nos. 154-2025 and 183-2025: Requests concerning food-product shipments identified through the Rapid Alert System for Food and Feed / ASEAN Rapid Alert System for Food and Feed. Retrieved from <https://customs.gov.ph/memoranda-2025/>

47 Ibid.

48 Bureau of Customs. (2025). Authorized Economic Operator benefits and 2025 memoranda implementing Level 1 and Level 2 AEO benefits for qualified enterprises. Retrieved from <https://customs.gov.ph/aeos-corner/> and <https://customs.gov.ph/memoranda-2025/>

49 Department of Health. (2024). Administrative Order No. 2024-0015: Prescribing the Rules, Requirements, and Procedures in the Application for License to Operate of Covered Health Product Establishments with the Food and Drug Administration. Retrieved from <https://www.fda.gov.ph/administrative-order-no-2024-0015-prescribing-the-rules-requirements-and-procedures-in-the-application-for-license-to-operate-of-covered-health-product-establishments-with-the-food-and-drug-adm/>

50 Food and Drug Administration. (2025). FDA Advisory No. 2025-0019: Implementation of Administrative Order No. 2024-0015. Retrieved from <https://www.fda.gov.ph/fda-advisory-no-2025-0019-implementation-of-administrative-order-no-2024-0015-entitled-prescribing-the-rules-requirements-and-procedures-in-the-application-for-license-to-operate-of-covered-h/>; Food and Drug Administration. (2026). FDA eServices Portal: Certificate of Product Registration. Retrieved from https://eservices.fda.gov.ph/applications/certificate_product_registration

The policy opportunity is to use digitalisation not merely to replicate paper processes online, but to simplify and standardise the regulatory journey. Clear service standards, transparent application requirements, predictable timelines, and accessible technical support would strengthen the value of the reform for both businesses and regulators.

The FDA's fee review highlights the importance of proportionate regulatory costs for food businesses

The implementation of AO No. 2024-0016 and the subsequent suspension of pre-assessment fees for certain FDA applications demonstrate the continuing evolution of the FDA's fee framework. FDA Advisory No. 2025-0076 suspended the pre-assessment fee for certain licensing, product notification or registration applications, and permits from 12 January 2025 until further notice, while maintaining a separate treatment for licensing applications lodged through the eServices system under the new LTO framework.⁵¹

The subsequent review and proposed amendment of the fee schedule indicate that the framework remains subject to recalibration.⁵² This is important for the F&B sector because regulatory fees affect the cost of product registration, establishment licensing, and continued market participation. The impact is particularly relevant to MSMEs and businesses with large product portfolios.

The issue is not simply whether fees should be higher or lower. A sustainable regulatory system requires sufficient resources for FDA operations, but the structure of fees should also be transparent, proportionate to the regulatory service provided, and predictable for businesses planning product launches or renewals.

The current review therefore creates an opportunity to improve the fee system through clearer cost rationale, transparent consultation, appropriate transition periods, and reduced uncertainty during implementation. A more predictable fee framework would support both regulatory capacity and investment confidence.

FDA authorisation and post-market surveillance remain central to consumer protection in a growing and increasingly digital market

The FDA has continued to issue public warnings concerning unregistered food products, including a 2026 advisory on an unregistered food product identified through online monitoring or post-marketing surveillance.⁵³ These actions are significant because the expansion of e-commerce and digital marketing has increased the number of channels through which food products can reach consumers.

⁵¹ Food and Drug Administration. (2025). FDA Advisory No. 2025-0076: Temporary Suspension of Pre-Assessment Fee on Certain FDA Applications Relative to the Full Implementation of Administrative Order No. 2024-0016. Retrieved from <https://www.fda.gov/ph/fda-advisory-no-2025-0076-temporary-suspension-of-pre-assessment-fee-on-certain-fda-applications-relative-to-the-full-implementation-of-the-administrative-order-no-2024-0016-entitled-im/>

⁵² Food and Drug Administration. (2026). Draft for Comments: Amendment to Administrative Order No. 2024-0016 entitled "Implementing Guidelines on the New Schedule of Fees and Charges of the Food and Drug Administration." Retrieved from <https://www.fda.gov/ph/draft-for-comments-amendment-to-administrative-order-no-2024-0016-entitled-implementing-guidelines-on-the-new-schedule-of-fees-and-charges-of-the-food-and-drug-administration/>

⁵³ Food and Drug Administration. (2026). FDA Advisory No. 2026-0754: Warning against the purchase and consumption of an unregistered food product. Retrieved from <https://www.fda.gov/ph/fda-advisory-no-2026-0754-the-food-and-drug-administration-fda-warns-all-healthcare-professionals-and-the-general-public-not-to-purchase-and-consume-the-unregistered-food-product/>

The issue has direct implications for both public health and fair competition. Registered businesses incur costs associated with product evaluation, compliance, labelling, and regulatory oversight. Products sold without the required authorisation can therefore create risks for consumers while potentially competing on an uneven basis.

The FDA's continuing use of post-market surveillance illustrates the importance of enforcement after products enter the market. Registration and licensing requirements are necessary, but they are most effective when combined with monitoring, enforcement, and public communication.

The remaining challenge is to ensure that enforcement keeps pace with digital commerce. Online marketplaces, social-media sellers, and cross-border e-commerce can complicate the identification of responsible parties and the removal of non-compliant products. Greater coordination between regulators and digital platforms, clearer responsibilities for online sellers, and efficient consumer reporting mechanisms could strengthen the integrity of the food market.

From recovery toward system-wide competitiveness

Taken together, recent reforms and industry developments indicate that the Philippine F&B sector is moving into a more structured phase of growth. The focus is shifting from recovery and expansion alone toward the quality of regulation, resilience of supply chains, productivity of domestic production, sophistication of investment, and sustainability of the food system.

The remaining challenge is execution. Businesses need clear rules, proportionate compliance costs, reliable systems, and sufficient transition time. The government needs implementation capacity, inter-agency coordination, and meaningful engagement with industry. If these conditions are met, the current reform agenda can strengthen not only the competitiveness of F&B businesses but also food affordability, food safety, public health, investment, employment, and national economic resilience.

ADVOCACY RECOMMENDATIONS

The Philippine Food and Beverage Sector is operating in an environment where the quality of regulation and the resilience of the food system will increasingly determine whether strong underlying demand translates into sustained competitiveness. Recent reforms have created important foundations: the FDA is moving licensing processes online, the Bureau of Customs is extending accreditation validity and expanding digital trade facilitation, and the government is investing in food-system infrastructure. At the same time, food inflation remains a material concern for consumers, especially lower-income households, while businesses continue to manage complex regulatory, logistics, tax, and supply-chain pressures.^{54 55 56}

⁵⁴ Philippine Statistics Authority. (2026). Summary Inflation Report: Consumer Price Index (2018=100), June 2026. Retrieved from <https://psa.gov.ph/content/summary-inflation-report-consumer-price-index-2018100-june-2026>

⁵⁵ Philippine Statistics Authority. (2026). Summary Inflation Report: Consumer Price Index for the Bottom 30% Income Households (2018=100), May 2026. Retrieved from <https://psa.gov.ph/content/summary-inflation-report-consumer-price-index-bottom-30-income-households-2018100-may-2026>

⁵⁶ Bureau of Customs. (2026). BOC Welcomes ECCP Support for New CAO Extending Importer Accreditation and Lowering Fees. Retrieved from <https://customs.gov.ph/boc-welcomes-eccp-support-for-new-cao-extending-importer-accreditation-and-lowering-fees/>

The following eight priorities focus on reforms that can deliver the greatest combined gains for competitiveness, consumer welfare, food safety, investment, food security, and sustainable growth. They are deliberately cross-cutting: the sector’s long-term performance depends not on one intervention, but on whether regulation, trade facilitation, supply chains, investment policy, nutrition policy, and skills development work together.

Modernising food regulation to improve predictability while protecting public health

The FDA’s transition to revised LTO rules and digital licensing, together with the continuing review of its fee schedule, represents an important opportunity to reduce administrative friction. However, businesses still need greater predictability on requirements, timelines, fees, application transitions, and the interaction between licensing, product authorisation, and post-market compliance.^{57 58}

Food businesses operate across a wide range of scales and product categories. Regulatory uncertainty increases the cost and time required to launch or maintain products, with a disproportionate effect on MSMEs and businesses introducing new products or technologies.

Government should establish a coordinated FDA modernisation programme that: (i) completes the transition of covered licensing and authorisation processes to stable digital systems; (ii) publishes clear service standards and application requirements; (iii) finalises the review of regulatory fees through transparent, proportionate, and evidence-based consultation; (iv) strengthens risk-based inspection and post-market surveillance; and (v) establishes regular structured consultation with industry on implementation issues.

A more predictable regulatory environment would reduce compliance costs, improve market-entry certainty, strengthen food-safety oversight, and allow the FDA to direct resources toward higher-risk activities.

The FDA, DOH, DTI, ARTA, and industry stakeholders should track measurable indicators such as processing times, application backlogs, system uptime, complaints resolved, and the proportion of services delivered within published standards. ECCP can support technical consultations and evidence-sharing on implementation bottlenecks.

Building an integrated, risk-based food-safety and trade-facilitation system at the border

Food imports may be subject to requirements involving customs, agriculture, food safety, sanitary and phytosanitary controls, and other regulatory authorities. Recent customs digitalisation and risk-management initiatives create an opportunity to make these controls more coordinated.^{59 60}

Food and beverage manufacturers depend on imported ingredients, packaging, machinery, and finished products. Delays at the border can increase costs, disrupt production, and reduce shelf life, while insufficient controls can expose consumers and legitimate businesses to unsafe or non-compliant products.

The government should accelerate the integration of customs and food-related regulatory systems through TradeNet and related digital platforms, establish clearer risk-based inspection protocols, improve data-sharing between the BOC, DA, FDA, and other relevant agencies, and review duplicative documentary requirements for compliant importers.

Expected outcome. The objective should be faster and more predictable clearance for low-risk, compliant consignments while concentrating enforcement resources on higher-risk shipments. This would support food safety and trade competitiveness simultaneously.

Implementation considerations. Agencies should publish clear requirements and service standards, ensure interoperable data systems, and provide transition support when new digital procedures are introduced. Trusted-trader approaches, including AEO mechanisms, should be expanded where appropriate while maintaining robust compliance standards.

Strengthening food-system resilience by improving domestic productivity, logistics, and market connectivity

Food affordability and supply security remain closely linked to productivity, post-harvest losses, logistics, and the efficiency of connections between producers and markets. In June 2026, food inflation was 5.4%, while cereals and cereal products accounted for 68.4% of food inflation’s contribution. For the bottom 30% of income households, food inflation reached 8.9% in May 2026.^{61 62} Persistent food-price pressure affects consumers directly and raises input costs for restaurants and food manufacturers. It also shows that food security cannot be addressed only through short-term price interventions.

Table 9. Year-on-Year Changes of the Food and Food and Non-Alcoholic Beverages for the Bottom 30% Income Households by Area: May 2025 - May 2026 (2018 = 100)															
Area	Commodity Group	2 0 2 5									2 0 2 6				
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave	Jan	Feb	Mar	Apr	May
PHILIPPINES	Food and Non-Alcoholic Beverages	-1.6	-2.2	-3.0	-2.4	-2.0	-2.3	-2.1	0.2	-1.1	0.6	2.2	3.9	8.4	8.5
	Food	-2.0	-2.7	-3.5	-2.8	-2.4	-2.8	-2.7	-0.1	-1.4	0.3	1.9	3.7	8.6 f	8.9
NATIONAL CAPITAL REGION (NCR)	Food and Non-Alcoholic Beverages	1.3	1.0	0.8	2.6	1.4	1.3	0.9	0.7	2.0	0.8	1.4	2.5	3.9	3.5
	Food	1.1	0.8	0.5	2.5	1.1	1.1	0.6	0.4	1.8	0.3	1.0	2.3	3.8	3.3
AREAS OUTSIDE NCR	Food and Non-Alcoholic Beverages	-1.7	-2.3	-3.1	-2.5	-2.1	-2.4	-2.2	0.2	-1.2	0.6	2.2	3.9	8.4	8.7
	Food	-2.1	-2.8	-3.6	-3.0	-2.6	-2.9	-2.8	-0.1	-1.6	0.3	2.0	3.8	8.7	9.0

f - revised
Source: Philippine Statistics Authority, Retail Price Survey of Selected Commodities for the Generation of Consumer Price Index

Table 5. Year-on-Year Changes of the Food and Food and Non-Alcoholic Beverages for the Bottom 30% Income Households by Area: May 2025 - May 2026 (2018 = 100)
Source: Philippine Statistics Authority⁶³

57 Department of Health. (2024). Administrative Order No. 2024-0015: Prescribing the Rules, Requirements, and Procedures in the Application for License to Operate of Covered Health Product Establishments with the Food and Drug Administration. Retrieved from <https://www.fda.gov.ph/administrative-order-no-2024-0015-prescribing-the-rules-requirements-and-procedures-in-the-application-for-license-to-operate-of-covered-health-product-establishments-with-the-food-and-drug-adm/>

58 Food and Drug Administration. (2026). Draft for Comments: Amendment to Administrative Order No. 2024-0016. Retrieved from <https://www.fda.gov.ph/draft-for-comments-amendment-to-administrative-order-no-2024-0016-entitled-implementing-guidelines-on-the-new-schedule-of-fees-and-charges-of-the-food-and-drug-administration/>

59 Bureau of Customs. (2025). Customs Memorandum Order No. 06-2025: Rules and Regulations Governing the Implementation of the Free Trade Agreement Origin Management System, including the Product Evaluation Report Management System. Retrieved from <https://customs.gov.ph/customs-memorandum-order-cmo-2025/>

60 Bureau of Customs. (2026). BOC Boosts Trade Facilitation in 2025 Through Digitalization, Policy Reforms, and Stronger Partnerships. Retrieved from <https://customs.gov.ph/boc-boosts-trade-facilitation-in-2025-through-digitalization-policy-reforms-and-stronger-partnerships/>

61 National Nutrition Council. (2026). National Nutrition Council adopts Philippine Nutrient Profile Model as national reference for packaged food and drinks. Retrieved from <https://nnc.gov.ph/national-nutrition-council-adopts-philippine-nutrient-profile-model-as-national-reference-for-packaged-food-and-drinks/>

62 World Health Organization. (2024). Noncommunicable diseases and healthy diets: policy approaches and fiscal measures. Retrieved from <https://www.who.int/>

63 Philippine Statistics Authority. (2026). Summary Inflation Report Consumer Price Index for the Bottom 30% Income Households (2018=100): May 2026. Retrieved from <https://psa.gov.ph/price-indices/bottom-30/node/1684083588>.

Government should prioritise a coordinated food-system competitiveness programme focused on: (i) farm and fisheries productivity; (ii) cold-chain, storage, and post-harvest infrastructure; (iii) commercially viable food hubs; (iv) better market information; and (v) more efficient links between producers, processors, wholesalers, retailers, and food-service businesses.

Stronger domestic supply chains can reduce avoidable losses, improve price transmission, strengthen producer incomes, and increase the resilience of the F&B sector to external shocks.

The DA, DTI, local governments, private logistics operators, processors, and producer organisations should develop measurable targets for reducing post-harvest losses, improving logistics performance, and increasing the volume of agricultural products moving through efficient aggregation and processing channels.

Pursuing evidence-based nutrition policy that combines public-health objectives with innovation and consumer choice

The Philippines faces continuing nutrition challenges, including food insecurity and diet-related non-communicable disease risks. The adoption of the Philippine Nutrient Profile Model provides a technical foundation for future nutrition policies, while debate continues on front-of-pack labelling, marketing to children, and fiscal measures affecting products.^{64 65}

Nutrition policy can materially affect product development, reformulation, labelling, marketing, and consumer information. At the same time, food affordability and access to nutritious options remain essential considerations.

Government should develop nutrition regulations through a coherent, evidence-based framework that: (i) uses a transparent national nutrient-profile methodology; (ii) establishes clear and predictable rules for labelling and marketing measures; (iii) evaluates fiscal interventions against measurable health and consumer outcomes; and (iv) creates constructive channels for industry participation in reformulation, fortification, nutrition education, and healthier product innovation.

A coordinated approach can improve public-health outcomes while encouraging innovation and avoiding unnecessary regulatory fragmentation or uncertainty.

Measures should include impact assessment, transition periods, public communication, and periodic evaluation. ECCP can support technical dialogue on international experience, product innovation, and practical implementation challenges.

Establishing a predictable, evidence-based framework for excise-tax policy affecting beverages

Excise-tax policy for sugar-sweetened beverages and alcoholic beverages remains an active area of legislative and public-health debate. Proposals to change tax rates or product coverage can affect prices, reformulation, consumer behaviour, formal-sector competitiveness, and government revenue.

^{66 67}

⁶⁴ Republic Act No. 10963. (2017). Tax Reform for Acceleration and Inclusion (TRAIN) Act. Retrieved from https://lawphil.net/statutes/repacts/ra2017/ra_10963_2017.html

⁶⁵ Republic Act No. 11467. (2020). An Act Increasing the Excise Tax on Alcohol and Tobacco Products. Retrieved from https://lawphil.net/statutes/repacts/ra2020/ra_11467_2020.html

⁶⁶ Republic Act No. 12066. (2024). Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinventing the Economy Act (CREATE MORE). Retrieved from <https://www.bir.gov.ph/home>

⁶⁷ Republic Act No. 11898. (2022). Extended Producer Responsibility Act of 2022. Retrieved from https://lawphil.net/statutes/repacts/ra2022/ra_11898_2022.html

The sector needs a framework that recognises legitimate public-health objectives while also accounting for the cumulative effect of tax changes, consumer affordability, product substitution, and the risk of illicit trade.

Government should adopt a transparent framework for reviewing beverage excise taxes that includes: (i) clear product definitions and tax classifications; (ii) evidence-based assessment of health, revenue, affordability, and market effects; (iii) predictable implementation and transition periods; (iv) regular evaluation of actual outcomes; and (v) stronger enforcement against illicit and non-compliant products.

A stable framework would improve investment and reformulation certainty while allowing the government to pursue public-health and revenue objectives more effectively.

Implementation considerations. Any proposed changes should be supported by transparent impact analysis and stakeholder consultation. The BIR, DOF, DOH, FDA, and relevant industry stakeholders should monitor price, consumption, revenue, reformulation, and illicit-market indicators.

Strengthening investment and manufacturing competitiveness across the food value chain

The Philippines continues to attract food-processing investment, while the CREATE MORE framework provides an updated basis for incentives for qualified registered business enterprises. However, investment decisions remain affected by infrastructure, logistics, energy, skills, regulatory predictability, and access to reliable domestic inputs.⁶⁸

Food manufacturing creates value beyond primary production by converting agricultural commodities into higher-value products, supporting suppliers and logistics providers, and generating jobs. Greater processing capacity can also strengthen export potential and reduce vulnerability to supply disruptions.

Government should implement a coordinated food-manufacturing competitiveness agenda that combines predictable investment incentives with improvements in logistics, energy reliability, industrial infrastructure, skills, access to technology, and linkages between local producers and processors.

The objective is to attract and retain higher-value investment, increase domestic processing, strengthen local supplier networks, and improve the sector's capacity to compete in regional and global markets.

Implementation considerations. DTI, PEZA, BOI, DA, local governments, and industry should identify priority bottlenecks affecting food-processing investment and track outcomes such as new capacity, employment, local sourcing, exports, and technology adoption.

Making circularity and packaging sustainability more practical and measurable for food businesses

Packaging is essential to food safety, shelf life, logistics, and consumer access, but packaging waste creates significant environmental costs. The EPR framework is now moving into a more mature implementation phase, with more than 1,000 enterprises registered with EPR programmes by December 2025 and further efforts focused on monitoring and capacity-building.⁶⁹

Food and beverage businesses need to meet environmental objectives without compromising food safety or imposing compliance structures that are disproportionate for smaller firms.

⁶⁸ Food and Drug Administration. (2025). FDA Advisory No. 2025-0019: Implementation of Administrative Order No. 2024-0015. Retrieved from <https://www.fda.gov.ph/fda-advisory-no-2025-0019-implementation-of-administrative-order-no-2024-0015-entitled-prescribing-the-rules-requirements-and-procedures-in-the-application-for-license-to-operate-of-covered-health-product-establishments-with-the-food-and-drug-administration/>

⁶⁹ Bureau of Customs. (2026). BOC Adopts Three-Year Validity for Exporter Registration in CPRS. Retrieved from <https://customs.gov.ph/boc-adopts-three-year-validity-for-exporter-registration-in-cprs/>

The government should strengthen EPR implementation through clear measurement standards, interoperable reporting, improved recovery infrastructure, support for recycling and reuse innovation, and practical compliance guidance for MSMEs. Policies should also encourage the development and use of packaging that meets both food-safety and circularity requirements.

A stronger circular-economy framework can reduce packaging leakage, improve resource efficiency, stimulate innovation, and create new recovery and recycling markets.

DENR, DTI, local governments, and accredited recovery organisations should work toward consistent reporting and credible performance measurement. ECCP can support technical exchange on European circular-economy practices while recognising Philippine market and infrastructure conditions.

Building the skills and productivity base required for the next phase of F&B growth

The F&B sector spans manufacturing, food service, retail, logistics, quality assurance, digital commerce, sustainability, and technical regulatory functions. Its competitiveness therefore depends on a workforce capable of meeting changing requirements in food safety, automation, digital systems, sustainability, product development, and service quality.

Investment and technology adoption will not automatically translate into higher productivity if firms cannot access workers with the required technical and managerial capabilities. Skills gaps can also limit MSME formalisation and the ability of local suppliers to participate in higher-value supply chains.

The government should strengthen industry-led skills development for the F&B value chain by aligning TESDA and other relevant programmes with employer demand, expanding work-based learning and apprenticeship pathways, and developing training modules in food safety, quality systems, automation, digital operations, sustainability, and regulatory compliance.

A more responsive skills system would improve productivity, support technology adoption, create better employment opportunities, and strengthen the ability of Philippine firms to move into higher-value activities.

DTI, TESDA, DOLE, DA, industry associations, universities, and companies should jointly identify priority occupational standards and measure employment, certification, placement, and productivity outcomes. ECCP can help connect European expertise and Philippine industry needs through technical exchanges and partnerships.

SUMMARY OF RECOMMENDATIONS

The eight recommendations are mutually reinforcing. More predictable FDA regulation and more efficient border procedures can lower compliance and transaction costs. Stronger domestic supply chains can improve food affordability and resilience. Evidence-based nutrition and excise-tax frameworks can align public-health objectives with regulatory certainty. Investment, sustainability, and skills reforms can then strengthen the sector's ability to create higher-value products, jobs, and export opportunities.

Taken together, these priorities support a Food and Beverage sector that is safer, more innovative, more resilient, and better positioned to compete in regional and global markets. ECCP stands ready to work with government, industry stakeholders, and development partners through technical input, committee consultations, public-private dialogue, and evidence-sharing to advance practical reforms that strengthen competitiveness while delivering better outcomes for consumers and the broader Philippine economy.



ASSESSMENT OF 2025 RECOMMENDATIONS

2025 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Proper implementation of a Front-of-Package Labeling	
Encourage Marketing to Kids (M2K) policies that foster healthier choices while maintaining an enabling environment for industry	As of May 2026, Philippine lawmakers and health care experts have already pushed for urgent measures regarding the marketing of unhealthy food to children. With this, the NNC has proposed the Healthy Food Environment Bill that aims to protect and inform children from “unhealthy marketing”, at the same time, restricts food and beverage marketing through the use of cartoons, etc. Pasig and Cebu were commended by UNICEF when it came to their reform efforts that focus on helping children and their families make healthier food choices; with Pasig passing an ordinance that limits or restricts junk food marketing near schools and child-heavy locations, and Cebu manufacturers focusing on creating healthier options more accessible to their consumers.

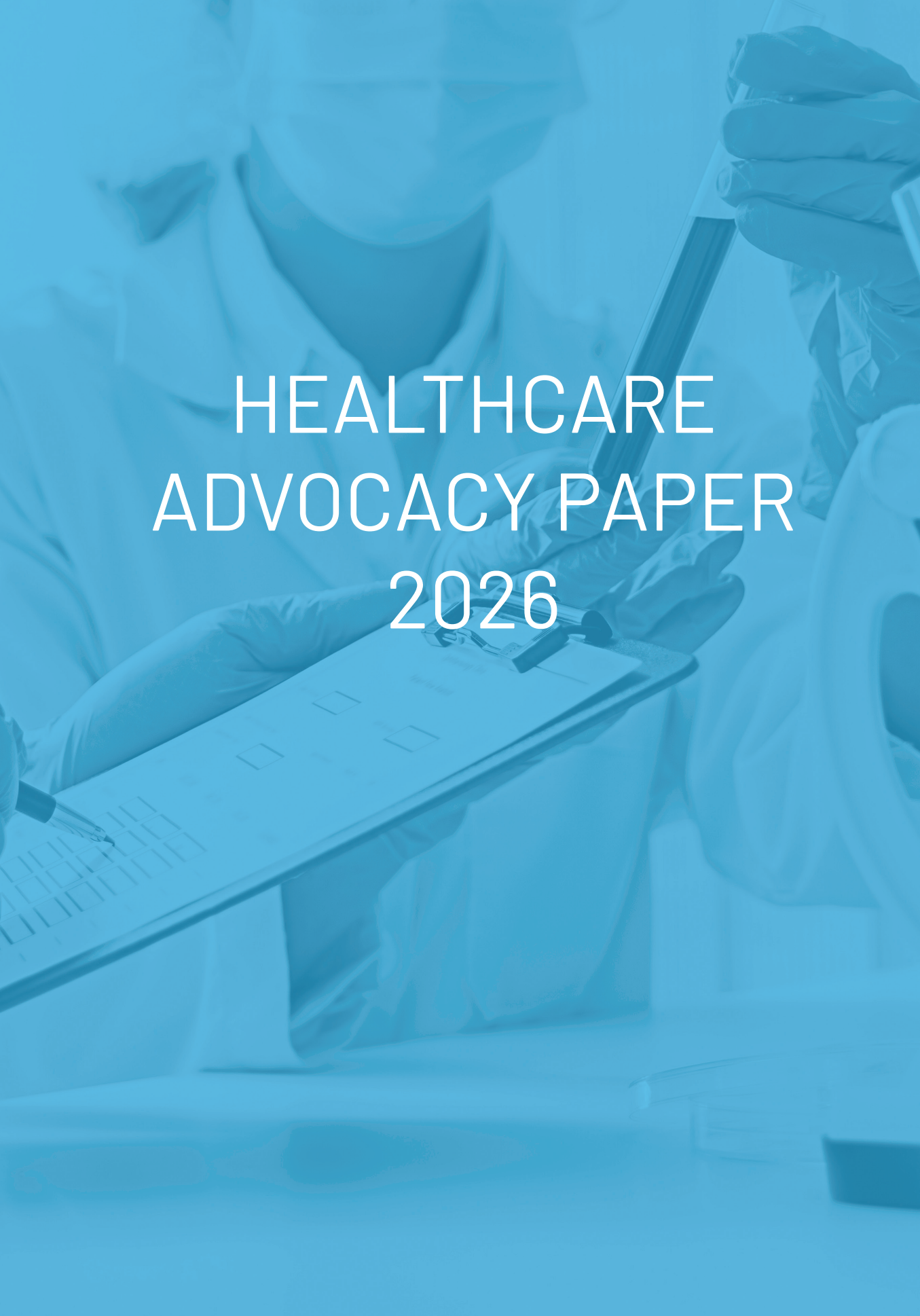
SOME PROGRESS	NO PROGRESS/ RETROGRESSION
There have already been discussions regarding the FOL implementation that is integral to the Philippine context, with a recent workshop held last May 2026 organized by the DOST-FNRI. In compliance with DOH's Administrative Order No. 2014-030, the Philippines is currently implementing a mandatory back-of-pack label on pre-packaged foods with complete and relevant nutritional information. However through FDA Circular No. 2012-015, food manufacturers are encouraged to declare their calorie contents through front-of-pack labels. As of June 2026, the National Nutrition Council (NNC) has formally adopted the Philippine Nutrient Profile Model (PNPM) in terms of being the country's basis for classifying prepackaged food and beverage that are “high in nutrients of concern”.	

2025 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Strengthen education efforts that recognize the benefits of pre-packaged foods, while addressing misconceptions linked to the label ultra-processed	
Reconsider the implementation of food taxes that hinder the advancement of nutrition goals	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
Dr. Capanzana from the Philippine Chamber of Food Manufacturers, Inc. (PCFMI) urges for a “dual framing” for pre-packaged foods, allowing for an efficient food policy that still supports the betterment of public health. UNICEF’s Fix My Food initiative seen in the Philippines has allowed the youth to personally voice out their health and nutrition advocacies, sharing their own experiences while calling for accessible and healthier options for food products and nutrition initiatives. The International Institute of Rural Reconstruction (IIRR) continues to partner with the local Philippine government, through the help of the Department of Education (DepEd) with the implementation of the Integrated School Nutrition Model (ISNM) in public elementary schools in linking education initiatives to health and nutrition awareness.	
The Healthy Philippines Alliance (HPA) urged the government late 2025 to impose higher taxes on unhealthy packaged products as this allows the government to protect (and hinder) the consumers to purchase them. Lawmakers and health care advocates have recently urged the Philippine President, Ferdinand Marcos Jr. to increase taxes on products such as alcohol, sweetened beverages, and tobacco products as a way to discourage the consumers from purchasing them.	

2025 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Continue Promoting Ease of Doing Business in the Philippine Food and Beverage Industry	Last year, The Philippine Competition Commission (PCC) participated in the initiative entitled “The Ease of Doing Business (EODB) Month” which is a month-long initiative aimed to raise awareness and encourage government collaboration and involvement in terms of doing business in the Philippines. Food sales were expected to grow to 5% in the year 2025 and were predicted to be fueled or caused by the “strong demand for and the improving labor market” as well as the evident rise of e-commerce and modern retail stores all over the country. Philippine exporters have also expressed their desires to participate in more product expositions and support in productions.
Continue Promoting Good Health and Nutrition in the Philippines	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
The National Nutrition Council (NNC) has established the Philippine Plan of Action for Nutrition (PPAN) 2023-2028, which is a 6-year strategic guide or framework designed to target the different stakeholders to achieve the country’s nutritional goals. Monthly initiatives from the Department of Health (DOH) under their “PinaSiglang 2026” initiatives continue to prevail, with a recent re-release of their “12 Healthy Habits Guide”, showcasing that simple decisions can lead to healthier impacts and outcomes. The country continues to celebrate the annual Nutrition Month meant to promote awareness on health and nutrition, with this year’s theme of “Nutrisyon at Kalikasan, Ating Pangalagaan!” focusing the relation of the environment to a sustainable nutrition and health plan or structure.	



HEALTHCARE ADVOCACY PAPER 2026

EXECUTIVE SUMMARY

The Philippines continues to make meaningful progress in advancing Universal Health Care (UHC) through expanded PhilHealth benefit packages, the rollout of the Yaman ng Kalusugan Program (YAKAP) and Guaranteed and Accessible Medications for Outpatient Treatment (GAMOT), strategic investments in health facilities and 192 operational specialty centers, digital initiatives such as e-MAIFIP, and key regulatory and procurement reforms. Supported by a total health expenditure of PHP 1.87 trillion (6.7% of GDP in 2025) and a national health sector budget reaching PHP 448 billion for 2026, these developments reflect strong policy momentum toward an equitable, patient-centered, and innovation-ready health system.

Despite these gains, significant structural and operational access barriers remain. Household out-of-pocket (OOP) spending continues to account for a high share of total health expenditure at 41.2%, heavily burdening low-income families managing chronic conditions. Operational bottlenecks, including slow clinic accreditation, rigid physician empanelment, and delayed Electronic Medical Record (EMR) migration, hinder ground-level delivery of primary care and outpatient medicine allocations. Furthermore, prolonged Health Technology Assessment (HTA) review timelines, strict Philippine National Formulary (PNF) prerequisites, regulatory backlogs at the Food and Drug Administration (FDA) with approximately 17,000 pending files, fragmented public procurement, and uncollected hospital claims severely delay timely patient access to essential medicines, vaccines, diagnostics, and medical devices.

To translate recent legislative and policy progress into practical, timely, and affordable patient access at the point of care, the European Chamber of Commerce of the Philippines (ECCP) urges action across two core advocacy recommendations:

- **Expand PhilHealth Coverage, Reduce Out-of-Pocket Spending, and Modernize HTA Assessment:** Accelerate the rollout of YAKAP and GAMOT primary care benefits by simplifying facility accreditation and EMR integration. Expand outpatient coverage beyond medicines to include essential medical devices (such as self-monitoring blood glucose supplies), CPG-recommended maintenance regimens, and public-private wellness partnerships. Authorize a fast-track “PhilHealth Nomination” HTA route, ensure permanent plantilla staffing and binding SLAs for DOST-HTA, adopt Managed Entry Agreements (MEAs) and outcomes-based risk-sharing schemes, and publish joint 12- to 24-month access KPIs. Resolve FDA regulatory backlogs through supervisory review triggers, low-risk technology pathways, temporary reliance mechanisms, and true reliance pathways (30–45-day Green Lanes for SRAs, 60-day ASEAN Verification Reviews, and WHO Collaborative Procedures) alongside digital infrastructure modernization. Additionally, promote tax deductions for personal health and life insurance premiums to enhance voluntary private safety net uptake and reduce household financial risk.
- **Enhance Health Procurement Schemes under the New Government Procurement Act (NGPA / RA 12009):** Fully operationalize value-based procurement by issuing health-specific Most Economically Advantageous Responsive Bid (MEARB) quality-price guidelines (favoring quality up to 85:15) over lowest-cost bidding. Permit interim procurement of FDA-registered non-PNF products undergoing HTA review. Expand national pooled procurement, multi-year framework contracting, and innovative risk-sharing pricing models, while digitalizing PhilGEPS workflows and professionalizing health procurement officers. Strengthen inter-agency coordination across DOH, PhilHealth, FDA, DOST-HTA, GPPB, DICT, PSA, ARTA, and COA to harmonize digital identity (PhilSys) systems and eliminate hospital claim denials. Finally, prioritize investments in modernized, integrated disease registries paired with a standardized national patient navigation system to guide patients seamlessly from primary health units to specialized tertiary care centers.

By aligning public financing, regulatory reliance, value-based procurement, digital integration, and service delivery across these two pillars, the Philippines can build a resilient and equitable healthcare system that reduces financial hardship, optimizes state subsidies, and ensures timely access to life-saving health innovations.

INTRODUCTION

The Philippine healthcare sector continues to remain one of the country’s pillars of economic and social development, advocating for public health, job creation, investment, and innovation. Recent legislation now includes the final stages of the amendment of the Universal Health Care Act¹, which includes the Philippine Health Insurance Corporation (PhilHealth)², alongside the current promotion of medical technology³ and The Philippine Nursing Practice Act⁴, which have signaled continuous progress in terms of healthcare advancements. Further developments include the recent expansion and improvement of PhilHealth’s services⁵ and Bagong Urgent Care and Ambulatory Service (BUCAS) centers⁶, the execution of DOH’s PuroKalusugan program⁷, and the launch of upskilling medical programs within Philippine universities in late 2025⁸—signals the continuous progress promoting equitable, patient-driven medical care.

In the DOH Gender and Development (GAD) Sectoral Agenda 2024-2028, the Department of Health integrates its 8-Point Action Agenda into the mainstreaming of its services, ultimately tailored to the diverse health-related gender needs.⁹ There has also been a Revised Functional Organization Structure and Designations for the Implementation of the 8-Point Action Agenda.¹⁰

Grounded in the established goal of the 8-Point Action Agenda, the Department of Labor and Employment has expanded its social protection and healthcare access by integrating the current Yaman ng Kalusugan Program (YAKAP) into Tulong Panghanapbuhay sa Ating Disadvantaged Workers (TUPAD) and its initiatives across Regions I to III.¹¹

In terms of resource allocation, the Philippine Statistics Authority (PSA) reported that the total health expenditure (THE) of the country amounted to PHP 1.87 trillion in 2025, an increase of 15.1% from the PHP 1.63 trillion expenditure in 2024. Overall, the THE recorded a 6.7% share to the Gross Domestic Product (GDP) in 2025. Out of the 2025 THE, current health expenditure (CHE) contributed 92.5%, while the Health Capital Formation Expenditure (HK) shared 7.5%. This then resulted in a 15% increase in CHE for 2025 and HK Growth of 16.7%.¹²

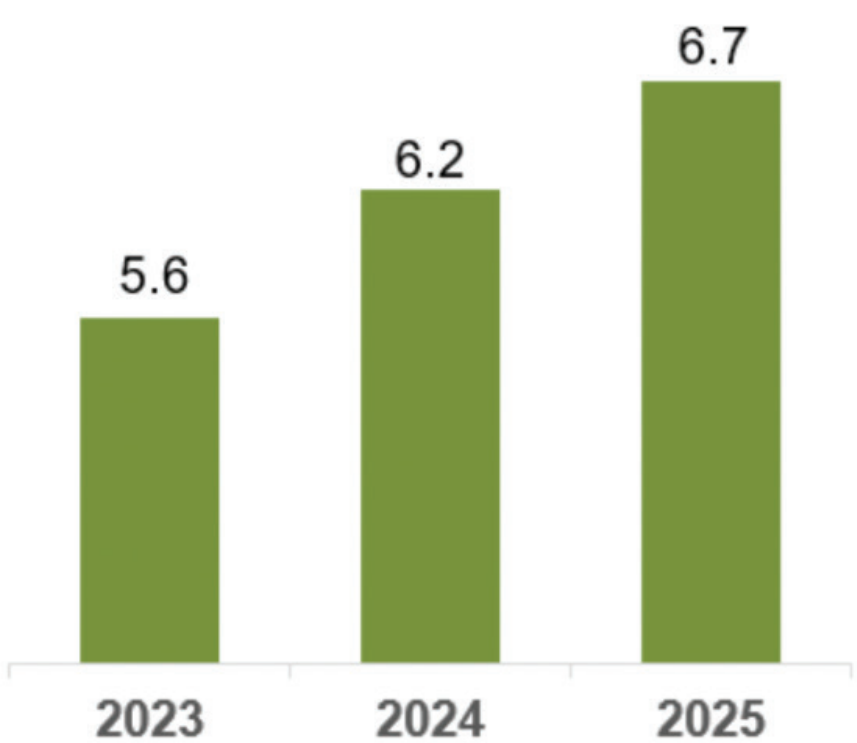


Figure 1. Percent Share of Total Health Expenditure to Gross Domestic Product: 2023-2025 (in percent).
Source: Philippine Statistics Authority

In terms of healthcare financing schemes, the PSA reported that the government schemes and compulsory contributory health care financing schemes still have the highest contribution among the health care financing schemes in 2025, making up 46.5% of CHE. This was followed by Household out-of-pocket payment with a 41.2% share, a decrease from the 42.7% recorded in 2024. Finally, voluntary health pocket schemes make up 12.3%.¹³

1 Quismorio, E. (3 February 2025). House OKs bill tweaking Philippine healthcare system, UHC Act. Retrieved from <https://mb.com.ph/2025/2/3/house-o-ks-bill-improving-philippine-healthcare-system-tweaking-uhc-act>.
2 House of Representatives. (06 August 2025). House Bill No. 3162 - Affordable PhilHealth Contribution Act of 2025. Retrieved from https://docs.congress.hrep.online/legisdocs/basic_20/HB03162.pdf.
3 Senate of the Philippines. (7 July 2025). NEW PHILIPPINE MEDICAL TECHNOLOGY ACT OF 2025 Retrieved from <https://senate.gov.ph/legislative-documents/bills/595359>.
4 Senate of the Philippines. (14 August 2025). The Philippine Nursing Practice Act of 2025. Retrieved from <https://senate.gov.ph/legislative-documents/bills/603816>.
5 Padilla, T. B. (11 August 2025). Progress in healthcare reforms. BusinessWorld. Retrieved from <https://bworldonline.com/opinion/2025/08/11/690483/progress-in-healthcare-reforms/>.
6 Montemayor, M. (28 April 2025). DOH, SMC open another urgent care center for Filipinos. (2025, April 28). Philippine News Agency. Retrieved from <https://www.pna.gov.ph/articles/1248963>.
7 Philippine Information Agency. (15 February 2025). DOH PuroKalusugan: Bringing Healthcare to Every Village. Retrieved from <https://pia.gov.ph/news/doh-purokalusugan-bringing-healthcare-to-every-village/>.
8 Montemayor, M. (10 December 2025). UP Manila, CHED to launch medical upskilling program. Retrieved from <https://www.pna.gov.ph/articles/1264945>.
9 Department of Health. (2024). Gender and development sectoral agenda 2024-2028. Retrieved from <https://caro.doh.gov.ph/wp-content/uploads/2025/03/DOH-GAD-Sectoral-Agenda-2024-2028.pdf>.
10 Department of Health. (7 January 2025). Department Order No. 2025-000. Retrieved from <https://sites.google.com/view/doh-hfdb/2025-q1-updates/do-2025-0001>.
11 Department of Labor and Employment. (25 May 2026). DOLE expands healthcare access to communities, workers. Retrieved from <https://dole.gov.ph/news/dole-expands-healthcare-access-to-communities-workers/>.

12 Philippine Statistics Authority. (18 June 2026). Government contributes 46.5 percent to the country’s current health spending in 2025. Retrieved from <https://psa.gov.ph/content/government-contributes-465-percent-countrys-current-health-spending-2025>.
13 Ibid.

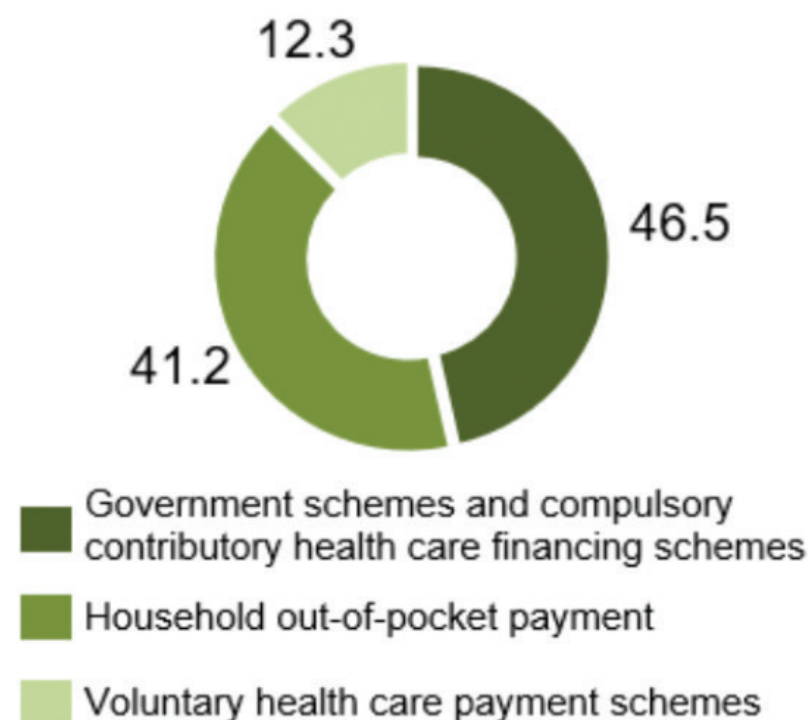


Figure 2. Percent Share to Current Health Expenditure by Health Care Financing Scheme: 2025 (in percent).

Source: Philippine Statistics Authority

In a recent study conducted by the Philippine Institute of Development Studies (PIDS) published in 2025, the total public health expenditure continues to expand in the country; however, it was emphasized that having an uncoordinated multi-payer system creates operational inefficiencies, causing access to financial support for health care services to be limited. With this, it was recommended in the study that streamlining the individual healthcare coverages under PhilHealth be considered as the main purchase indicator for medical services, while focusing the Department of Health's funding on population-wide disease prevention and health promotion.¹⁴

Similarly, according to the Philippine Institute of Development Studies (PIDS), the adoption of a Diagnosis-Related Group (DRG)-based model allows for progress in creating an "efficient and evidence-based healthcare financing system", ultimately aligning with the established "RISE30 Mission" efforts conducted by PhilHealth that focus on the operational framework that allows for the modernization of the nation's healthcare financing.¹⁵

¹⁴ Pantig, I. M., & Ulep, V. G. T. (October 2025). Piecing the puzzle: Addressing the multi-payer and fragmented health financing system in the Philippines (Discussion Paper Series No. 2025-28). Retrieved from <https://pidswebs.pids.gov.ph/CDN/document/pidsdps2528.pdf>

¹⁵ Philippine Institute for Development Studies. (11 November 2025). PIDS study affirms PhilHealth RISE30, supports the modernization of provider payment. Retrieved from <https://www.pids.gov.ph/details/news/press-releases/pids-study-affirms-philhealth-rise30-supports-the-modernization-of-provider-payment>.

However, just last February 2026, the Second Congressional Commission on Education (EDCOM II) released an assessment on the nation's healthcare sector, emphasizing the evident gap in the healthcare workforce that may affect the country's ability to deliver its services. This time, the Commission has stated that the "Philippines currently has only 21.2 healthcare workers for every 10,000 people", which is still less than the recommended ratio by the World Health Organization in order to meet the country's healthcare demands.¹⁶

In terms of budget allocation, the Philippine News Agency (PNA) has stated that the total allotted budget for the year 2026 will reach PHP 448 billion. This shall include the allotted PHP 129 billion budget for PhilHealth, which, according to them, "closely meets the PHP 450 billion annual funding level that was estimated for the full implementation of the Universal Healthcare Law (UHC)".¹⁷ Notably, a portion of this budget aims to fund four different specialty-run hospitals, mainly the Lung Center of the Philippines, National Kidney and Transplant Institute, Philippine Children's Medical Center, and Philippine Heart Center—which would all receive a PHP 1 billion additional budget for their improvement and operations under the budget allotted for the DOH this year.¹⁸

This time on healthcare products, a recent article from Business Mirror has stated that BMI forecasts have shown that the Philippine pharmaceutical market will continue to grow from PHP 525 billion in 2025, with an annual compound growth rate of 7.6%. This growth is supported by the rising investments and efforts to expand local production that ultimately affect the country's pharmaceutical manufacturing capacity. To further support this expected growth, the Food and Drug Administration (FDA) and the Philippine Chamber of Pharmaceutical Industry (PCPI) proposed a "green lane" meant to support the construction of manufacturing facilities in the country.¹⁹

Furthermore, the same article mentioned that there has been a pharmaceutical trade deficit of USD 2.3 billion last year, illustrating the country's dependence on foreign medicine and medical products mainly sourced from the United States as well as the European Union.

While there is significant progress being made across different legislative reforms, institutional programs, and the expansion of healthcare investments, the Philippines continues to confront emerging structural challenges in the healthcare sector. Therefore, addressing these requires sustained policy reforms, streamlined systems, and long-term strategies that focus on prioritizing the welfare of the people.

Ultimately, bridging these systematic gaps calls for close collaboration amongst different government agencies, private healthcare providers, as well as key industry partners. By combining shared resources, we can shape an inclusive, patient-driven health sector capable of catering to the health and nutrition needs of the Filipino people.

¹⁶ EDCOM 2 Communications. (15 February 2026). EDCOM 2 workforce development plan highlights large shortages in healthcare workers nationwide. Retrieved from <https://edcom2.gov.ph/edcom-2-workforce-development-plan-highlights-large-shortages-in-healthcare-workers-nationwide/>.

¹⁷ Montemayor, M. T. (16 January 2026). Health sector gets P448-B in 2026 budget, near UHC funding goal. Philippine News Agency. Retrieved from <https://www.pna.gov.ph/articles/1267187>.

¹⁸ Philippine News Agency. (10 January 2026). 2026 budget allocates additional P1-B to 4 specialty hospitals. Retrieved from <https://www.pna.gov.ph/articles/1266606>.

¹⁹ Ogerio, B. (12 March 2026). Pharma investments may lift PHL market to PHP 759B-BMI. Retrieved from <https://businessmirror.com.ph/2026/03/12/pharma-investments-may-lift-phl-market-to-%E2%82%B1759b-bmi/>.

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

Executive Updates

- On **15 January 2025**, the Department of Health (DOH) released **Department Memorandum No. 2025-0048** indicating that The Health Facilities Enhancement Program has an allocated budget of almost PHP 35 million approved under the 2025 General Appropriations Act meant for the construction and expansion of government health facilities, alongside funding for the establishment of special centers in DOH hospitals.²⁰
- On **27 February 2026**, Department of Health Administrative Order 2026-0002 on the Implementing Guidelines of the Philippine National Drug Formulary System, creating a governing body and institutional mechanism within the Department of Health to prioritize and streamline inclusion process in the PNDF to facilitate public procurement and access to innovative medicines, making them available to more citizens.
- On **10 March 2026**, the Department of Health issued **Department Circular No. 2026-0107** stating the status of functionality of specialty centers in different DOH hospitals as of December 31, 2025.²¹
- The Department of Health released **Department Order No. 2025-0170** on **4 March 2025**, which ensures that Gender and Development (GAD) perspectives and gender analysis are systematically integrated into DOH programs, initiatives, and policies.²²
 - In relation to this, **Department Memorandum No. 2026-0257** issued on **18 May 2026**, directs all DOH units to establish a physical and/or a digital Gender and Development (GAD) corner for their respective offices.²³
- On **8 June 2026**, **Department Memorandum No. 2026-0295** allows for the standardized data collection from all government and private hospitals to submit their annual facility profiles and operational data.²⁴
 - The data gathered then supports the Philippine Health Facility Development Plan (PHFDP), which helps in tracking health infrastructures, services, equipment, and the country's overall healthcare capacity.
- Department Circular No. 2026-0316**, issued on **17 June 2026**, aims to emphasize the need for a strategic direction on the strengthening of nursing services across different health facilities.²⁵

20 Department of Health. (15 January 2025). Department Memorandum No. 2025-0048. Retrieved from <https://sites.google.com/view/doh-hfdb/2025-q1-updates/dm-2025-0048?authuser=0>.

21 Department of Health. (10 March 2026). Department Circular No. 2026-0107. Retrieved from <https://sites.google.com/view/doh-hfdb/2026-q1-updates/dc-2026-0107?authuser=0>.

22 Department of Health. (24 March 2025). Department Order No. 2025-0170. Retrieved from <https://sites.google.com/view/doh-hfdb/2025-q1-updates/do-025-0170?authuser=0>.

23 Department of Health. (18 May 2026). Department Memorandum No. 2026-0257. Retrieved from <https://sites.google.com/view/doh-hfdb/2026-q2-updates/dm-2026-0257?authuser=0>.

24 Department of Health. (8 June 2026). Department Memorandum No. 2026-0295. Retrieved from <https://sites.google.com/view/doh-hfdb/2026-q2-updates/dm-2026-0295?authuser=0>.

25 Department of Health. (22 June 2026). Department Circular No. 2026-0316. Retrieved from <https://sites.google.com/view/doh-hfdb/2026-q2-updates/dc-2026-0316?authuser=0>.

- The Food and Drug Administration (FDA) released **Advisory No. 2026-0065** on **6 February 2026** indicating the updated **List of Value-Added Tax (VAT) Health Exempted Products** that is mandated by the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act pursuant to the implementation of Republic Act No. 11534.²⁶
 - Similarly, on 4 May 2026, FDA Advisory No. 2026-0596 indicated the updated List of Value-Added Tax (VAT) Exempted Drugs and Medicines.²⁷
- In line with established Universal Health Care (UHC) Act (Republic Act No. 11223) as well as the Department of Health's 8-Point Action Agenda, this introduces **Administrative Order No. 2025-0012**, or the establishment and operationalization of the **Bagong Urgent Care and Ambulatory Services (BUCAS) Centers** across the country signed **1 July 2025**.²⁸
- Last **December 2025**, the Department of Health released a statement announcing the additional **192 specialty centers** that are now operational all over the country.²⁹
- On **June 29, 2026**, DOH launched its electronic Medical Assistance to Indigent and Financially Incapacitated Patients (e-MAIFIP) program in Tarlac as a pilot testing area.³⁰ Digitalization aims to cut down processing times by limiting the number of requirements while also removing the need to physically line up. This is also expected to be integrated into the e-Gov app by Q3 of 2026.
- On **16 April 2026**, PhilHealth and the Philippine Statistics Authority (PSA) announced a Memorandum of Agreement to push for the integration of the **Philippine Identification System (PhilSys)** into the PhilHealth Check Utility (PCU) that allows for the modernization of healthcare delivery through the implementation of real-time biometrics checks and national ID verification to ensure support for legitimate beneficiaries.³¹

LEGISLATIVE UPDATES

- President Marcos signed **Republic Act 12290** also known as the Virology and Vaccine Institute of the Philippines (VIP) Act last **September 19, 2025**.³² The creation of the VIP is viewed as a landmark move to enhance the Philippines' capacity to respond to future pandemics and other public health threats, while also fostering innovation in science and technology.³³
- On **1 December 2025**, representatives from different private healthcare unions such as the Unified Filipino Service Workers (UFSW) and Ugnayang Nagkakaisang Manggagawa –

26 Food and Drug Administration. (09 February 2026). FDA Advisory No. 20260065. Retrieved from <https://www.fda.gov.ph/fda-advisory-no-2026-0065-endorsement-of-updates-on-the-list-of-vat-exempt-health-products/>.

27 Food and Drug Administration. (13 May 2026). FDA Advisory No. 20260596. Retrieved from <https://www.fda.gov.ph/fda-advisory-no-2026-0596-endorsement-of-updates-on-the-list-of-vat-exempt-drugs-and-medicines/>.

28 Department of Health. (01 July 2025). Administrative Order No. 2025-0012. Retrieved from <https://sites.google.com/view/doh-hfdb/2025-q3-updates/ao-2025-0012>.

29 Villanueva, R. (01 December 2025). DOH: 192 specialty centers now operational nationwide. Retrieved from <https://www.philstar.com/nation/2025/12/01/2490965/doh-192-specialty-centers-now-operational-nationwide>.

30 Raparejo, A. (29 June 2026). DOH's e-MAIFIP to improve access to medical assistance in Tarlac as pilot province. Retrieved from <https://pia.gov.ph/news/luzon/cl/dohs-e-maifip-to-improve-access-to-medical-assistance-in-tarlac-as-pilot-province/>.

31 Borak, M. (16 April 2026). Philippines plans ID verification for healthcare with PhilSys integration. Retrieved from <https://www.biometricupdate.com/202604/philippines-plans-id-verification-for-healthcare-with-philsys-integration>.

32 Republic of the Philippines. (19 September 2025). Republic Act No. 12290 - Virology and Vaccine Institute of the Philippines (VIP) Act. Retrieved from https://www.lawphil.net/statutes/repacts/ra2025/ra_12290_2025.html.

33 Presidential Communications Office. (19 September 2025). President Marcos signs law creating Virology and Vaccine Institute of the Philippines. Retrieved from https://pco.gov.ph/news_releases/president-marcos-signs-law-creating-virology-and-vaccine-institute-of-the-philippines/.

UST Hospital (UNM-USTH), advocated for **House Bill No. 2645** that aims for a guaranteed mandatory monthly hazard pay for private healthcare workers.³⁴

- On **05 December 2025**, the Supreme Court unanimously ordered the return of PhilHealth funds which were transferred to the national treasury. It was declared that the transfer of excess PhilHealth funds back to the national budget is unconstitutional and violates Section 11 of the Universal Health Care Act (RA 11223) and existing Sin Tax Laws.³⁵
- On **05 January 2026**, the national budget as codified in Republic Act No. 12314³⁶ allocated PHP 51.65 billion towards the Medical Assistance to Indigent and Financially Incapacitated Patients (MAIFIP) program, with an increase of PHP 10 billion compared to last year. A special provision in section 19 specifically states that guarantee letters from any politician is no longer a prerequisite to receive aid.³⁷
- On **02 March 2026**, the Senate approved a measure through **Senate Bill No. 1508** authorizing the Department of Health to determine and adjust the bed capacity and service capability of hospitals under its supervision and control. Before this, Congress had to pass a specific law for each individual hospital which caused numerous delays.
- On **09 June 2026**, lawmakers from the Makabayan bloc filed **House Bill No. 9841** or the Comprehensive Nursing Law of 2026, that seeks to repeal and replace the Philippine Nursing Act of 2002 to further expand the benefits and support for local nurses, including raising the minimum monthly salary to PHP 50,000 alongside additional workplace initiatives.³⁸
- On **28 July 2026**, the Philippine Senate Committee on Health and Demography chaired by Senator Risa Hontiveros sought to transform the existing National Nutrition Council (NNC) into a National Nutrition Commission with clearer authority, sufficient capacity, and stronger coordination from the national government down to local communities.³⁹

ADVOCACY RECOMMENDATIONS

Expand PhilHealth Coverage, Reduce Out-of-Pocket Spending & Strengthen HTA Assessment

The Philippine Health Insurance Corporation (PhilHealth) has accelerated the expansion of its benefit packages, targeting high-burden medical conditions. Between late 2024 and 2025, PhilHealth introduced major benefit upgrades, including four new packages for acute myocardial infarction (AMI) covering percutaneous coronary intervention (PCI), fibrinolysis, emergency transport, and post-PCI rehabilitation with case-rate limits up to PHP 524,000 (up from PHP 30,000). Z-Benefit packages for end-stage renal disease were similarly enhanced, elevating adult peritoneal dialysis coverage to PHP 1.2 million annually (from PHP 270,000) and kidney transplant coverage up to PHP 2.14 million. Furthermore, on July 25, 2025, PhilHealth launched the Yaman ng Kalusugan Program (YAKAP), revamping the former Konsulta primary care framework. Governed under PhilHealth Circular No. 2025-0017, YAKAP bundles 13 outpatient diagnostic tests, 6 targeted cancer screening tests, and consultation services into a single primary care package.⁴⁰ Integrated within YAKAP is the Guaranteed and Accessible Medications for Outpatient Treatment (GAMOT) package (formalized via Circular No. 2025-0013 and 2025-0014), which provides members with PHP 20,000 annually in free outpatient prescription drugs across 75 essential medicine types.^{41,42}

As PhilHealth moves forward with well-developed packages, it is critical to focus on execution and financial sustainability to ensure outcomes that are relevant to Filipinos. Mandated by the Universal Health Care (UHC) Act (RA 11223), PhilHealth's premium contribution rate reached 5%, yielding substantial reserve funds.⁴³ However, the sweeping clawback and transfer of PHP 89.9 billion in unspent PhilHealth subsidies back to the National Treasury drew sharp criticism from the Commission on Audit (COA) and patient advocacy groups, who argued that excess reserves should directly expand member coverage rather than fund non-health fiscal deficits. Concurrently, the institutional transition of the Health Technology Assessment (HTA) Council from the Department of Health (DOH) to the Department of Science and Technology (DOST)—formalized via a Joint Administrative Order—aims to leverage DOST's research capacity.⁴⁴ However, HTA processing bottlenecks persist, delaying the formal appraisal and reimbursement approval of breakthrough therapies.

Household out-of-pocket (OOP) health spending remains dangerously high at approximately 42.7% of total national health expenditure. For the private sector, prolonged HTA review timelines and fragmented reimbursement signals create commercial uncertainty, discouraging pharmaceutical innovators and medical device manufacturers from introducing advanced therapies in the local market. For the public sector, despite PhilHealth's rising support values, delays in institutionalizing primary care empanelment, preventive measures such as vaccines for at risk population, and outpatient drug delivery lead to unmanaged chronic diseases, driving preventable emergency room visits and costly inpatient admissions that strain public hospital beds and municipal healthcare budgets.

³⁴ Uni Global Union. (12 January 2025). Philippine Private Care Workers Push for Mandatory Hazard Pay Law. Retrieved from <https://uniglobalunion.org/news/philippine-private-care-workers-push-for-mandatory-hazard-pay-law/>

³⁵ Supreme Court of the Philippines. (05 December 2025). Press Briefer. Retrieved from <https://sc.judiciary.gov.ph/press-briefer-december-05-2025/>

³⁶ Department of Budget and Management. (06 January 2026). General Appropriations Act (GAA) FY 2026. Retrieved from <https://www.dbm.gov.ph/index.php/2026/general-appropriations-act-gaa-fy-2026>

³⁷ Barcelona, W. (19 December 2025). Sotto: MAIFIP to ease hospital congestion. Retrieved from <https://www.pna.gov.ph/articles/1265551>

³⁸ Orcullo, J. (9 June 2026). Makabayan push bill to expand benefits, care networks for nurses. Retrieved from <https://tribune.net.ph/2026/06/09/makabayan-push-bill-to-expand-benefits-care-networks-for-nurses>

³⁹ Barcelona, W. (28 July 2026). Senate moves to unite fragmented nutrition programs. Retrieved from <https://www.pna.gov.ph/articles/1280445>

⁴⁰ Department of Health. (17 October 2025). PhilHealth Circular No. 2025-0017. Retrieved from <https://www.philhealth.gov.ph/circulars/2025/PC2025-0017.pdf>

⁴¹ Department of Health. (28 July 2025). PhilHealth Circular No. 2025-0013. Retrieved from <https://www.philhealth.gov.ph/circulars/2025/PC2025-0013.pdf>

⁴² Department of Health. (28 July 2025). PhilHealth Circular No. 2025-0014. Retrieved from <https://www.philhealth.gov.ph/circulars/2025/PC2025-0014.pdf>

⁴³ Republic of the Philippines. (20 February 2019). Republic Act No. 11223. Retrieved from https://lawphil.net/statutes/repacts/ra2019/ra_11223_2019.html

⁴⁴ Department of Health. (16 February 2024). Joint Administrative Order No. 2024-0001. Retrieved from <https://www.dbm.gov.ph/wp-content/uploads/Issuances/2024/Joint-Administrative-Order/JOINT-ADMINISTRATIVE-ORDER-NO-2024-0001-DATED-FEBRUARY-16-2024.pdf>

For the academe and health policy researchers, the lack of transparent, published HTA decision benchmarks obscures real-world cost-effectiveness data and hampers independent health economics research. Finally, for everyday citizens, catastrophic health expenditures continue to push vulnerable families into poverty when facing severe non-communicable diseases (NCDs) like cancer, diabetes, respiratory and cardiovascular conditions. Without seamless access to free outpatient prescription drugs under YAKAP and GAMOT at the community level, patients routinely abandon long-term treatment regimens, leading to worse health outcomes and premature mortality.

Expand Outpatient Benefits & Strengthen Community-Based Primary Care Access

The launch of PhilHealth's YAKAP and GAMOT outpatient benefit packages represents a critical statutory step toward universal health coverage. However, the program faces severe operational friction at the ground level, including slow clinic accreditation, rigid physician empanelment protocols, and delays in migrating municipal health centers to PhilHealth-certified Electronic Medical Record (EMR) systems. Furthermore, while GAMOT covers an expanded list of 75 essential drug molecules, it still excludes many advanced maintenance therapies, specialized diagnostic monitoring tools, and modern oncology regimens recommended under national clinical practice guidelines.

Coverage for medical devices and supplies remains limited despite their essential role in improving health outcomes for patients, supporting disease management and preventing costly complications. One example is the coverage of self-monitoring blood glucose monitors and test strips for glycemic control and monitoring. For patients with diabetes who require insulin, providing support prescriptions for these at an out-patient level has shown a decrease to HbA1c by as much as 0.92%⁴⁵. This level of improvement in HbA1c is clinically meaningful, as better glycemic level is strongly linked to reduced risk of diabetes-related complications and hospitalizations, and therefore lower long-term health system costs. This is but one example of the impact of expanding coverage to medical devices and supplies. Given the direction of PhilHealth to expand further into primary healthcare, coverage should extend beyond medicines to include medical devices that can help monitor and prevent further illness for patients to provide more comprehensive and preventive patient care.

Without fully operational clinic empanelment and synchronized digital prescribing tools, patients visiting local primary care centers cannot access their PHP 20,000 annual GAMOT medicine allocation or free diagnostic screening tests. This operational bottleneck leaves low-income households heavily burdened by high out-of-pocket prescription expenses, leading to poor medication adherence, frequent treatment abandonments, and preventable disease escalation into acute, life-threatening complications.

PhilHealth must streamline the nationwide rollout of YAKAP and GAMOT by simplifying facility accreditation requirements, removing bureaucratic onboarding hurdles, and accelerating EMR software integration across both public rural health units (RHUs) and private primary care clinics. Concurrently, PhilHealth should establish a regular, evidence-based review mechanism to continuously expand its coverage and keep pace with evolving clinical needs. This entails prioritizing early-detection and preventive interventions, such as screening services for high-burden cardiovascular, renal, and metabolic conditions, while guaranteeing full coverage for advanced take-home maintenance medicines, specialized diagnostic tests, and clinical

practice guideline (CPG)-recommended regimens for major non-communicable diseases and cancer. For an equitable access and standard implementation of improved PhilHealth benefit package, a clear dissemination plan of the information that will reach both providers and patients, across various channels and potentially working with the private sector, has to be instituted.

Additionally, achieving long-term healthcare sustainability requires strengthening preventive care and health literacy alongside clinical service expansion. The Department of Health (DOH) and PhilHealth should actively partner with the private insurance and health sectors to co-design and execute nationwide wellness, screening, and disease prevention campaigns. Life and health insurers possess extensive experience in incentive-based wellness programs, digital health tracking, and population health management. Capitalizing on these private sector capabilities will accelerate non-communicable disease (NCD) early detection, promote healthy lifestyle adoption, and ease the long-term clinical and financial burden on the public health system.

Establish a Fast-Track "PhilHealth Nomination" HTA Route

Under current statutory procedures, all health technologies, pharmaceuticals, and medical devices must navigate standard, lengthy Health Technology Assessment (HTA) evaluation queues before PhilHealth can formally incorporate them into national benefit packages or reimbursement lists. This creates a severe multi-year lag between the time a breakthrough therapy receives safety approval from the Philippine Food and Drug Administration (FDA) and when it becomes financially accessible to PhilHealth members.

Delays in evaluating life-saving cardiovascular, respiratory, oncology, chronic diseases like asthma and hepatitis, and rare disease treatments force PhilHealth to reimburse older, less clinically effective treatment options, leading to higher long-term healthcare costs and poorer survival outcomes. Healthcare innovators face prolonged commercial ambiguity in the local market, while patients are denied timely access to global standards of care unless they pay entirely out-of-pocket, exacerbating health inequities between wealthy and low-income populations.

Authorize PhilHealth to directly nominate strategically vital medicines, life-course vaccines, and medical technologies for an expedited, priority HTA evaluation route. This dedicated "PhilHealth nomination" pathway, with clear feedback mechanism between PhilHealth and the HTAC, should run parallel to ongoing clinician gap analyses, drastically shortening the time between clinical recognition of value and formal national reimbursement, thereby enabling faster price negotiations and earlier patient access to transformative therapies.

To further operationalize this pathway, the chamber recommends activating the Facilitated Review Pathway under the Philippine National Drug Formulary System. This can be done by establishing clear eligibility criteria, documentary requirements, processing timelines, and coordination mechanisms for the facilitated review of eligible FDA-registered medicines. Clear operational guidance should also define how the pathway interfaces with HTA, reimbursement, and procurement processes. This can help reduce delays between regulatory approval and potential public-sector access, while maintaining appropriate standards for safety, efficacy, quality, and evidence-based decision-making. Given the evolving HTA framework and the limited entities currently able to nominate technologies for HTA, a predictable and transparent PNDFS pathway is important to ensure that eligible health technologies can be appropriately considered for public-sector access.

45 Kim et al. (31 October 2026). Impact of national reimbursement policy supporting test strips on glycemic control in people with insulin-treated diabetes: retrospective cohort study. Retrieved from [https://pmc.ncbi.nlm.nih.gov/articles/PMC12577079/#:~:text=Among%20people%20with%20T1DM%20and%20insulin%2Dtreated%20T2DM%2C,did%20not%20receive%20support%20\(p%20%3C%200.001\).](https://pmc.ncbi.nlm.nih.gov/articles/PMC12577079/#:~:text=Among%20people%20with%20T1DM%20and%20insulin%2Dtreated%20T2DM%2C,did%20not%20receive%20support%20(p%20%3C%200.001).)

Ensure Resourcing and Procedural Transparency for DOST-HTA

The institutional transfer of the HTA Council and its core Secretariat from the Department of Health (DOH) to the Department of Science and Technology (DOST) aims to leverage DOST's research infrastructure, technical capacity, and scientific independence. However, the Council continues to operate under severe staffing constraints, lacking dedicated permanent plantilla positions, ring-fenced operational budgets, and binding service-level agreements (SLAs) for appraisal turnaround times.

Persistent administrative and analytic backlogs at DOST-HTA stall the expansion of the Philippine National Formulary (PNF) and delay PhilHealth benefit updates. Moreover, the lack of predictable review schedules and limited formal consultation mechanisms creates friction between regulatory authorities, medical specialty societies, local government units (LGUs), and private industry stakeholders, undermining trust in the evidence-based coverage process.

Strengthen the newly transferred DOST-HTA Council by establishing permanent plantilla technical positions, securing dedicated operational funding, and publishing a clear Citizen's Charter with binding SLAs for appraisal turnaround times. Furthermore, DOST-HTA should institutionalize transparent, formal stakeholder engagement channels that regularly consult private industry representatives, medical specialty societies, LGUs, and patient advocacy groups throughout the technology appraisal lifecycle.

Adopt Innovative Managed Entry & Conditional Coverage Schemes

Traditional HTA frameworks require comprehensive, long-term health-economic and local cost-effectiveness data before approving a drug or medical device for public reimbursement. For high-cost, breakthrough innovations, such as specialized biologics, targeted gene therapies, and novel oncology treatments, real-world local data is often unavailable at the time of initial market entry.

Standard rigid appraisal systems completely exclude high-cost breakthrough therapies from public reimbursement, placing them far beyond the financial reach of ordinary citizens. Consequently, public health institutions lose valuable opportunities to gather local clinical evidence, while public healthcare funds face unmitigated financial risk by either delaying access entirely or incurring unpredictable full-cost expenditures later.

PhilHealth and DOST-HTA should establish formal operational guidelines for Managed Entry Agreements (MEAs), time-limited conditional coverage, and performance- or outcome-based risk-sharing contracts. These innovative financing mechanisms will allow patients to access advanced, high-cost treatments immediately under provisional PhilHealth coverage, while manufacturers and health authorities jointly collect real-world clinical performance and cost data to inform final HTA reimbursement decisions.

Publish a Joint Implementation Roadmap & Access KPIs

Although PhilHealth continuously announces statutory benefit limit increases and package upgrades, tracking the actual, facility-level utilization of these benefits across regional health centers remains difficult due to fragmented data collection systems, unintegrated claims processing, and a lack of public monitoring frameworks.

Policy makers, healthcare providers, and civil society organizations cannot accurately assess whether statutory benefit increases are successfully reducing household out-of-pocket health expenditures or improving patient survival rates. Without transparent access data, public healthcare funds risk being misallocated, and systemic delivery bottlenecks remain uncorrected.

Enforce a joint 12- to 24- month operational roadmap requiring PhilHealth and DOST-HTA to quarterly publish joint access Key Performance Indicators (KPIs). These public reports should specifically track the percentage of CPG-recommended drugs reimbursed, average HTA review turnaround times, facility-level GAMOT utilization rates, and measurable reductions in household out-of-pocket pharmaceutical spending nationwide.

Adherence to Timelines and Backlog Resolution

The Food and Drug Administration (FDA) continues to navigate a high volume of pending applications, with recent data pointing to approximately 17,000 files currently in the review pipeline. While this backlog primarily reflects broader systemic capacity constraints rather than institutional performance, regulatory turnaround times remain a key determinant of market entry. Data indicates that between 2012 and 2024, the Philippines gained access to a limited selection of globally launched innovative therapies, directly impacting available care options for patients managing oncology, rare diseases, and complex chronic conditions.

Addressing processing timelines presents a meaningful opportunity to enhance timely patient access to critical healthcare solutions while maintaining rigorous safety standards. To support the FDA's ongoing capacity-building and backlog reduction efforts, the Chamber proposes three collaborative mechanisms. The first is to establish an automated supervisory review path for applications exceeding Citizen's Charter targets⁴⁶, such as Class A devices beyond 23 days, Class D devices beyond 109 days, and pharmaceutical initial registrations past 120 working days. This ensures delayed files receive immediate supervisory guidance to facilitate swift resolution. The second is to implement a streamlined approval path for minor variations and low-risk technologies that meet all complete submission requirements without safety concerns within legal timelines. The FDA should strengthen the categorization and processing of variations based on their potential impact on product quality, safety and efficacy, with appropriate timelines and reliance mechanisms for changes that have already been assessed by trusted regulatory authorities. Greater predictability in variation processing would support timely updates to product information, manufacturing arrangements and other lifecycle changes, while allowing regulatory resources to be appropriately focused on higher-risk applications.

This is critical for vaccines that benefit populations for a limited period only; if it gets delayed, our ability to protect the population from active strains for that time period would be hindered. Supported by strong post-market oversight, this approach allows administrative queues to clear efficiently without compromising public safety. Finally, introduce a temporary reliance-based mechanism for Multi-Region (MR) initial applications filed in 2024 or earlier, particularly those already cleared by Stringent Regulatory Authorities (SRAs). Streamlining these legacy files allows the FDA to optimize reviewer capacity toward complex new molecular entities and urgent public health priorities.

46 Food and Drug Administration. (2025). CDRRHR 2025 Citizen's Charter. Retrieved from <https://www.fda.gov/ph/citizen-charter-cdrhr-2025/>

Operationalization of True Reliance Pathways

The FDA has taken commendable steps toward adopting Facilitated Review Pathways (FRP), establishing a strong framework for reliance-based evaluations. Moving from policy design to consistent daily execution represents the next critical milestone. Aligning operational practices will eliminate duplicate assessments for products already validated by trusted global partners, preserving valuable reviewer bandwidth and improving market predictability for breakthrough therapies.

Transitioning systematically from full re-evaluation to verification will position the FDA as a leading “True Reliance” agency, directly accelerating patient access to vital treatments. To achieve this, the Chamber recommends standardizing three key practices into daily operations:

- **Green Lane for SRA Approvals:** The Chamber advocates for a 30–45 working days registration for products already approved by Stringent Regulatory Authorities (SRAs), such as the US FDA, EMA, or Japan’s PMDA. By accepting the assessment reports from these world-class regulators without a de novo review, the FDA can drastically reduce the time to market for essential medicines.
- **ASEAN Verification Reviews:** We propose standardizing the use of the ASEAN Common Technical Dossier (CTD) to allow for “Verification Reviews”. For products already registered in at least two other ASEAN member states, the local evaluation should be streamlined to a 60-day window instead of the standard “Full Review” that often exceeds 180 days.
- **WHO Collaborative Procedure:** We encourage the full adoption of the WHO Collaborative Procedure for all pre-qualified vaccines and essential medicines. This would reduce the local evaluation to a mere 60-day window, ensuring that public health priorities are met with the necessary urgency.

Modernize the FDA’s Digital Infrastructure

Modernizing the FDA’s digital infrastructure is essential for building a transparent, efficient, and predictable regulatory ecosystem. Moving beyond manual, email-based submission workflows will eliminate core operational bottlenecks and transform regulatory reviews into a seamless, trackable process. Embracing modern digital tools will streamline administrative overhead, enabling the agency’s specialized reviewers to focus their bandwidth on high-quality evaluations and timely healthcare access.

To achieve this, the Chamber recommends advancing a comprehensive digital roadmap centered on three core capabilities: establishing an End-to-End Digital Portal that provides a unified, auditable, and fully trackable interface for applications throughout their entire lifecycle from initial filing to final CPR issuance; deploying AI-Assisted Screening Tools upon upload to automatically scan dossiers for essential documents (e.g., Stability Data, GMP Certificates) and filter out incomplete submissions before they enter the manual queue; and launching a Public Performance Dashboard that publishes real-time, anonymized data on processing timelines across centers and application categories to enhance transparency and enable better industry supply chain planning.

Technical and Administrative Reform

Tailoring administrative policies to reflect the distinct characteristics of different product categories is vital for maintaining market stability and product availability. Transitioning away from uniform registration fees and rigid validity periods will alleviate cost pressures on essential products, such as long-standing diagnostic tools that form the backbone of local healthcare. Pragmatic administrative adjustments will help protect supply security, lower the regulatory burden, and foster a more sustainable market environment.

To build a balanced and adaptable framework, the Chamber recommends implementing three pragmatic reforms: establishing a simplified, cost-effective institutionalization pathway for Legacy In Vitro Diagnostics (IVDs) to protect over 10,000 established diagnostics from portfolio discontinuations under AO 2024-0016 cost structures; introducing Flexible CPR Validity Options (1, 3, or 5 years) to allow businesses to align regulatory schedules with product lifecycles and market needs; and adopting Unified Groupings and Accessories to streamline registrations for minor instrument upgrades and incorporate essential accessories under primary device licenses, significantly reducing administrative paperwork.

Institutional Capacity and Governance

A long-term commitment to institutional growth and open public-private dialogue is essential for maintaining responsive, world-class regulatory standards. The European Chamber of Commerce of the Philippines (ECCP) highly values the FDA’s ongoing willingness to engage with industry stakeholders and commends its leadership for actively listening to sector insights. Institutionalizing this collaborative approach will ensure that regulatory reforms are continuously aligned with global best practices and local health priorities.

To sustain this positive momentum, the Chamber recommends advancing three key governance initiatives: evaluating the De-listing of Very Low-Risk Products that are typically unregulated in peer jurisdictions to optimize agency oversight; establishing a Regular Schedule of Transparent Consultations between regulators and industry leaders to proactively address emerging challenges; and forming a joint Technical Working Group (TWG) comprising FDA officials and private sector experts to co-develop, benchmark, and monitor the implementation of ongoing regulatory reforms.

Promote Holistic Financial Protection and Tax Incentives for Private Health Coverage

While expanding PhilHealth benefits is vital for reducing out-of-pocket (OOP) medical costs, Philippine households remain highly vulnerable to broader economic shocks, such as lost household income, critical illness, disability, and long-term care demands. Achieving true health system resilience requires a multi-layered financial protection framework that integrates public social health insurance with voluntary private insurance solutions.

To enhance health coverage affordability and drive financial inclusion, Congress and the Department of Finance (DOF) should reinstate and broaden tax deductions for personal health, hospitalization, and life insurance premiums. Providing direct tax relief on individual insurance investments will lower financial barriers for families seeking supplemental coverage, boost private safety net uptake, and reduce the overall burden on state-funded health subsidies during catastrophic health events.

Enhance Health Procurement Schemes & Operationalize Value-Based Reforms under the NGPA

Public procurement of healthcare goods in the Philippines is undergoing a structural transition following the passage of Republic Act No. 12009, or the New Government Procurement Act (NGPA), and the subsequent publication of its Implementing Rules and Regulations (IRR) in February 2025. Designed to replace the rigid framework of the decades-old Government Procurement Reform Act (RA 9184), the NGPA introduces modern procurement modalities, including the Most Economically Advantageous Responsive Bid (MEARB) evaluation criteria, framework contracting, and pooled procurement mechanisms.⁴⁷ Historically, government health procurement relied heavily on “lowest calculated bid” rules, which frequently prioritized upfront unit cost over quality, resulting in product stockouts, substandard medical supplies, high lifecycle treatment costs, and frequent delivery defaults.

Despite the statutory tools provided by the NGPA, operational bottlenecks remain in public health purchasing. Executive Order No. 49 (1993) strictly mandates that public health procurement must rely on the Philippine National Formulary (PNF).⁴⁸ However, because PNF inclusion depends on prior HTA approval, which suffers from severe processing backlogs, numerous Food and Drug Administration (FDA)-registered, lifesaving therapies remain excluded from government hospital tenders for years. Furthermore, while the NGPA encourages multi-year contracting and central supply pooling, local government units (LGUs) and DOH-retained hospitals still operate in procurement silos, lacking the standardized frameworks required to negotiate bulk volume discounts or execute outcome-based risk-sharing agreements with global healthcare manufacturers.

The persistent reliance on low-cost bidding and delayed formulary listing severely limits the public health sector's ability to secure high-quality medical products. For the private sector, ethical pharmaceutical and medical technology companies that invest heavily in cold-chain integrity, pharmacovigilance, and high-standard manufacturing are frequently underbid by low-quality suppliers, discouraging long-term market participation and causing chronic supply chain vulnerabilities. For the public sector, fragmented, single-year hospital purchasing prevents the government from leveraging its massive aggregate purchasing power, leading to higher unit prices, administrative inefficiencies across regional health facilities, and recurrent medicine stockouts in government pharmacies.

For the academe and procurement research institutions, the lack of standardized health-economic valuation tools and lifecycle cost metrics makes it difficult to train public hospital managers on evaluating MEARB quality-price ratios. Finally, for everyday citizens reliant on public health facilities, low-quality tenders and rigid formulary restrictions mean receiving inferior, less effective treatments or being turned away due to hospital stockouts. This forces low-income patients to purchase expensive medicines out-of-pocket from private pharmacies or suffer adverse health events due to treatment interruptions.

The ECCP Healthcare Committee strongly advocates for the immediate, health-specific operationalization of the New Government Procurement Act (RA 12009) to build a resilient, value-based healthcare procurement ecosystem. The ECCP urges the Government Procurement Policy Board (GPPB), DOH, PhilHealth, and local procuring entities to implement the following action points:

Institutionalize Value-Based Procurement via MEARB

Public healthcare procurement in the Philippines has historically been constrained by rigid “Lowest Calculated Responsive Bid” mandates under legacy procurement laws. While RA 12009 (NGPA) establishes the Most Economically Advantageous Responsive Bid (MEARB) framework,

public procuring entities still lack clear, standardized evaluation guidelines tailored specifically to pharmaceuticals, biologicals, vaccines, and medical devices.

Public procurement officers, fearing administrative audit disallowances from oversight bodies, routinely default to selecting the cheapest available bids. This systemic reliance on lowest upfront pricing results in the purchase of substandard medical supplies, frequent batch failures, compromised cold-chain integrity, unreliable supply chains, and significantly higher overall costs for the health system due to treatment failures, adverse drug events, and extended hospital readmissions.

The GPPB and DOH must issue specific, binding MEARB evaluation guidelines for all public health tenders, establishing a standardized quality-price scoring matrix that places predominant weight on quality criteria (e.g., a 60:40 to 85:15 quality-to-price ratio in favor of quality). Tenders must holistically evaluate clinical efficacy, real-world evidence, bioequivalence, manufacturing standards (GMP), pharmacovigilance track records, supplier reliability, long-term lifecycle treatment costs, quality of service support for medical devices, machine maintenance cost, life rather than initial unit purchase price alone.

Permit Interim Procurement of FDA-Registered Non-PNF Products

Executive Order No. 49 (1993) strictly restricts public healthcare facilities from procuring medicines or vaccines that are not listed in the Philippine National Formulary (PNF).⁴⁹ Because PNF inclusion requires prior completion of a full HTA review, which currently suffers from severe processing backlogs, many FDA-registered, globally recognized lifesaving therapies remain barred from government health tenders for years.

State-run hospitals and regional medical centers are legally unable to supply newly approved, highly effective therapies to public sector patients. Hospital clinicians are forced to prescribe older, less effective pharmaceutical alternatives or instruct low-income patients to purchase specialized medications out-of-pocket from private commercial pharmacies, causing severe financial strain and treatment delays.

Amend administrative procurement regulations to establish an interim, evidence-based procurement pathway that allows the DOH, PhilHealth, and state hospitals to procure or reimburse FDA-registered medicines and medical devices currently undergoing HTA review or awaiting formal PNF listing. This can be operationalized through temporary HTA certifications, clinical safety justifications and recommendations (such as international CPGs), DOH technical panel reviews, and sunset clauses that automatically re-evaluate access if final HTA reviews advise against permanent inclusion.

Expand National Pooled Procurement & Multi-Year Contracting

Public health purchasing in the Philippines remains highly fragmented, with individual DOH-retained hospitals, specialty medical centers, and devolved LGU health boards conducting independent, single-year tenders. This fragmented approach prevents the public health system from consolidating national demand or securing long-term supply guarantees from healthcare manufacturers.

⁴⁷ Republic of the Philippines. (20 July 2024). Republic Act No. 12009 - New Government Procurement Act. Official Gazette. Retrieved from https://lawphil.net/statutes/repacts/ra2024/ra_12009_2024.html.

⁴⁸ Office of the President. (21 January 1993). Executive Order No. 49. Retrieved from <https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/10/54861>.

Splitting order volumes across hundreds of separate procurement entities leads to significantly higher unit purchase prices, severe administrative overhead, price volatility, and chronic medicine stockouts in public facilities when individual suppliers encounter production delays or default on short-term, low-volume contracts.

Fully operationalize aggregate pooled procurement frameworks across DOH hospitals, specialty institutes, and LGUs, managed through designated procurement agents (such as the DOH Central Office or PS-DBM). Link consolidated health demand forecasting to multi-year framework contracts and supply guarantee commitments to command maximum bulk volume savings, stabilize market supply chains, and eliminate recurring medicine shortages across all levels of government health facilities.

Legalize Innovative Financing and Risk-Sharing Agreements

Modern public health systems globally utilize flexible commercial contracting models, such as price-volume agreements, indication-based pricing, bundled pricing, and outcomes-based risk-sharing, to make advanced, high-cost therapies and innovative, quality diagnostics affordable and accessible. However, the Philippines' public purchasing rules currently lack explicit administrative guidelines and accounting frameworks to execute these flexible risk-sharing contracts.

The public health sector is unable to enter into value-based risk-sharing arrangements with healthcare manufacturers. Consequently, the government either pays full market prices for complex, high-cost therapies or excludes advanced oncology, biologic, and rare disease treatments and innovative, quality diagnostics entirely from public coverage due to budget impact concerns.

Issue formal interagency administrative regulations authorizing public procuring entities to utilize negotiated supplier agreements, managed entry schemes, price-volume thresholds, and outcomes-based risk-sharing contracts under the NGPA framework. Establish a permanent interagency Technical Working Group (comprising DOH, DBM, DTI, DOST, and PhilHealth) to formulate operational guidelines, standardized contract templates, transparent pricing rules, and data governance standards for performance-based health contracting.

Digitalize Procurement Systems & Professionalize Health Buyers

Bidding procedures across public hospitals still rely heavily on manual, paper-intensive workflows, while local government procurement officers frequently lack specialized technical training to evaluate complex pharmaceutical and medical device tenders under the new NGPA procurement modalities.

Manual procurement processes increase administrative turnaround times, create operational vulnerabilities to corrupt practices, and discourage ethical global healthcare manufacturers from participating in public tenders. Furthermore, untrained buyers struggle to apply nuanced MEARB quality metrics, defaulting back to low-cost bidding and undermining procurement reforms across devolved health units.

Accelerate end-to-end digital procurement integration through the PhilGEPS platform, embedding robust end-to-end encryption and commercial data privacy safeguards to protect sensitive pricing models and proprietary clinical data. Concurrently, establish mandatory national procurement competency, certification frameworks, and continuous training programs for health logistics officers at both national and LGU levels, ensuring local buyers are fully equipped to execute complex MEARB quality evaluations clearly and manage multi-year supplier contracts effectively.

Enhance inter-agency collaboration and cooperation for registration and reimbursement

Building on the previous recommendation, the implementation of new digital policies must be done in conjunction with other government agencies in order to streamline key processes covering everything from registration to reimbursement.

Firstly, current procedures related to patient registration & identity harmonization still suffer from administrative bottlenecks and setbacks. The chamber commends the recent roll-out of unified ID-health services spearheaded by the Department of Health (DOH) and the Philippine Statistics Authority (PSA). Further cooperation with other agencies such as the Department of Information and Communications Technology (DICT) to further modernize its digital infrastructure would add on to the progress being made. These efforts will make universal healthcare benefits more accessible to even more Filipinos with the easing of the registration process.

Secondly, the reimbursement process for hospitals continues to be plagued by millions of denied claims. This forces local hospitals to shoulder the financial burden that could have been used to improve their services. Although there has been progress with PhilHealth re-accepting failed claim submissions from 2018 to 2024, further cooperation with other agencies such as the Anti Red Tape Authority (ARTA) and the Commission on Audit (COA) must push through to streamline the reimbursement process in order to avoid more denied claims.

Invest in Disease Registries and Patient Navigation Systems

To expand on current efforts towards a data-driven health sector, the DOH must prioritize long-term investments in modernized, integrated disease registries, as well as automation of hospital records that utilize PhilHealth spending. Consolidating real-time medical data across various regions provides the foundation for evidence-based resource planning, targeted budget allocations, and accurate supply forecasting at both national and local levels. This ensures that medical supplies, specialized infrastructure, and government subsidies are distributed according to actual regional disease burdens.

Concurrently, the DOH should establish a formalized uniform patient navigation system across the country to ensure timely transitions from primary to tertiary care. Current implementation of existing navigation systems remains uneven, with coordination among regional LGUs and hospitals facing various issues. Navigating complex referral networks remains a major barrier for patients, often leading to delayed diagnoses, interrupted treatments, and severe financial strain. A standardized navigation framework will actively guide individuals through care pathways, eliminating administrative bottlenecks between primary health units and specialized tertiary centers.

Ultimately, pairing robust disease registries with structured patient navigation aligns high-level resource management with direct patient care. Accurate registry data will help authorities identify referral bottlenecks and forecast localized demands, while guided care pathways ensure timely, life-saving transitions for patients across the entire healthcare continuum.

Strengthen Prevention and Life-Course Immunization

Promote a life-course immunization approach that ensures access to recommended vaccines across different stages of life, from pregnancy and infancy through childhood, adolescence, adulthood and older age. This includes strengthening vaccination for pregnant women and newborns, maintaining routine childhood and adolescent immunization, and expanding access to recommended vaccines for adults, older adults and other high-risk populations.

Integrating vaccination throughout the life course as part of preventive healthcare can help protect individuals from vaccine-preventable diseases across different stages of life, including during periods of increased vulnerability such as pregnancy, infancy and older age. It can also contribute to healthy aging, reduce preventable disease burden and avoidable hospitalizations, and ultimately help manage long-term healthcare costs.

To support this approach, the government should establish clear policy, HTA, reimbursement and procurement pathways for recommended vaccines, including adult and other non-routine immunization, and strengthen their integration into preventive healthcare programs and primary care services.



ADVOCACY RECOMMENDATION PRIORITIZATION MATRIX

PHASE & TIMELINE	PRIORITY FOCUS
Phase 1: Immediate & Paramount Reforms (0 – 12 Months)	FDA Modernization & Fast-Track Access Gates Paramount Priority: Regulatory approval is the primary point of entry for all health technologies. Delays here stall the entire ecosystem.
Phase 2: System Operationalization & Delivery (12 – 24 Months)	Primary Care Rollout & HTA Fast-Tracking
Phase 3: Long-Term Resilience & Structural Reform (24+ Months)	Sustainable Financing & Digital Integration

KEY ACTION ITEM & RECOMMENDATIONS	LEAD AGENCIES & STAKEHOLDERS
• Deploy supervisory review triggers for delayed files and streamlined paths for low-risk technologies. • Fully operationalize “True Reliance” pathways (30–45-day Green Lanes for SRAs, 60-day ASEAN Verification, WHO Collaborative Procedure). • Issue health-specific MEARB quality-price evaluation guidelines under the NGPA (favoring quality up to 85:15). • Establish interim procurement pathways for FDA-registered non-PNF products undergoing HTA review.	FDA, DOH, GPPB, DBM
• Accelerate YAKAP/GAMOT primary care empanelment, EMR integration, and expand outpatient coverage to medical devices (e.g., continuous glucose monitors). • Authorize the “PhilHealth Nomination” fast-track HTA route and secure permanent plantilla staffing/SLAs for DOST-HTA. • Consolidate national demand via pooled procurement agent frameworks and multi-year contracting. • Modernize FDA digital workflows (end-to-end portal, AI screening, public dashboard).	DOH, PhilHealth, DOF, Congress, PSA, DICT, ARTA, COA
• Operationalize Managed Entry Agreements (MEAs), conditional coverage, and outcomes-based risk-sharing models. • Enact tax deductions for personal health, hospitalization, and life insurance premiums to strengthen private safety net uptake. • Harmonize digital identity systems (PhilSys integration) and resolve hospital claim denial workflows. • Expand integrated national disease registries paired with a standardized patient navigation framework.	DOH, PhilHealth, DOF, Congress, PSA, DICT, ARTA, COA

ASSESSMENT OF 2025 RECOMMENDATIONS

2025 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Expand PhilHealth Coverage and Strengthen its Capacity to Support Provision of Health Services and Products & Strengthen HTA Assessment	
Reduce Out-of-Pocket Spending and Broaden Benefit Packages	
Strengthen HTA for Predictable, Evidence-Based Coverage	
Enhance procurement schemes through the proper implementation of the New Government Procurement Act (NGPA)	
Shift from “lowest price” to a value-based, quality-driven procurement (adopt MEARB)	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
While over 3 million patients benefited from Zero Balance Billing (ZBB) in DOH basic wards and e-MAIFIP digitalization, national OOP health spending remains high at 41.2%. Comprehensive coverage still faces gaps in outpatient prescription drugs and specialized diagnostics across non-DOH and LGU facilities.	
There have been strides towards more evidence-based coverage for various medical services such as leptospirosis, maternal care, and dialysis are being reviewed. Despite this, there has yet to be full-scale statutory reforms.	
	Although the Most Economically Advantageous Responsive Bid (MEARB) framework still remains an option, it is not universally adopted across all agencies and medical institutions.

2025 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Enable procurement (and conditional reimbursement) of FDA-registered products not yet in the PNF or undergoing HTA review	
Institutionalise pooled procurement and link it to multi-year contracting and supply	
Strengthen procurement systems: digitalisation, data safeguards, and capacity building	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
While DOH Administrative Order 2026-0002 introduced regulatory tools within the PNDF framework to accelerate inclusions and enable lawful public procurement, inclusion in the PNDF remains a strict mandatory prerequisite.	
The implementation of pooled procurement procedure utilised by jurisdictions with universal healthcare programs vary widely based on health authority, facility, and medical necessity.	
There are measures and a 3 year timeframe for the implementation of a 3 year transitory & capacity building period for new digitalisation programs.	



HUMAN CAPITAL AND EDUCATION ADVOCACY PAPER 2026

INTRODUCTION

Global economic expansion continues navigating between resilience and persistent uncertainty. Multilateral frameworks stress that implementing deep-seated Structural Reforms across regional economies—most acutely within labor markets, regulatory frameworks, and education systems—is non-negotiable to reverse stagnating medium-term productivity.

According to the International Monetary Fund's country data, the Philippines' real GDP is projected to grow by 4.1% in 2026,¹ with a population base exceeding 115 million people. Complementing these figures, the IMF's April 2026 World Economic Outlook highlights evident global inflationary pressures driven by ongoing Middle East tensions and trade frictions.² The report notes that fostering adaptability, reinforcing international cooperation, and establishing credible frameworks remain essential for sustainable recovery.

Parallel to this, the World Bank Group emphasizes the critical role of human development in the nation's growth trajectory. Comprehensive reforms focusing on bridging opportunity gaps and forming resilient households are essential.³ With the Philippine Gini index dropping to 39.3 last year, significant progress has been made—the country's poverty rate fell to 15.5% in 2023, down from 23.5% in 2015.⁴ However, this does not guarantee the nation's security, as nearly 28% of Filipinos remain economically vulnerable, struggling to remain above the poverty line.⁵

Labor market institutions presently impose costs on worker reallocations. Strict labor regulations and centralized wage-setting create market inefficiencies that ultimately slow the movement of workers to high-productivity sectors and affect overall market productivity.

National Macroeconomic Outlook

The Philippines' macroeconomic situation presents a narrative of stark contrast. In 2025, the country achieved a record-low annual inflation rate of 1.7%,⁶ significantly lower than the 3.2% recorded in 2024. The average inflation rate for the bottom 30% of income households fell to 0.3% in 2025, down from 4.2% in 2024.⁷ This stability provided significant relief to vulnerable populations.

1 International Monetary Fund [IMF] (2026). World Economic Outlook (April 2026) - GDP, current prices. https://www.imf.org/external/datamapper/NGDP_RPCH@WE0/OEMDC/ADVEC/WEOWORLD?year=2026

2 IMF (2026). World Economic Outlook, April 2026: Global Economy in the Shadow of War. <https://www.imf.org/en/publications/weo/issues/2026/04/14/world-economic-outlook-april-2026>

3 World Bank (2025). Strategic Partnership for Progress: World Bank Group Unveils New Country Partnership Framework to Propel the Philippines' Efforts to Strengthen Job Creation, Human Capital and Resilience. <https://www.worldbank.org/en/news/press-release/2025/05/22/strategic-partnership-for-progress-world-bank-group-unveils-new-country-partnership-framework-to-propel-the-philippines>

4 World Bank (2026). Philippines Can End Poverty and Build a Middle-Class Society by 2040 — But Only with Urgent Reforms. <https://www.worldbank.org/en/news/press-release/2026/06/04/philippines-can-end-poverty-and-build-a-middle-class-society-by-2040-but-only-with-urgent-reforms>

5 Ibid

6 Philippine Statistics Authority (2026). Summary Inflation Report Consumer Price Index (2018=100): December 2025. <https://psa.gov.ph/price-indices/cpi-ir/node/1684081387>

7 Philippine Statistics Authority (2026). Summary Inflation Report Consumer Price Index for the Bottom 30% Income Households (2018=100): December 2025. <https://psa.gov.ph/price-indices/bottom-30/node/1684081389>

However, for the full year of 2025, real Gross Domestic Product (GDP) growth slowed to 4.4%, missing the government's target of 5.5 to 6.5% and falling below the 5.6% growth projected by the Asian Development Bank (ADB) and the 5.5% projected by the International Monetary Fund (IMF).⁸ This deceleration was driven by late-year shocks, with GDP expanding by just 3.0% in the fourth quarter of 2025 and slowing further to 2.8% in the first quarter of 2026.

This decline was driven by severe governance concerns surrounding public infrastructure spending, a contraction in fixed investment to -7.2% in late 2025, and a series of natural disasters. In 2025, infrastructure spending dropped significantly, missing its PHP 1.35-trillion annual target. Just in December 2025, spending dropped 27.9% to PHP 105.8 billion—marking the sixth consecutive month of decline.⁹

While service sector growth supported job creation, agricultural employment continued to decline, reflecting persistent transition challenges. In early 2026, the labor market experienced significant disruptions. The unemployment rate rose to 4.7% in April 2026, representing 2.41 million jobless individuals, driven by substantial annual losses of 450,000 jobs in wholesale and retail trade and 392,000 jobs in agriculture and forestry.¹⁰ Underemployment rose to 15.2% in April 2026, up from 14.6% in April 2025, affecting 7.41 million workers.¹¹

The youth labor market, ranging from ages 15 to 24, has shown widening gaps. The youth employment rate fell to 87.4% in early 2026, and the proportion of youth not in education, employment, or training (NEET) rose to 12.2% from 10.6% in the previous year.¹²

A labor market paradox has emerged—one characterized by high job vacancies alongside rising unemployment, which underlines a severe mismatch between educational outputs and the skill sets required by emerging industries.

Regionally, the country remained last among evaluated ASEAN peers and 13th out of 14 Asia-Pacific economies for the sixth consecutive year, indicating a persistent competitive deficit. This competitive lag is closely tied to the country's performance in the IMD World Talent Ranking. In September 2025, the Philippines fell to 64th out of 69 economies, continuing a downward trend from 54th in 2022 and 63rd in 2024.¹³

Without targeted reforms designed to improve educational funding, modernize infrastructure, and align curricula with industry demands, the country's talent deficits will continue to restrict its long-term economic competitiveness. Total public expenditure on education represents only 3.29% of GDP, ranking 55th globally. Public expenditure per student is very low at USD 443.02, ranking 62nd. This underfunding leads to high primary pupil-teacher ratios of 24.30 (60th) and secondary pupil-teacher ratios of 26.33 (66th).

8 Chan, K. (2026, January 30). Philippine growth slumps to 4.4% in 2025, slowest in 5 years. BusinessWorld Online. <https://bworldonline.com/top-stories/2026/01/30/727438/>

9 Lesaca, T. (2026). Philippine infrastructure spending dropped 17% in 2025 amid corruption probe. Manila Standard. <https://manilastandard.net/business/314724447/philippine-infrastructure-spending-dropped-17-in-2025-amid-corruption-probe.html>

10 Congressional Policy and Budget Research Department [CPBRD] (2026). FF2026-27: Philippine Employment Situation April 2026 Preliminary Results. <https://cpbrd.congress.gov.ph/ff2026-27-philippine-employment-situation-april-2026-preliminary-results/>

11 Ibid

12 Philippine Statistics Authority (2026). Number of employed persons in April 2026 increased to 48.89 million Filipinos aged 15 years and over. <https://psa.gov.ph/system/files/iesd/Press-Release-for-April-2026-LFS.pdf>

13 Tabile, J. (2025). Philippines drops to near bottom in IMD World Talent Ranking 2025. BusinessWorld Online. <https://bworldonline.com/top-stories/2025/09/10/697222/philippines-drops-to-near-bottom-in-imd-world-talent-ranking-2025/>

In contrast, the country benefits from a low cost-of-living index (20th) and competitive management remuneration (31st). However, it is constrained by a low quality-of-life index (60th), weak justice administration (58th), and high brain drain (58th) as skilled professionals seek opportunities abroad. The current talent pool is also limited by poor educational assessments, with the country ranking 57th in primary/secondary education quality and 57th in PISA scores, with an average score of 353. Language skills (28th) and skilled labor availability (13th) remain relative strengths, but the education system struggles to align these capabilities with industry needs.¹⁴

Human Capital Development and Education for Inclusive Growth

While domestic service sectors have registered robust growth metrics, agricultural employment indicators have systematically contracted, signifying structural weaknesses in broad-based economic participation. Despite localized reductions in the Gini index being down below 40 for the first time in 2023, extreme weather exposure threatens 83% of the population, reinforcing the mandate that fiscal expansion must immediately pivot into long-term legal transformations that anchor Inclusive Growth via high-yield investments in Human Capital Development.¹⁵

The challenge now lies in translating 2026's allocations into tangible improvements in the lives of Filipino families. A strategic investment in education and workforce development is the most effective pathway to breaking the cycle of poverty, building resilient households, and ensuring that economic growth benefits all segments of society.

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

Government Initiatives & Key Findings

To address human capital challenges, the government enacted a historic education sector allocation of PHP 1.34 trillion under the 2026 General Appropriations Act (GAA), with sponsored legislative versions reaching PHP 1.38 trillion.¹⁶ This record-breaking allocation represents 20% of the total national budget and 4.5% of GDP, meeting the United Nations and UNESCO spending standards of 4.0 to 6.0% of GDP for the first time.

- The persistent classroom backlog has long been a critical constraint on the delivery of quality basic education in the Philippines. For years, the Department of Education has struggled to keep pace with the growing student population, with many public schools operating on shift systems and overcrowded classrooms that compromise the quality of instruction. In response, the Department of Education has been allocated a historic PHP 992.7 billion,¹⁷ representing an 18.9% increase over 2025 and including a PHP 78.5 billion legislative augmentation. Within this allocation, PHP 68 billion (including a PHP 19.3 billion legislative augmentation) has been earmarked for classroom construction and rehabilitation, funding the construction of 24,000 classrooms. This represents a significant increase from the 5,000 to 6,000 classrooms funded in prior years. The successful delivery of this program will be critical to expanding access to learning spaces, reducing overcrowding, and creating an environment conducive to effective

14 International Institute for Management Development (2025). World Talent Ranking: Philippines. <https://www.imd.org/country-profile/talent-philippines-2025/>

15 World Bank (2024, October). Poverty & Equity Brief. <https://documents1.worldbank.org/curated/en/099702301062512740/pdf/IDU-41921eb7-923e-4aa1-8459-77d7cf4b578b.pdf>

16 Department of Budget and Management (2026). PBBM to sign 2026 National Budget with greater investments in human capital, Filipino people's needs. <https://www.dbm.gov.ph/index.php/management-2/3766-pbbm-to-sign-2026-national-budget-with-greater-investments-in-human-capital-filipino-peoples-needs>

17 Lagman, D. (2025, November 12). 2026 budget focuses on education, health — Gatchalian. [Bilyonaryo.com. https://bnc.bilyonaryo.com/2026-budget-focuses-on-education-health-gatchalian/news](https://bnc.bilyonaryo.com/2026-budget-focuses-on-education-health-gatchalian/news)

teaching and learning.¹⁸ However, the effective implementation of this program will depend on efficient delivery mechanisms and the capacity of both national and local government units to execute construction projects in a timely manner.

- Malnutrition and cognitive stunting remain significant barriers to learning in the Philippines. The EDCOM II observed that the Philippines still bears one of the highest stunting rates globally—26.7% for children under five compared to a global average of 22.3%.¹⁹ Malnourished children are more likely to experience developmental delays, lower educational attainment, and reduced lifetime earnings, perpetuating intergenerational poverty. In response, the School-Based Feeding Program has received a substantial allocation of PHP 28.66 billion, augmented from PHP 13.61 billion in the previous year, to extend nutritional support from 120 days to a full 200-day school year.²⁰ This expansion aims to reduce cognitive stunting and improve learning outcomes among public school children. DepEd reports indicate that approximately 30% of learners benefiting from SBFP relapse into “wasted” or “severely wasted” status, underscoring the fragility of short-term feeding initiatives. The extension of the program to a full 200-day cycle is therefore a significant policy response to these persistent nutritional challenges, recognizing that sustained nutritional support is essential to achieving lasting improvements in child development and learning outcomes.²¹
- The delivery of textbooks and learning resources has historically been plagued by backlogs and inefficiencies, with many students lacking access to essential instructional materials.²² This has undermined the quality of instruction and contributed to learning poverty. In response, a total of PHP 29 billion (with a PHP 18.08 billion augmentation) has been allocated to produce 82 new textbook titles to assist 20 million public school students, addressing long-standing delivery backlogs. This represents a significant investment in instructional materials that are essential to the delivery of quality education. However, long-standing delivery backlogs have historically undermined the effectiveness of textbook programs. The timely delivery of these resources will be essential to ensuring that students and teachers have access to the instructional materials they need to support effective teaching and learning. The implementation of streamlined procurement processes and enhanced oversight will be critical to ensuring that these resources reach classrooms when needed.
- The COVID-19 pandemic and other disruptions have resulted in significant learning loss among Filipino students, with many learners struggling to meet grade-level expectations in reading and mathematics. This learning crisis threatens to undermine the Philippines’ long-term economic competitiveness and social development.²³ In response, the ARAL Program has been allocated PHP 8.93 billion (augmented by PHP 3.3 billion) to secure, train, and compensate over 440,000 tutors to deliver reading and mathematics remediation to 6.7 million struggling learners. The ARAL Program Act (Republic Act No. 12028), signed into law on October 18, 2024, institutionalizes a

national tutorial framework for Kindergarten to Grade 10. This represents a direct, targeted intervention to address learning loss exacerbated by the pandemic and other disruptions. The scale of the program—mobilizing over 440,000 tutors to reach 6.7 million learners—represents one of the largest educational recovery initiatives in the country’s history. The success of this program will depend on the quality of tutor training, the effectiveness of remediation strategies, and the ability to reach the most vulnerable and underserved learners, particularly those in geographically isolated and disadvantaged areas.

- Access to quality tertiary education remains a critical pathway to social mobility and economic opportunity in the Philippines. However, financial barriers have historically prevented many qualified students from pursuing higher education, perpetuating inequality and limiting the country’s pool of skilled professionals. In response, State Universities and Colleges were allocated PHP 134.99 billion,²⁴ while the Commission on Higher Education’s allocation rose to PHP 47 billion.²⁵ This funds the Universal Access to Quality Tertiary Education Act with PHP 40 billion for free tuition in public HEIs, alongside a PHP 6.6 billion augmentation for the Tertiary Education Subsidy (TES) targeting 490,000 low-income students.²⁶ This represents a sustained commitment to expanding access to quality tertiary education and ensuring that financial barriers do not prevent qualified students from pursuing higher education. The continued implementation of these programs is essential to expanding access to tertiary education, improving graduate employability, and building a skilled workforce capable of driving economic growth and innovation.
- The persistent jobs-skills mismatch in the Philippine labor market has resulted in high underemployment and unemployment rates, particularly among the youth. Many graduates lack the competencies required by emerging industries, limiting their employability and constraining economic growth. In response, TESDA has been allocated PHP 20.24 billion (with a finalized PHP 19 billion operational baseline for TVET programs)²⁷ to support upskilling for 600,000 to 700,000 learners, with a focus on digital transitions and AI integration.²⁸ This investment is critical to addressing the persistent jobs-skills mismatch that plagues the Philippine labor market. The focus on digital transitions and AI integration reflects a growing recognition that the workforce must be equipped with the competencies required for the demands of Industry 5.0 and the evolving global economy. The effective implementation of these programs will be essential to ensuring that Filipino workers are prepared for the jobs of the future and that the country remains competitive in the global marketplace.

18 Abasola, L. (2025, November 25). DepEd budget to address classroom backlog, boost learners’ nutrition. Philippine News Agency. <https://www.pna.gov.ph/articles/1263930>

19 Baelonia, W. (2025, November 25). Senators seek stronger nutrition, farm-sourced feeding vs. stunting. Philippine News Agency. <https://www.pna.gov.ph/articles/1263922>

20 Escosio, J. (2025, December 1). Angara says 2026 budget sustains universal, targeted feeding. Inquirer.NET. <https://newsinfo.inquirer.net/2149182/angara-leads-bigger-school-based-feeding-program-with-2026-budget-hike>

21 Manila Standard (2025, December 5). DepEd’s school-based feeding program. <https://manilastandard.net/?p=314676551>

22 Escosio, J. (2025, December 2). DepEd breaks decade-long gridlock: Textbooks procurement up 289%. Inquirer.NET. <https://newsinfo.inquirer.net/2149774/dep-ed-breaks-decade-long-gridlock-textbook-procurement-up-289>

23 Romelo, M. D., & Sotto, N. A. B. (2026). Implementation and Relevance of ARAL (Academic Recovery and Accessible Learning) Program. *Global Journal of STEM Education & Management Research*, 1(1), 191-202.

24 Department of Budget and Management (2025, August 18). Historic first: P1.224-T budget for basic and higher education for 2026 reaches 4.0% of GDP. <https://www.dbm.gov.ph/index.php/management-2/3547-historic-first-p1-224-t-budget-for-basic-and-higher-education-for-2026-reaches-4-0-of-gdp>

25 Presidential Communications Office (2026, January 6). CHED thanks PBBM for higher budget, more scholarships and financial aid for college students. https://pco.gov.ph/news_releases/ched-thanks-pbbm-for-higher-budget-more-scholarships-and-financial-aid-for-college-students/

26 Ibid

27 Department of Budget and Management (2025, August 18). Historic first: P1.224-T budget for basic and higher education for 2026 reaches 4.0% of GDP. <https://www.dbm.gov.ph/index.php/management-2/3547-historic-first-p1-224-t-budget-for-basic-and-higher-education-for-2026-reaches-4-0-of-gdp>

28 Naguna, J.L. (2026, January 7). TESDA to upskill over 600K scholars with historic P19B budget. <https://pia.gov.ph/news/tesda-to-upskill-over-600k-scholars-with-historic-p19b-budget/>

ON EDUCATION LEGISLATION

This fiscal expansion is accompanied by key curriculum and policy reforms that seek to address long-standing challenges in the Philippine basic education system.

- In School Year 2025–2026, the Department of Education (DepEd) implemented Phase 2 of the MATATAG Curriculum for Grades 2, 5, and 8. This framework reduces overall learning competencies by over 70% and prioritizes foundational skills in reading, mathematics, and core subjects.²⁹ The curriculum reform represents a significant departure from the previous K to 12 curriculum, which was widely criticized for being overcrowded and unfocused. The MATATAG Curriculum aims to decongest the curriculum by focusing on essential learning competencies, thereby allowing teachers to devote more time to mastery of foundational skills. The implementation of Phase 2 builds on the lessons learned from Phase 1, which was piloted in select schools and grade levels. The full rollout of the MATATAG Curriculum is expected to improve learning outcomes by ensuring that students develop strong foundational skills before progressing to more complex content.
- To support learning recovery, the government signed the Academic Recovery and Accessible Learning (ARAL) Program Act (Republic Act No. 12028) into law on October 18, 2024, institutionalizing a national tutorial framework for Kindergarten to Grade 10.³⁰ The ARAL Program provides structured remediation in reading and mathematics for struggling learners, with a particular focus on those who have fallen behind due to the COVID-19 pandemic and other disruptions. The institutionalization of the ARAL Program represents a recognition that learning loss requires sustained, systemic intervention rather than ad hoc remediation efforts. By establishing a formal framework for tutorial support, the government aims to ensure that all learners have access to the additional support they need to meet grade-level expectations.
- To improve teacher support, the Kabalikat sa Pagtuturo Act (Republic Act No. 11997)³¹ increased the annual teaching allowance from PHP 5,000 in School Year 2024–2025 to a tax-free PHP 10,000 in School Year 2025–2026 and thereafter,³² helping cover out-of-pocket expenses for instructional materials, classroom supplies, and other teaching-related costs. This increase represents a significant investment in teacher welfare and recognizes the critical role that teachers play in delivering quality education. The teaching allowance helps to offset the personal expenses that many teachers incur in the course of their duties, thereby reducing financial stress and allowing teachers to focus on their instructional responsibilities. The increase to PHP 10,000 is expected to have a meaningful impact on teacher morale and retention, particularly in underserved and remote areas where teachers often bear the highest out-of-pocket costs.

29 Department of Education (2025, July 23). DepEd Order No. 10, s.2024: Policy guidelines on the implementation of the MATATAG curriculum. https://www.deped.gov.ph/wp-content/uploads/DO_s2024_010.pdf

30 Second Congressional Commission on Education (2024). Landmark laws on early childhood, learning recovery passed. <https://edcom2.gov.ph/landmark-laws-on-early-childhood-learning-recovery-passed/>

31 Republic Act No. 11997, Kabalikat sa Pagtuturo Act. https://www.lawphil.net/statutes/repacts/ra2024/ra_11997_2024.html

32 Presidential Communications Office (2024, June 3). PBBM signs law for teachers' yearly allowance. https://pco.gov.ph/news_releases/pbbm-signs-law-for-teachers-yearly-allowance

- To address teacher specialization mismatches—where 64% of public school educators teach outside their major subjects³³—the Teacher Education Council (TEC) received PHP 103 million under the 2026 budget to fund 1,200 specialized scholarships, prioritizing Special Needs and Early Childhood Education. The teacher specialization mismatch has long been a critical challenge in Philippine basic education, with many teachers assigned to subjects outside their area of expertise. This mismatch undermines the quality of instruction and contributes to poor learning outcomes. The TEC scholarship program aims to address this challenge by providing targeted scholarships to teachers who wish to specialize in high-need areas such as Special Needs Education and Early Childhood Education.³⁴ By building a pipeline of specialized teachers, the program aims to improve the quality of instruction in these critical areas and ensure that all learners have access to teachers with the appropriate expertise.

ON HUMAN CAPITAL LEGISLATION

To align technical vocational programs with industry needs and address the persistent jobs-skills mismatch, the government has enacted significant legislative and regulatory reforms.

- To align technical vocational programs with industry needs, the government passed the Enterprise-Based Education and Training (EBET) Framework Act (Republic Act No. 12063) on November 7, 2024.³⁵ The EBET Act unifies all enterprise-based learning modalities, including apprenticeships, learnerships, and dual training systems, under a single competency-based framework overseen by TESDA. This framework aims to address the high underemployment rates identified by the Second Congressional Commission on Education (EDCOM 2) by offering clear training pathways. General EBET focuses on low- to mid-level skills under National Certificates (NC) I and II. Apprenticeships cover higher-level competencies (NC III and above) for trainees aged 18 and older, with a minimum duration set by the curriculum. Upskilling Programs provides targeted professional development to help the workforce adapt to emerging technologies and AI. The unification of these modalities under a single framework simplifies the regulatory landscape for enterprises and provides clearer pathways for trainees, thereby encouraging greater private sector participation in workforce development.
- To encourage private sector participation, registered EBET programs are eligible for significant incentives. Beginning January 2028, enterprises with TESDA-registered EBET programs can deduct up to 75% of their training expenses from their taxable income.³⁶ This tax incentive represents a substantial financial benefit for enterprises that invest in workforce development, reducing the cost of training and making it more attractive for businesses to participate in EBET programs. Additionally, trainees are prioritized for financial support under the Training for Work Scholarship Program (TWSP) and the Tulong-Trabaho Fund, ensuring that financial barriers do not prevent individuals from accessing enterprise-based training opportunities.

33 Mejia, I.P. et al. (2025, September 29). Taught Off-Guard: When Specialization and Teaching Assignments Do Not Match. <https://www.pids.gov.ph/publication/policy-notes/taught-off-guard-when-specialization-and-teaching-assignments-do-not-match>

34 Alcober, N. (2026, June 3). CHED, TEC launch P103-M scholarship program for future teachers. Daily Tribune. <https://tribune.net.ph/amp/story/2026/06/03/ched-tec-launch-p103-m-scholarship-program-for-future-teachers>

35 Republic Act No. 12063, An act institutionalizing the enterprise-based education and training framework and appropriating funds therefor. <https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/2/98026>

36 PIDS Socioeconomic Research Portal for the Philippines (2025). BIR Issues Policy on Grant of Tax Perks Under EBET, Adopt School Programs. <https://serp-p.pids.gov.ph/publication/public/view?slug=bir-issues-policy-on-grant-of-tax-perks-under-ebet-adopt-school-programs>

- Historically, private sector utilization of these incentives was low due to complex reporting requirements under the Adopt-a-School Act of 1998. To address this, the Bureau of Internal Revenue (BIR) issued Revenue Memorandum Circular (RMC) No. 23-2026 on April 6, 2026. This circular simplifies the rules on tax breaks for educational partnerships by streamlining documentary submissions and clarifying compliance, accreditation, and reporting processes under the Adopt-a-School Act and the EBET Act. This change reduces administrative friction, allowing international and domestic enterprises to invest more easily in local workforce development. The simplification of reporting requirements is expected to significantly increase private sector participation in EBET programs, as enterprises can now more easily navigate the regulatory landscape and access the incentives available to them.
- On January 21, 2025, DOLE issued Department Order No. 248, series of 2025 (DO 248-25A), replacing DOLE Order No. 221, s. 2021. While DO 248-25A extends the window for filing Alien Employment Permit (AEP) applications from 10 working days to 15 calendar days from contract execution, it imposes a much more demanding compliance framework. The Expanded Labor Market Test requires employers to publish vacancies and the identity of the prospective foreign national across multiple platforms, including newspapers, PhilJobNet, and local Public Employment Service Offices. Stricter Entry Requirements stipulate that AEPs cannot be officially released until the foreign national enters the country with the appropriate working visa, eliminating the option for pre-arrival processing. Mandatory Training Programs require priority industries to implement a formal Skills Development Program (SDP) and an Understudy Training Program (UTP), requiring foreign nationals to transfer their skills to at least two Filipino employees. These new requirements aim to ensure that foreign talent recruitment contributes to genuine skills transfer and labor market protection. However, they also introduce additional administrative burdens for employers, potentially affecting the ease of doing business and the competitiveness of the Philippines as a destination for foreign investment. Further, the centralization of AEP processing pursuant to DO 248B-26 has led to concerns of backlogs.

ON WAGE COMPETITIVENESS

Wage competitiveness remains a critical factor in the Philippine labor market, with significant implications for worker welfare, enterprise sustainability, and economic growth.

- In the National Capital Region (NCR), under Wage Order No. NCR-26, effective July 18, 2025, the RTWPB approved a PHP 50 daily minimum wage increase, raising the daily rate for non-agricultural workers to PHP 695 and for agricultural workers to PHP 658. This wage adjustment reflects the RTWPB's assessment of regional economic conditions, inflation trends, and the needs of workers and employers in the National Capital Region. The increase aims to improve the purchasing power of minimum wage earners and address the rising cost of living in the region, while also taking into consideration the capacity of enterprises to absorb wage adjustments. The wage order is the result of a tripartite process involving representatives from government, labor, and management, ensuring that the interests of all stakeholders are considered in the wage-setting process.
- To support sustainable, productivity-led wage growth, multiple reform measures have been proposed to replace the Productivity Incentives Act of 1990 (Republic Act No. 6971). The primary legislative vehicle is Senate Bill No. 1260, also known as the Enterprise Productivity Act. This proposed framework strengthens labor-management partnership, enhances employees' share in the fruits of production, and improves working conditions while supporting enterprise competitiveness. The Enterprise Productivity Act seeks to update the existing productivity incentives framework to address modern workplace realities, including flexible

work arrangements, telecommuting, and the continuing need for post-pandemic recovery. By institutionalizing gain-sharing mechanisms and providing tax deductions for productivity programs, the proposed legislation aims to create a more comprehensive framework for productivity-led growth. The enactment of the Enterprise Productivity Act would represent a significant step toward aligning wage policy with productivity performance, ensuring that wage increases are sustainable and linked to enterprise-level growth.

ECCP EDUCATION ADVOCACY RECOMMENDATIONS

The European Chamber of Commerce of the Philippines (ECCP), through its Education Committee and regional councils, continues to advocate for enhanced partnerships between government, industry, and higher education institutions. The Chamber actively engages in dialogues to support enterprise-based training, promotes stronger implementation of vocational and apprenticeship systems, and facilitates linkages between local institutions and international counterparts. Building on these efforts, the ECCP remains committed to collaborating with both the public and private sectors to ensure that education and training programs are accessible, relevant, and responsive to community and industry needs.

Optimize the Tri-Focal Education Budget and Delivery Mechanics

The record-breaking PHP 1.34 trillion education budget under the 2026 General Appropriations Act represents a watershed moment for Philippine education. For the first time, the allocation meets the United Nations and UNESCO spending standards of 4.0 to 6.0% of GDP.³⁷ However, the ECCP notes that the success of this historic investment hinges on efficient delivery mechanisms. The gap between budget allocation and tangible outcomes, or an implementation deficit, remains the primary barrier to progress.

The PHP 68 billion classroom construction program should adopt the proposed LGU-Led Classroom Construction Policy, which would allow qualified local governments to build learning spaces directly, reducing bureaucratic delays and leveraging local expertise. The current centralized process through the Department of Public Works and Highways has historically resulted in significant delays, with the government missing its PHP 1.35-trillion annual infrastructure target in 2025. By strengthening collaboration with LGUs, the reform is positioned to expand access to learning spaces and address persistent classroom shortages, directly contributing to improved education outcomes.

The School-Based Feeding Program must be strictly maintained for the full 200-day cycle to effectively address cognitive stunting and improve learning outcomes. The PHP 28.66 billion allocation represents a significant augmentation from PHP 13.61 billion in the previous year. The ECCP emphasizes that short-term feeding initiatives are insufficient without sustained nutritional support. The EDCOM II observed that the Philippines still bears one of the highest stunting rates globally—26.7% for children under five compared to a global average of 22.3%. DepEd reports indicate that approximately 30% of learners benefiting from SBFP relapse into “wasted” or “severely wasted” status, underscoring the fragility of short-term feeding initiatives.

³⁷ UNESCO (2016). Education 2030: Incheon Declaration and Framework for Action for the implementation of Sustainable Development Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. <https://unesdoc.unesco.org/ark:/48223/pf0000245656>

The textbook procurement process must be streamlined to prevent delivery backlogs and ensure that 20 million public school students receive their learning materials on time. The PHP 29 billion allocation (with an PHP 18.08 billion augmentation) to produce 82 new textbook titles represents a significant investment. However, the ECCP notes that long-standing delivery backlogs have historically undermined the effectiveness of textbook programs. Streamlined procurement, enhanced oversight, and accountability mechanisms are essential to ensure that these resources reach classrooms when needed.

Standardize and Scale the ARAL Program

The Academic Recovery and Accessible Learning (ARAL) Program represents a direct, targeted intervention to address learning loss among millions of struggling learners. The PHP 8.93 billion allocation (augmented by PHP 3.3 billion) secures, trains, and compensates over 440,000 tutors to deliver reading and mathematics remediation to 6.7 million struggling learners. The ARAL Program Act (Republic Act No. 12028), signed into law on October 18, 2024, institutionalizes a national tutorial framework for Kindergarten to Grade 10.

The ECCP recommends that DepEd establish standardized, merit-based compensation for academic tutors to ensure quality and consistency across the program. The Chamber emphasizes that the effectiveness of the ARAL Program depends on the quality of its tutors. Standardized training, clear performance metrics, and competitive compensation are essential to attract and retain high-quality educators.³⁸

The ECCP calls on DepEd to establish public-private partnerships to integrate digital learning platforms into ARAL tutorial centers. This would ensure reading and math remediation is delivered at scale and reaches the most vulnerable students, particularly those in geographically isolated and disadvantaged areas.³⁹ The Chamber notes that digital learning platforms can supplement face-to-face tutoring, extend the program's reach, and provide personalized learning pathways for struggling learners.

The ECCP further recommends that the ARAL Program be closely aligned with the Teacher Education Council's specialized scholarship programs. With 64% of public school educators teaching outside their major subjects, the ARAL Program should serve as both a remediation tool for students and a professional development opportunity for teachers.

Enhance Support Programs for Private Schools

Private schools are vital partners in delivering quality education, particularly in giving learners more choices and relieving pressure on public schools. Enhancing support programs for private schools ensures equity, improves teacher welfare, and strengthens education outcomes across the country.

In August 2025, the Department of Education approved raising the annual Teachers' Salary Subsidy for eligible private school teachers from PHP 18,000 to PHP 24,000 under the GASTPE program starting School Year 2025-2026.⁴⁰ While this increase is commendable, the ECCP insists that it must be accompanied by streamlined disbursement mechanisms to prevent delays that have historically plagued the program. Private schools still face challenges such as delays in subsidy disbursement, uneven access to government assistance, and ensuring that private schools meet required accreditation or quality standards under programs such as the Education Service Contracting program.⁴¹

The ECCP calls for enhanced oversight and accountability for private school participation in government assistance programs.⁴² This includes strengthened monitoring of accreditation and quality standards, transparent reporting mechanisms, and clear pathways for schools to address deficiencies. The Chamber recommends expanded access for private schools, especially in underserved or remote areas. The ECCP remains engaged with DepEd, PEAC, and other private education stakeholders to ensure these improvements are implemented continuously and equitably.

Augment the Implementation of Academic Equivalency Programs

Recognizing alternative pathways to academic credentials is essential to make higher education more inclusive. By strengthening equivalency programs that validate work experience and non-formal learning, the Philippines can ensure more citizens finish degrees, increase employability, and reduce barriers for lifelong learners.

In March 2025, Republic Act 12124, or the ETEEAP Act, was signed into law, institutionalizing the Expanded Tertiary Education Equivalency and Accreditation Program. This gives working professionals with at least five years of relevant experience and secondary education the right to apply for degree equivalency based on skills, knowledge, and prior learning. As of early 2025, CHED has deputized 111 HEIs to offer ETEEAP programs, and over 41,000 Filipinos have benefited from the program since its inception under the new law.⁴³

The ECCP advocates for robust implementation of the ETEEAP law through establishing clear guidelines and funding for HEIs in underserved regions to offer ETEEAP degrees. The Chamber emphasizes that assessment and equivalency processes must be transparent and affordable, and that the technical secretariat (CHED-Office of Programs and Standards Development) must be strengthened to support applicants in navigating equivalency.

The ECCP remains committed to engaging with government agencies and educational institutions to monitor ETEEAP implementation, promote awareness among working professionals and private employers about its validity, and ensure the equivalency awarded is recognized both nationally and internationally.

Improve Health and Nutrition Programs for Students

The Chamber recognizes the need to invest in overall health and well-being measures for public kindergarten and elementary learners. Health and nutrition are foundational to educational success; a child cannot learn effectively if they are hungry or malnourished.

The ECCP supports the expanded SBFP launched in 2025 with its 200-day feeding regimen covering all kindergarten learners and undernourished elementary students. The Chamber urges stricter nutrition monitoring, quality assurance, and fortification standards to ensure the program achieves its intended health and cognitive outcomes.

38 Gregorio, A. (2026, August 4). DepEd urges Congress to fund separate compensation for Aral tutors. Inquirer.NET. <https://newsinfo.inquirer.net/2277017/dep-ed-urges-congress-to-fund-separate-compensation-for-aral-tutors>

39 Department of the Interior and Local Government (2025, June 18). DILG: ARAL Program revolutionizes education at the barangays. <https://www.dilg.gov.ph/news/DILG-ARAL-Program-revolutionizes-education-at-the-barangays/NC-2025-1173>

40 Philippine News Agency (2025, August 3). DepEd hikes subsidy for private school teachers. <https://www.pna.gov.ph/articles/1255714>

41 Interaksyon (2026, May 18). Catholic schools press gov't on delayed voucher funds. <https://interaksyon.com>

[philstar.com/politics-issues/2026/05/18/313558/catholic-schools-press-govt-on-delayed-voucher-funds/](https://www.philstar.com/politics-issues/2026/05/18/313558/catholic-schools-press-govt-on-delayed-voucher-funds/)

42 Tabile, J.I.D. (2025, October 20). ECCP outlines policy recommendations to help boost investments. <https://bworldonline.com/top-stories/2025/10/20/706531/eccp-outlines-policy-recommendations-to-help-boost-investments/>

43 Alcober, N. (2025, March 8). CHED welcomes ETEEAP passage. Daily Tribune. <https://tribune.net.ph/2025/03/07/ched-welcomes-eteap-passage>

The Chamber maintains its long-standing call for broadening ECCD access. The ECCD Systems Act (R.A. 12199), passed in 2025, now requires that every barangay establish a Child Development Center and sets minimum qualifications and funding obligations for LGUs. The ECCP presses that LGUs allocate adequate funding and adopt the new legal mandates to build and operate CDCs, equip them with health, sanitation, and learning resources, and ensure that health services (including oral health, ENT, prenatal counseling) are integrated into school health systems.

The ECCP recommends the integration of health services into the education ecosystem. The Chamber remains actively involved with DepEd, DOH, and LGUs in coordinating these efforts to embed health, nutrition, and early childhood development within the education system.

ECCP HUMAN CAPITAL DEVELOPMENT ADVOCACY RECOMMENDATIONS

The ECCP and its Human Capital Committee remain steadfast in advocating for comprehensive reforms that strengthen the connection between education and employment, enhance workforce productivity, and ensure that Filipino workers are equipped for the demands of a rapidly evolving economy.

Reinforce Skills and Capability Development through Enhanced Work Immersion

The Chamber continues to affirm the importance of reinforcing skills and capability development through work immersion in Senior High School. Under DepEd Order No. 30, s. 2017—Guidelines for Work Immersion—SHS students are required to complete a minimum of 80 hours of work immersion, designed to expose learners to work environments relevant to their specialization⁴⁴. According to the Basic Education Report 2023, however, 83% of SHS graduates still pursue higher education while only a little over 10% find employment immediately thereafter,⁴⁵ suggesting that the standard 80 hours may not suffice to build strong employable skills.

In 2025, DepEd piloted an enhanced immersion scheme under the Strengthened SHS curriculum, expanding immersion hours in 14 selected schools to 420 or 640 hours, depending on track and specialization. This pilot aims to deepen industry exposure and improve learner readiness for employment pathways. The ECCP supports this pilot initiative and calls for its scaling across all SHS schools nationwide.

The Chamber recommends that a revised immersion framework maintain alignment with labor market needs, ensuring that learners may transition more confidently into employment or entrepreneurship.

Further, it also advocates for the expansion of tax incentives and recognition programs for enterprises that actively participate in work immersion, ensuring that the program is not perceived as a burden but as a strategic investment in the future workforce. The Chamber notes that meaningful industry partnerships are essential to the success of work immersion, and that enterprises must see tangible benefits from their participation.

⁴⁴ Arayata, M.C. (2018, February 9). K-12 work immersion program adequate: DepEd official. Philippine News Agency. <https://www.pna.gov.ph/articles/1024621>

⁴⁵ Chi, Cristina (2024, July 15). More firms open to hiring K-12 grads, but most still prefer college degree-holders. <https://www.philstar.com/headlines/2024/07/15/2370370/more-firms-open-hiring-k-12-grads-most-still-prefer-college-degree-holders>

Ensure Full Implementation of the EBET Framework and Strengthen Apprenticeship Protections

The ECCP and its Human Capital Committee remain steadfast in urging for a strengthened apprenticeship framework so that Filipino youth gain marketable technical skills through legally protected apprenticeships. The recent passage of Republic Act No. 12063, the Enterprise-Based Education and Training (EBET) Framework Act (signed into law on November 7, 2024), now institutionalizes and strengthens apprenticeship programs by integrating them under one framework with incentives for participating enterprises and by harmonizing apprenticeship, learnership, and dual training modalities.⁴⁶

The EBET Act unifies all enterprise-based learning modalities under a single competency-based framework overseen by TESDA. This framework aims to address the high underemployment rates identified by the Second Congressional Commission on Education (EDCOM 2) by offering clear training pathways: General EBET focuses on low- to mid-level skills under National Certificates (NC) I and II; Apprenticeships covers higher-level competencies (NC III and above) for trainees aged 18 and older; and Upskilling Programs provides targeted professional development to help the workforce adapt to emerging technologies and AI.

The ECCP continues to advocate that provisions in RA 12063 be fully and swiftly implemented with strong enforcement mechanisms, regular inspection, and transparency. A 2025 report found that some apprenticeship programs were misused to pay trainees below minimum wage, prompting TESDA and DOLE to issue warnings and begin investigations. The Chamber emphasizes that incentives must be effective, protection for apprentices must be strengthened, and apprenticeship placements must be made attractive for both enterprises and trainees. To encourage private sector participation, registered EBET programs are eligible for significant incentives: beginning January 2028, enterprises with TESDA-registered EBET programs can deduct up to 75% of their training expenses from their taxable income, and trainees are prioritized for financial support under the Training for Work Scholarship Program (TWSP) and the Tulong-Trabaho Fund. The ECCP supports continuous collaboration with TESDA, DOLE, DepEd, and private sector stakeholders to ensure that these incentives are effective and accessible.

The ECCP recommends that the EBET curriculum be continuously updated to incorporate competencies related to artificial intelligence, data analytics, and digital literacy, ensuring that the future workforce is prepared for the demands of Industry 5.0. The ECCP is ready to provide technical expertise from its members to support this effort.

Reform Alien Employment Restrictions to Ensure Genuine Skills Transfer

The ECCP acknowledges the Department of Labor and Employment's issuance of Department Order No. 248, Series of 2025, which streamlined the process for issuing Alien Employment Permits (AEPs). The new rules became effective fifteen days after publication, shifting key procedural requirements for AEPs, strengthening compliance obligations, and introducing new programs to ensure skills transfer and labor market protection.

Among the most consequential changes is the extension of the window for filing AEP applications: whereas DO 221 required application within 10 working days from contract signing or work start, DO 248 now mandates filing within 15 calendar days from execution of the employment contract or issuance of appointment. The "labor market test" or publication requirement is also expanded: employers must

⁴⁶ Second Congressional Commission on Education (2024, November 7). New EBET Framework Act seeks to bridge job-skills gap, boost employment opportunities for Filipinos. <https://edcom2.gov.ph/new-ebet-framework-act-seeks-to-bridge-job-skills-gap-boost-employment-opportunities-for-filipinos/>

publish the vacancy and the identity of the foreign national in a newspaper of general circulation, in PhilJobNet, and in the PESO or Job Placement Office with jurisdiction over the worksite. In recognition of executive-level hires, the new rules exempt certain corporate officers (as certified by the corporate secretary) from the publication requirement.

The new rules introduce or reinforce several frameworks aimed at enhancing Filipino workforce development. These include the requirement for a Skills Development Program (SDP) and Understudy Training Program (UTP): employers are expected, in priority industries, to transfer knowledge from foreign nationals to at least two Filipino employees. Additionally, DO 248 allows the filing of AEP applications even while the foreign national is still abroad, though the AEP cannot be released until they enter the Philippines with the appropriate working visa. The New Rules also impose stricter grounds for denial or revocation of AEPs, including misrepresentation, non-compliance with program requirements, and failure to submit required documentation.

Recognizing implementation challenges, DOLE issued Supplemental Guidelines (DO 248-A) on June 9, 2025, which clarify and amend aspects of DO 248. Key clarifications include more detailed guidance on the labor market test, publication requirements, and the regional offices' obligations to act within 15 working days after payment of fees. For AEPs issued before February 10, 2025, renewal applicants are now allowed to comply with UTP/SDP requirements in lieu of full new compliance.

The ECCP calls on DOLE to strengthen the monitoring and evaluation of Skills Development Programs (SDPs) and Understudy Training Programs (UTPs),⁴⁷ ensuring that foreign nationals are actively mentoring and transferring critical skills to a minimum of two Filipino employees. The Chamber notes that while these requirements are well-intentioned, they are often implemented with insufficient oversight, leading to superficial compliance rather than genuine knowledge transfer.

The ECCP continues to advocate for the synchronization of AEP validity with the term of employment contracts, so employers and foreign hires are not forced into unnecessary renewal cycles. The Chamber emphasizes that this would reduce administrative burdens and improve the ease of doing business.

The ECCP supports the digitalization of AEP processing, including full integration of data sharing between DOLE, the Bureau of Immigration, and online verification systems to enhance transparency and efficiency. The Chamber urges robust enforcement and oversight to prevent misuse of the system (e.g., underpayment, misrepresentation, or failure to comply with training obligations).

The ECCP remains committed to engage in dialogues with DOLE, BI, and Congress to refine implementing rules, ensure regional consistency, and support private sector understanding and compliance of the new regulatory regime.

Oppose Uniform Legislated Wage Hikes in Favor of the RTWPB System

The ECCP has long endorsed productivity incentives as a means to foster inclusive and sustainable enterprise growth while upholding the principle of shared responsibility between labor and capital. Under Republic Act No. 6971, or the Productivity Incentives Act of 1990, employers and workers are encouraged to voluntarily enter into productivity programs and share in the resulting gains. However, as the Philippine economy evolves—shaped by flexible work arrangements, telecommuting, and the continuing need for post-pandemic recovery—stakeholders increasingly recognize that this framework

must be updated to address modern workplace realities and to institutionalize clearer, more measurable incentives for productivity growth.

Within the 20th Congress, multiple reform measures have been filed to modernize RA 6971. Senate Bill No. 1260, or the Enterprise Productivity Act, proposes to repeal RA 6971 and replace it with a more comprehensive framework designed to promote inclusive and sustainable productivity growth. Senate Bill No. 478, or the Business Enterprise Productivity Act, similarly seeks to amend RA 6971 to align productivity schemes with evolving business models and labor arrangements. Complementing these efforts, Senate Bill No. 210, which amends the Wage Rationalization Act (RA 6727), introduces mechanisms that link wage policy and worker earnings to MSME productivity performance.

The ECCP supports the enactment of a modernized productivity incentives framework that strengthens the Enterprise Productivity Act and emphasizes institutionalizing gain-sharing mechanisms, providing tax deductions for productivity programs, and establishing a more comprehensive framework for enterprise-based skills development. Together, these measures reflect a legislative recognition that productivity incentives are central to improving competitiveness, supporting MSMEs, and ensuring fair income distribution.

The ECCP reaffirms its strong opposition to uniform, legislated wage hikes. Such measures disregard regional economic disparities and impose disproportionate burdens on MSMEs, threatening their sustainability and their capacity to create jobs.⁴⁸ The Chamber advocates for the preservation and strengthening of the Regional Tripartite Wages and Productivity Boards (RTWPB) system as the only mechanism capable of making region-sensitive, capacity-aware wage adjustments that protect both workers and the sustainability of businesses.⁴⁹

The ECCP supports amendments to the Wage Rationalization Act (RA 6727) that introduce mechanisms linking wage policy and worker earnings to MSME productivity performance, ensuring a stronger link between enterprise-level growth and worker benefits. The Chamber remains committed to engaging with Congress and relevant agencies to ensure that the Enterprise Productivity Act and related measures are enacted and implemented effectively.

Increase Labor Productivity through Improved Workplace Productivity

The ECCP has long endorsed productivity incentives as a means to foster inclusive and sustainable enterprise growth while upholding the principle of shared responsibility between labor and capital. Under Republic Act No. 6971, or the Productivity Incentives Act of 1990, employers and workers are encouraged to voluntarily enter into productivity programs and share in the resulting gains. However, as the Philippine economy evolves—shaped by flexible work arrangements, telecommuting, and the continuing need for post-pandemic recovery—stakeholders increasingly recognize that this framework must be updated to address modern workplace realities and to institutionalize clearer, more measurable incentives for productivity growth.

47 Pineda, C.N.P. & Anzures, A.F. (2025). Technology and Skills Transfer through the Understudy Training Program: Good Practices and Lessons Learned. <https://ils.dole.gov.ph/2025-research-briefs/technology-and-skills-transfer-through-the-understudy-training-program-good-practices-and-lessons-learned>

48 Lanzona, L.A., Jr. (2014). Effects of minimum wage on the Philippine economy. PIDS Policy Notes 2014-15. <https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidspn1415.pdf>

49 Barua-Yap, D.J.E. Jr. et al (2024). Raising the Minimum Wage: How Good Intentions can lead to Poor Outcomes. <https://serp-p.pids.gov.ph/publication/public/view?slug=raising-the-minimum-wage-how-good-intentions-can-lead-to-poor-outcomes>

Within the 20th Congress, multiple reform measures have been filed to modernize RA 6971. Senate Bill No. 1260, or the Enterprise Productivity Act, proposes to repeal RA 6971 and replace it with a more comprehensive framework designed to promote inclusive and sustainable productivity growth. Senate Bill No. 478, or the Business Enterprise Productivity Act, similarly seeks to amend RA 6971 to align productivity schemes with evolving business models and labor arrangements. Complementing these efforts, Senate Bill No. 210, which amends the Wage Rationalization Act (RA 6727), introduces mechanisms that link wage policy and worker earnings to MSME productivity performance.

The ECCP continues to support the enactment of a modernized productivity incentives framework that strengthens the Enterprise Productivity Act and emphasizes institutionalizing gain-sharing mechanisms, providing tax deductions for productivity programs, and establishing a more comprehensive framework for enterprise-based skills development. The Chamber notes that productivity incentives are central to improving competitiveness, supporting MSMEs, and ensuring fair income distribution.

The ECCP remains committed to engaging with Congress and relevant agencies to ensure that the Enterprise Productivity Act and related measures are enacted and implemented effectively. The Chamber stands ready to provide technical expertise and private sector perspectives to support the development of a robust productivity framework that benefits both workers and enterprises.



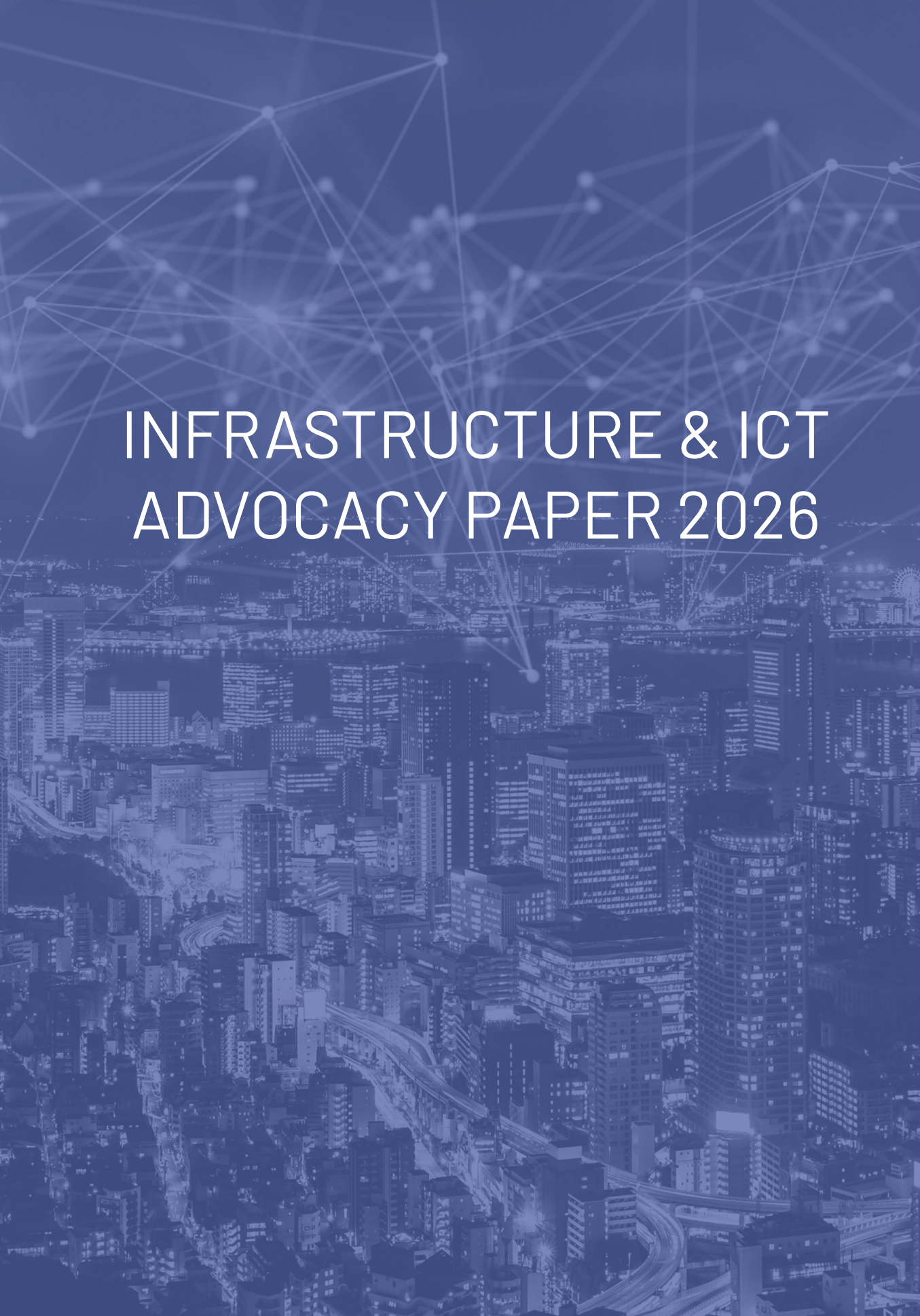
ASSESSMENT OF 2025 RECOMMENDATIONS

2025 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Pass the Enterprise Productivity Act (replacing Productivity Incentives Act)	Enterprise Productivity Act passed into law, modernizing productivity-incentive schemes, linking bonuses to efficiency, and encouraging gain-sharing frameworks in private enterprises.
Revise and modernize the Apprenticeship Law	Modernized Enterprise-Based Education and Training (EBET) Framework Act enacted, expanding apprenticeship durations, streamlining registration, and offering enhanced tax deductions for training.
Reconsider across-the-board legislated wage increases	
Ease restrictions on foreign nationals' employment (AEP streamlining)	
Institutionalize flexible work arrangements and telecommuting	
Enhance basic education curriculum and teacher training (K-12 alignment)	
Strengthen Technical Vocational Education and Training (TVET)	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
Regional Tripartite Wages and Productivity Boards (RTWPB) issued targeted wage orders across regions in 2025/2026; legislature maintained regional wage-fixing autonomy over nationwide mandatory hikes.	
DOLE digitalized Alien Employment Permit (AEP) applications and shortened processing windows, though local labor market testing rules remain strict for non-executive roles.	
DOLE issued updated guidelines on Telecommuting Act implementation, clarifying hybrid work terms and tax treatment for home-office allowances. Formal legislative expansions remain pending.	
DepEd rolled out the phased MATATAG Curriculum targeting foundational literacy/STEM and expanded public-private teacher upskilling partnerships. Severe classroom and digital facility deficits persist.	
TESDA expanded industry-led dual training systems and digital micro-credentialing; private sector-led sector skills councils expanded into priority growth areas.	

2025 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Enhance private education support programs (ESC and Voucher Schemes)	
Expand national nutrition programs to combat stunting and workforce drag	
Develop a future-ready workforce for AI and digital transformation	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
DepEd expanded Educational Service Contracting (ESC) allocations and senior high school voucher coverage, mitigating student drops; however, disbursement backlogs continue to challenge small private schools.	
Expanded school-based feeding programs and First 1,000 Days initiatives launched under the Philippine Plan of Action for Nutrition; operational coverage in high-poverty regions remains constrained.	
Private-public AI upskilling initiatives launched under the Philippine AI Roadmap; specialized micro-courses rolled out by CHED/TESDA. A unified national workforce AI transformation framework is still lacking.	

An aerial night view of a city, likely Manila, with a complex network of white lines and dots overlaid on the image, suggesting a digital or infrastructure theme. The title 'INFRASTRUCTURE & ICT ADVOCACY PAPER 2026' is written in large, white, sans-serif capital letters across the middle of the image.

INFRASTRUCTURE & ICT ADVOCACY PAPER 2026

INTRODUCTION

The global economy in 2026 navigates a complex landscape characterized by persistent geopolitical tensions, supply chain realignments, and a measured transition toward sustainable growth. The International Monetary Fund (IMF), in its April 2026 World Economic Outlook, projects Philippine nominal GDP at approximately USD 512.2 billion, with GDP per capita reaching over USD 4,400.¹ The country's economy continues to be driven by business process outsourcing (BPO), manufacturing, electronics, tourism, and services.

Within the Association of Southeast Asian Nations (ASEAN) region, the Philippines is positioned at the center of a dynamic infrastructure and energy growth cycle. The estimated energy infrastructure development budget for the Philippines from 2026 to 2028 ranges from USD 45 billion to USD 60 billion, reflecting significant investment in industrialization, data centers, EV ecosystems, LNG expansion, renewable integration, and grid modernization. This regional momentum is underscored by the Philippines' role as ASEAN Chair in 2026, driving key regional infrastructure initiatives including the Enhanced ASEAN Power Grid (APG) Memorandum of Understanding (MoU) signed in October 2025.

The ASEAN Infrastructure Pipeline, updated in 2026, now includes 21 strategic projects across transport, energy, and digital infrastructure sectors designed to strengthen regional connectivity and attract investment.² The Philippines, through its Department of Economy, Planning, and Development (DEPDev), is actively contributing to this regional effort, which is supported by the Australian government through the Australia-ASEAN Futures Initiative and technical assistance from Sumitomo Mitsui Banking Corporation. The pipeline includes 12 continuing projects and nine new additions, underscoring the region's commitment to sustainable, investment-ready infrastructure.³

The European Union remains a vital economic partner for the ASEAN region, with the impending conclusion of the EU-Philippines Free Trade Agreement (FTA) negotiations representing a strategic milestone. This positions the Philippines as a key gateway for European investment and trade within the region, particularly in infrastructure and digital services.

National Macroeconomic Outlook

The Philippine economy in 2026 is anchored by a robust fiscal framework centered on infrastructure development. The national budget for 2026, set at PHP 6.793 trillion—a 7.4% increase from the 2025 program and representing 22% of GDP—has been approved by President Ferdinand R. Marcos Jr. and his Cabinet and will be submitted to Congress. This sustained infrastructure push, alongside other reforms, is expected to support the Philippines' goal of becoming a high-income economy by 2050.

The total public infrastructure outlay in 2026 stands at PHP 1.30 trillion, a decrease from the proposed fiscal program, equivalent to 4.3% of GDP.⁴ The Department of Public Works and Highways (DPWH) and the Department of Transportation (DOTr) will receive PHP 625.8 billion and PHP 197.3 billion, respectively.⁵

1 De Leon, N.G.C. (2026, July 09). IMF, ADB slash PH growth forecast. Philippine Daily Inquirer. <https://business.inquirer.net/599521/imf-adb-slash-ph-growth-forecast>

2 Gonzales, A.L. (2026, March 25). DEPDev advances sustainable infra agenda at 2026 ASEAN Summit. Philippine News Agency. <https://www.pna.gov.ph/articles/1271784>

3 ASEAN (2026, March 12). ASEAN Committee on Sustainable Infrastructure convenes its first meeting of 2026 to advance sustainable infrastructure. <https://asean.org/asean-committee-on-sustainable-infrastructure-convenes-its-first-meeting-of-2026-to-advance-sustainable-infrastructure/>

4 Department of Budget and Management (2026). General Appropriations Act (GAA) FY 2026. <https://www.dbm.gov.ph/index.php/2026/general-appropriations-act-gaa-fy-2026>

5 Esguerra, D.J. (2026, January 5). Marcos signs 2026 nat'l budget, vetoes P92.5-B unprogrammed items. Philippine News Agency. <https://www.pna.gov.ph/articles/1266161>

The Build Better More (BBM) Program, the administration's flagship infrastructure initiative, was recalibrated alongside these spending cuts to protect core, foreign-assisted transit projects while enforcing stricter fiscal discipline.⁶

Hard infrastructure—including road networks, flood control systems, and railways—accounts for PHP 962.9 billion⁷ or 61.9% of total public infrastructure outlays. Notably, the government is prioritizing 54 infrastructure flagship projects in 2026, including:

- Bataan-Cavite Interlink Bridge Project (PHP 27.9 billion)
- Laguna Lakeshore Road Network Project (PHP 22.9 billion)
- Samal Island-Davao City Connector Project (PHP 4.8 billion)⁸
- Cebu-Mactan Bridge and Coastal Road Construction Project (PHP 3.7 billion)

For public transportation, the Rail Transport Program was expanded to PHP 168.27 billion after President Marcos Jr. authorized an emergency release of PHP 44.17 billion from unprogrammed funds to prevent construction stalls on the North-South Commuter Railway System and the Metro Manila Subway Project Phase I.⁹ The DOTr's Aviation Infrastructure Program will receive PHP 6.2 billion to expand and develop regional airports nationwide, while the Maritime Infrastructure Program was allocated PHP 7.8 billion to bolster safety and RoRo links. Concurrently, the new Cebu International Container Port Project, a key regional flagship initiative, secured its full PHP 3.8 billion allocation to address port congestion in Central Visayas.¹⁰

The PPP framework has experienced significant growth, with 251 projects worth PHP 3.10 trillion currently in the pipeline as of mid-2026. Railways continue to account for the largest share at PHP 2.30 trillion, followed by aviation at PHP 1.20 trillion and road projects at PHP 942.5 billion. Majority of these projects are located in the National Capital Region, Central Luzon, and Calabarzon.

A total of 288 projects worth PHP 3.58 trillion are already under implementation, comprising 184 national projects worth PHP 2.52 trillion and 104 local government unit (LGU) projects worth PHP 1.05 trillion. The year 2025 marked the first full year under RA 11966 (PPP Code), resulting in 124 projects added to the pipeline from December 2024 to December 2025. In 2025 alone, 13 projects were awarded, consisting of 11 local and 2 national projects.

The Department of Information and Communications Technology (DICT) is targeting a rise in the digital economy's contribution to as much as 12% of GDP by 2026, estimated to add about PHP 354 billion to economic output. The government has tasked the DICT to help drive economic recovery by making the ICT sector a primary engine of growth starting in 2026.¹¹

The Philippine Statistics Authority (PSA) has refined its measurement of the digital economy through the Philippine Digital Economy Satellite Account (PDESA), which now includes four major components: Digital-enabling infrastructure, Digital content and media, E-commerce, and Government digital services.¹² The 2026 release introduces refinements including the extraction of e-commerce activities from ICT and non-ICT industries and the inclusion of retail trade under ICT trade industries.¹³

The IT-BPM industry, which now accounts for more than 8% of GDP, is projected to reach approximately USD 42 billion in export revenues and approach 2 million workers in 2026. The industry ended 2025 with roughly 1.9 million workers and about USD 40 billion in exports, with employment growth of about 4% and revenue growth of 5% last year. The sector's next phase is increasingly defined by the shift away from transactional work toward analytics, business intelligence, project management, and transformation support.¹⁴

The Philippines' digital exports reached a record USD 8.17 billion in April 2026, a 20.4% jump from the previous year, driven heavily by electronics which accounted for 59% of total exports at USD 4.82 billion. The DTI is actively positioning the Philippines as a "Digital Services Hub" of Asia through expanded e-commerce infrastructure, accelerated AI adoption, and the establishment of large-scale data centers and green manufacturing facilities. The country is also advancing the ASEAN Digital Economy Framework Agreement (DEFA), with negotiations proceeding quickly toward signing during the ASEAN Leaders' Summit in November 2026.¹⁵

Personal remittances exceeded USD 40 billion for the first time during 2025 and continue to grow in 2026, highlighting both the resilience of overseas Filipino workers and the importance of cross-border payments. The Bangko Sentral ng Pilipinas (BSP) continues to modernize financial services through its Open Finance Framework and Project Agila, its wholesale central bank digital currency (wCBDC) initiative focusing on interbank settlements and securities transactions. Approximately 50% of Filipino adults now own a formal financial account, supported by real-time payment infrastructure powered by InstaPay and PESONet.¹⁶

Infrastructure and ICT Contributing to Inclusive Growth

The strategic imperative of infrastructure and ICT development extends beyond macroeconomic metrics. These sectors serve as the bedrock of inclusive growth, translating fiscal investments into tangible improvements in the lives of Filipinos. The expansion of economic activities to previously inaccessible regions through infrastructure development is crucial for fostering inclusive growth across the country.

Infrastructure spending stimulates private sector spending on residential and commercial developments across the country, generating employment opportunities in construction and related sectors. The government's infrastructure push is expected to support the Philippines' goal of becoming a high-income economy by 2050, building on its impressive post-2010 economic growth, declining poverty, and improving employment landscape.

6 Department of Budget and Management (2026, March). 2026 People's Enacted Budget. <https://www.dbm.gov.ph/wp-content/uploads/Our%20Budget/2026/2026-People's-Enacted-Budget.pdf>

7 Department of Budget and Management (2026). General Appropriations Act (GAA) FY 2026. <https://www.dbm.gov.ph/index.php/2026/general-appropriations-act-gaa-fy-2026>

8 Tezano, I. (2026, July 3). Samal-Davao bridge 61% complete; More funds needed to finish – DPWH. Manila Bulletin. <https://mb.com.ph/2026/07/03/samal-davao-bridge-61-complete-more-funds-needed-to-finish-dpwh>

9 Department of Budget and Management (2026, March 25). PBBM Orders P44.17 Billion Release for Subway, NSCR. <https://www.dbm.gov.ph/index.php/management-2/3957-pbbm-orders-p44-17-billion-release-for-subway-nsr>

10 Department of Budget and Management (2026). Technical notes on the proposed national budget. <https://www.dbm.gov.ph/images/pdf/files/2026-Technical-Notes.pdf>

11 Department of Information and Communications Technology (2025, December 15). A Digital Push for Economic Recovery: DICT's 2026 Growth Agenda. <https://dict.gov.ph/news-and-updates/24967>

12 Philippine Statistics Authority (2026). Philippine Digital Economy Satellite Account. <https://psa.gov.ph/statistics/technical-notes/1684083348>

13 Philippine Statistics Authority (2025, April 29). Philippine Digital Economy Satellite Account. <https://psa.gov.ph/content/philippine-digital-economy-satellite-account-0>

14 IT & Business Process Association Philippines (2025, December 30). <https://ibpap.org/news-room/35>

15 ASEAN (2026, May 30). Statement of the Chairperson of the ASEAN Senior Economic Officials (SEOM) on the conclusion of ASEAN DEFA negotiations. <https://asean2026.gov.ph/post/view/?title=statement-of-the-chairperson-of-the-asean-senior-economic-officials-seom-on-the-conclusion-of-asean-defa-negotiations>

16 Roc, B.V. (2026, April 17). <https://bworldonline.com/banking-finance/2026/04/17/743500/financial-account-ownership-among-filipinos-at-50-bsp/>

The complementarity between physical and digital infrastructure is particularly noteworthy. Improved digital connectivity enhances the efficiency of physical infrastructure—smart traffic management systems optimize transport networks, digital platforms streamline customs and logistics, and data analytics improve infrastructure maintenance and planning. This virtuous cycle of investment and innovation drives productivity gains, generates high-quality employment, and contributes to a more resilient and competitive Philippine economy.

Ultimately, the ECCP’s advocacy is anchored on the conviction that infrastructure and ICT development are indispensable for achieving the Philippines’ aspirations of becoming an upper-middle-income economy with a single-digit poverty incidence. By prioritizing these sectors, the government can create a more inclusive, sustainable, and prosperous future for all Filipinos.

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

Government Initiatives and Key Findings

The legislative and policy landscape for public infrastructure in the Philippines has undergone significant transformation over the past 18 months, reflecting the government’s commitment to accelerating project delivery and enhancing private sector participation.

On Public infrastructure legislation

- The PPP Code, enacted in December 2023, continues to drive private sector participation in infrastructure development. The PPP Center is providing technical assistance to implementing agencies, with recent agreements such as the memorandum signed with the Aurora Pacific Economic Zone and Freeport Authority (APECO) on May 21, 2026, to fast-track the Casiguran International New Port and Casiguran International Airport projects. The PPP Center’s support covers project development, feasibility studies, business case preparation, procurement structuring, and evaluation of unsolicited proposals under the PPP Code. As of mid-2026, a total of 288 projects worth PHP 3.58 trillion are already under implementation, comprising 184 national projects worth PHP 2.52 trillion and 104 LGU projects worth PHP 1.05 trillion. The year 2025 marked the first full year under the PPP Code, resulting in 124 projects added to the pipeline from December 2024 to December 2025.
- The government’s finalized infrastructure spending for 2026 was adjusted downward to PHP 1.30 trillion, equivalent to 4.3% of GDP, as part of a legislative move to tighten public spending controls. The Department of Public Works and Highways (DPWH) and the Department of Transportation (DOTr) will receive PHP 625.8 billion and PHP 197.3 billion, respectively, following targeted contract audits. Concurrently, the Rail Transport Program was expanded to PHP 168.27 billion after President Marcos Jr. authorized an emergency release of PHP 44.17 billion from unprogrammed appropriations to prevent construction bottlenecks on the North-South Commuter Railway System and the Metro Manila Subway Project Phase I. The Aviation Infrastructure Program will receive PHP 6.2 billion to expand and develop regional airports nationwide, while the Maritime Infrastructure Program will deploy PHP 8.5 billion to improve maritime safety and port connectivity.
- The Bureau of Immigration’s Civil Aviation and Immigration Security Services (CAISS) Project, a PHP 10.7-billion public-private partnership, was initially greenlit by the Department of Justice on December 2, 2025, but has since been frozen by Malacañan Palace for a comprehensive stakeholder review. The project aims to modernize 11 international airports, one major seaport, and six mobile border stations through

advanced technology and integrated security platforms [ppp.gov.ph]. The proposed framework follows a Build-Train-Maintain-Transfer (BTMT) modality under a “no-cost to government” model, using a controversial USD 4.00 user fee per entry and exit integrated into airline ticket costs.^{17, 18} Due to heavy public pushback over the extra fees affecting travelers and Overseas Filipino Workers (OFWs), the Bureau of Immigration has halted the project, delaying the original May 28, 2026 proposal deadline.

- The CREATE MORE Act, enacted in 2024, strengthened the country’s investment incentives framework.¹⁹ In response to varying interpretations among LGUs, the Department of Finance, DILG, and DTI issued Joint Memorandum Circular No. 01-2026 on March 30, 2026, to clarify and standardize the application of local taxes on Registered Business Enterprises (RBEs). The circular clarifies that the Registered Business Enterprise Local Tax (RBELT) shall not exceed 2% of gross income and shall be in lieu of all local taxes, fees, and charges, including local business taxes and real property taxes. The guidelines aim to provide greater predictability for investors and encourage more investments into the country. Notably, Samsung Electro-Mechanics Philippines Corp.’s PHP 50.7-billion expansion was the first project to receive Presidential Incentives under CREATE MORE, with commercial operations expected by July 2027, generating more than 3,500 new jobs.²⁰
- The estimated energy infrastructure development budget for the Philippines from 2026 to 2028 ranges from USD 45 billion to USD 60 billion, reflecting significant investment in industrialization, data centers, EV ecosystems, LNG expansion, renewable integration, and grid modernization. The Enhanced ASEAN Power Grid (APG) Memorandum of Understanding (MoU) signed in October 2025 further underscores the Philippines’ role in regional energy connectivity.
- The ASEAN Infrastructure Pipeline, updated in 2026, now includes 21 strategic projects across transport, energy, and digital infrastructure sectors designed to strengthen regional connectivity and attract investment. The Philippines, through its Department of Economy, Planning, and Development (DEPDev), is actively contributing to this regional effort, which is supported by the Australian government through the Australia-ASEAN Futures Initiative and technical assistance from Sumitomo Mitsui Banking Corporation. The pipeline includes 12 continuing projects and nine new additions, underscoring the region’s commitment to sustainable, investment-ready infrastructure.
- Both priority legislative measures have officially advanced through the House of Representatives and are currently undergoing plenary deliberations in the Senate. The National Land Use Act (NLUA), approved on Third and Final Reading by the House as House Bill No. 8466,²¹ aims to establish a holistic, national system for classifying land into four

17 Bureau of Immigration (2026, June 2). Viado clarifies border system modernization project still under thorough review and stakeholder consultation. <https://immigration.gov.ph/viado-clarifies-border-system-modernization-project-still-under-thorough-review-and-stakeholder-consultation/>

18 PPP Center (2026, April 14). Revised Project Information Memorandum for the Civil Aviation and Immigration Security Services (CAISS) Project. https://ppp.gov.ph/project_advisories/revised-project-information-memorandum-for-the-civil-aviation-and-immigration-security-services-caiss-project/

19 Department of Finance (2026, June 1). Clearer rules on local tax application to improve ease of doing business and stimulate economic growth. <https://www.dof.gov.ph/clearer-rules-on-local-tax-application-to-improve-ease-of-doing-business-and-stimulate-economic-growth/>

20 Presidential Communications Office (2025, November 2). Samsung’s over PhP50-B Investment is First Beneficiary of CREATE MORE Presidential Approval. https://pco.gov.ph/news_releases/samsungs-over-php50-b-investment-is-first-beneficiary-of-create-more-presidential-approval/

21 Basilio, K.C. (2026, May 5). House OKs land use act on 3rd reading. Inquirer.NET. <https://newsinfo.inquirer.net/2223840/house-oks-land-use-act-on-3rd-reading>

strict categories—protection, production, settlements, and infrastructure—to resolve conflicting land claims under a mandatory 30-year physical framework plan.²² Concurrently, the Department of Water Resources (DWR) Bill has cleared the House and is pending Senate Committee approval, seeking to unify the 30+ fragmented agencies currently managing water supply, sanitation, and flood control into a single Department of Water Resources.²³ Backed by an independent Water Regulatory Commission to manage consumer utility rates, this structural reform signals the government’s recognition of the urgent need for integrated water resource management.

ON ICT LEGISLATIONS

- On March 24, 2026, the DICT led the ceremonial signing of the Implementing Rules and Regulations (IRR) of the E-Governance Act at the Asian Development Bank Headquarters in Mandaluyong City.²⁴ The IRR operationalizes the law, setting standards for interoperability, cybersecurity, and streamlined service delivery across all government agencies. Complementing this milestone, the DICT announced the approval of the E-Government Master Plan (EGMP), the country’s strategic blueprint for digital transformation. The EGMP outlines key programs, priorities, and governance mechanisms to ensure a more integrated, interoperable, and future-ready digital government. The IRR directs agencies to adopt common standards, prioritize cybersecurity, and re-engineer processes to ensure services are citizen-centered. DICT Secretary Henry R. Aguda emphasized that the IRR moves the government “from intent to implementation—from plans to real, measurable change in how the government works, and more importantly, how it serves the Filipino people.” The IRR was developed through a series of Sub-Working Group meetings, written submissions, and multi-stakeholder consultations conducted in December 2025 across Iloilo City and Cagayan de Oro City.
- The Implementing Rules and Regulations of the Konektadong Pinoy Act established a comprehensive regulatory framework that aims to modernize the Philippine data transmission industry.²⁵ Under the IRR, all segments of the data transmission network—including international gateways, backbone, middle mile, and last mile—are declared competitive.²⁶ Data Transmission Industry Participants (DTIPs) may operate without a legislative franchise, subject instead to registration or authorization with the NTC. Key features include:
 - Providers must grant access to passive infrastructure on fair, reasonable, and non-discriminatory terms. The DICT, NTC, and PCC will maintain an Access List of covered infrastructure, while providers must publish Reference Access Offers (RAOs). The IRR also adopts a “Dig Once” Policy to reduce deployment costs through coordinated civil works.
 - A new Spectrum Management Policy Framework will govern frequency use, and the NTC may perform spectrum recall on all unutilized or underutilized spectrum.
 - DTIPs must comply with international cybersecurity standards and obtain

certification within two years of registration. Failure to meet standards may result in administrative fines or revocation of authority.

- The IRR affirms basic rights of users, including access to reliable and non-discriminatory services, transparent pricing, student discounts, and effective complaint resolution.
- DTIPs may qualify for incentives under the CREATE MORE Act, including VAT exemption and duty exemption from the date of registration.
- The DICT officially launched Phase 1 of the Mindanao Integrated Government Network (MIGN) on June 19, 2026, connecting 500 government agencies and facilities across Cagayan de Oro, Butuan, Davao City, Koronadal, and Pagadian. Connected agencies include the Department of Education (DepEd), TESDA, DOLE, DPWH, DENR, and Office of Civil Defense, among others. The project is expected to benefit approximately 5.3 million Filipinos through faster, more reliable government services. DICT Secretary Aguda emphasized that the launch “marks a major milestone in fulfilling President Ferdinand R. Marcos Jr.’s vision of seamlessly connecting Luzon, Visayas, and Mindanao through a unified digital infrastructure that enables faster government services, stronger disaster resilience, and greater economic opportunities for Filipinos nationwide.” Meanwhile, the National Fiber Backbone Phases 4 and 5—covering the design, supply, delivery, installation, testing, commissioning, and integration of the Optical Transport Network, telecom shelters, and cable entrance facilities—have experienced procurement challenges. The original procurement was declared a failure of bidding, and DICT issued a rebid in March 2026 under World Bank procurement rules. However, the June 2026 DICT notice showed the rebid was also declared a failure of bidding because the lone bidder did not meet specific qualification criteria. This means the procurement opportunity remains open for U.S. and other exporters, with timing dependent on DICT’s next procurement action. The evaluation weights technical and non-price factors at 60% and bid cost at 40%, requiring compliance with World Bank procurement rules, beneficial ownership disclosure, environmental and social safeguards, and anti-corruption provisions.
- The Better Internet Act, which passed Congress in June 2026, mandates Public Telecommunications Entities and Internet Service Providers to expand service coverage in all unserved and underserved areas and adhere to delivery of a minimum standard for broadband quality. The act requires all new buildings with a gross floor area exceeding 5,000 sqm to be “fiber-ready,” directly addressing a key DICT legislative priority. The legislation has received industry support, with PLDT backing the measure’s provisions calling for coverage expansion to underserved areas within three years. Senator Grace Poe, who refiled the measure, emphasized that “the internet has become a necessity as indispensable as electricity and water” for health, education, business, and governance. The measure establishes a minimum internet speed standard that will be periodically reviewed and sets a penalty of up to 1% of gross annual revenue for non-compliance.
- The DICT is targeting a rise in the digital economy’s contribution to as much as 12% of GDP by 2026, estimated to add about PHP 354 billion to economic output. The government has tasked the DICT to help drive economic recovery by making the ICT sector a primary engine of growth starting in 2026. The Philippine Statistics Authority (PSA) has refined its measurement of the digital economy through the Philippine Digital Economy Satellite Account (PDESA), which now includes four major components: Digital-enabling infrastructure, Digital content and media, E-commerce, and Government digital services. The 2026 release introduces refinements including the extraction of

22 Congressional Policy and Budget Research Department (2021). PB2021-06: Legislating national land use policy: an overarching response to sustainable development. https://cpbrd.congress.gov.ph/wp-content/uploads/2023/09/PB2021-06_Legislating_National_Land_Use_Policy.pdf

23 Gulla, V. (2025, December 22). House OKs bill creating Department of Water Resources. <https://www.abs-cbn.com/news/nation/2025/12/22/house-oks-bill-creating-department-of-water-resources-1639>

24 Presidential Communications Office (n.d.). Implementing Rules and Regulations of the E-Governance Act (Republic Act No. 12254). <https://pco.gov.ph/wp-content/uploads/2026/03/20260324-IRR-RA-12254-FRM.pdf>

25 [Implementing Rules and Regulations of the Konektadong Pinoy Act \(Republic Act No. 12234\)](https://www.officialgazette.gov.ph/2026/07/01/konektadong-pinoy-act-expanding-access-redefining-competition/)

26 ACCRALAW (2026, July 1). Konektadong Pinoy Act: Expanding Access, Redefining Competition. <https://accralaw.com/2026/07/01/konektadong-pinoy-act-expanding-access-redefining-competition/>

e-commerce activities from ICT and non-ICT industries and the inclusion of retail trade under ICT trade industries.

- The Philippines' digital exports reached a record USD 8.17 billion in April 2026, a 20.4% jump from the previous year, driven heavily by electronics which accounted for 59% of total exports at USD 4.82 billion. The DTI is actively positioning the Philippines as a "Digital Services Hub" of Asia through expanded e-commerce infrastructure, accelerated AI adoption, and the establishment of large-scale data centers and green manufacturing facilities. The country is also advancing the ASEAN Digital Economy Framework Agreement (DEFA), with negotiations proceeding quickly toward signing during the ASEAN Leaders' Summit in November 2026.
- The National Cybersecurity Plan (NCSP) 2023-2028, adopted through EO 58 (2024), continues to guide the country's cybersecurity posture. In September 2024, the Philippines improved its ranking in the UN Global Cybersecurity Index to 53rd from 61st in 2020, with an index score of 93.49, enabling its movement from Tier 3 to Tier 2 ("Advancing Nations"). The DICT remains committed to attaining Tier 1 status through the proper implementation of the NCSP. On the AI front, the National AI Strategy Roadmap (NAISR) 2.0 was launched in July 2025, and the Education Center for AI Research (E-CAIR) has been established under DepEd to gradually integrate AI-driven solutions into the country's education system. The SPARK program continues to bridge the digital-skills gap, having trained over 150,000 individuals in digital literacy, AI, and cybersecurity as of mid-2026, with plans to scale to 500,000 by 2028.

ECCP INFRASTRUCTURE ADVOCACY RECOMMENDATIONS

Institutionalize Green Public Procurement and Adoption in Public Infrastructure Projects

The Philippines' position as the country most at risk from climate change necessitates a paradigm shift in infrastructure development. The 2025 Global Status Report for Buildings and Construction highlighted that the buildings and construction sector remains a major emitter, accounting for 34% of global CO₂ emissions, with operational emissions reaching a record 9.8 Gt in 2023 and embodied carbon from construction materials contributing 2.9 Gt. Despite modest gains, the sector remains off track to meet Paris Agreement targets, with emissions up 5% since 2015 instead of moving toward the required 28% reduction by 2030. The ECCP commends the Marcos administration for the issuance of Executive Order No. 78 in March 2026, mandating the integration of sustainability criteria in all new government infrastructure projects. Building on this momentum, ECCP urges the government to mandate the systematic accounting of Scope 1, 2, and 3 emissions for all major public infrastructure projects, establishing a baseline that allows stakeholders to identify the most significant reduction opportunities and track progress against national climate goals, such as the target to cut carbon emissions by 75% by 2030. The government should immediately align the specifications of the DPWH with EO 78 to require a significantly higher proportion of blended cement over Type 1 Portland cement, leveraging supplementary cementitious materials such as fly ash, natural pozzolan, and granulated blast furnace slag to reduce clinker content and avoid significant emissions while managing industrial waste. The ECCP strongly supports the provisions under the New Government Procurement Act (NGPA) for Sustainable Public Procurement (SPP) and calls on the Government Procurement Policy Board (GPPB) to ensure that the evaluation of bids for infrastructure projects gives substantial weight to the sustainability of materials, moving beyond initial cost towards a whole-life-cost assessment that prioritizes domestic, low-carbon materials in support of the Tatak Pinoy Act. Furthermore, the DPWH and other implementing agencies should prioritize innovative technologies and nature-based solutions—such as rain gardens, bioswales, and constructed wetlands—to enhance infrastructure sustainability and climate resilience, as these

are more cost-effective than traditional gray infrastructure and provide important environmental benefits including improved air quality, water conservation, enhanced urban biodiversity, and reduced erosion.

Strengthen Local Government Unit Capacity and Streamline Right-of-Way Implementation Under the Mandanas-Garcia Framework

The Mandanas-Garcia Ruling (2018) has significantly boosted the fiscal resources of LGUs, with the Internal Revenue Allotment now computed based on all national taxes. However, increased budgets do not automatically translate into efficient project delivery due to limited technical and absorptive capacity at the LGU level. Many municipalities, particularly 4th to 6th class municipalities, lack the personnel, expertise, and systems to effectively plan, procure, and manage complex infrastructure projects, leading to cost overruns, delays, and compromised quality. Concerns also persist regarding the absorptive capacity of local road contractors, lack of manpower in low-income LGUs, and insufficient maintenance budgets. To fully realize the development potential of this landmark ruling, the ECCP urges the national government and LGUs to institutionalize a robust, funded national technical assistance program through the Department of the Interior and Local Government (DILG), in partnership with the PPP Center and the private sector, to provide technical assistance and project management training to LGUs. The ECCP recognizes the passage of the new law amending the Right-of-Way Act in September 2025 as a crucial step in streamlining property acquisition and now calls for its swift and effective implementation, including the establishment of independent and fast-track dispute resolution mechanisms to expedite property acquisition—a critical bottleneck that has historically inflated project costs and timelines by an estimated 15-20%. ECCP supports proposed amendments to the Local Government Code that would clarify the technical and financial responsibilities of LGUs in the wake of the Mandanas-Garcia Ruling, establishing clear standards for project execution, monitoring, and reporting to ensure accountability and quality. Additionally, the national government and LGUs must allocate sufficient resources for the regular maintenance of infrastructure facilities, including the establishment of a robust monitoring system to ensure contractors hold valid licenses and accreditations.

Advance National Quality Infrastructure and Modernize the National Building Code

The Philippines' National Building Code, last substantially revised in 2004, is increasingly outdated and fails to incorporate modern engineering standards, disaster resiliency requirements, and green building paradigms. This creates inconsistencies in project execution, compromises safety, and limits the adoption of innovative construction technologies, impeding the Philippines' ability to achieve its climate commitments and attract high-quality foreign investment. The ECCP strongly supports the proposed amendments to the National Building Code that seek to integrate mandatory sustainability criteria, including energy efficiency standards, water conservation measures, and the use of low-carbon materials. The amendments should also strengthen disaster resiliency standards by updating structural requirements to account for the Philippines' exposure to typhoons, earthquakes, and flooding, incorporating the latest international best practices and engineering research. Material specifications should be aligned with modern global technology, including provisions for fiber-ready buildings as mandated by the Better Internet Act. The ECCP further supports the advancement of national quality infrastructure through standardization, metrology, accreditation, and conformity assessment, ensuring that construction materials and practices meet rigorous quality and safety standards. ECCP will intensify its advocacy for the swift passage of this crucial legislation, as the modernization of the building code is foundational to achieving the Philippines' infrastructure and climate goals.

Ensure PPP Contract Sanctity and Prioritize Solicited Bids Over Unsolicited Proposals

The PPP Code has provided a unified legal framework, creating a more predictable environment for private investors. Yet trust in the system is fragile and requires constant reinforcement. There have been instances where implementing agencies have unilaterally reneged on contractually stipulated tariff adjustments, fundamentally undermining the principle of risk-sharing central to PPPs. Furthermore, the overwhelming number of unsolicited proposals continues to strain the capacity of implementing agencies and introduces risks of non-transparency and circumvention of competitive bidding processes. From 2018 to 2022, total PPP investment in the Philippines recorded at USD 7.09 billion, compared to USD 14.10 billion in Indonesia and USD 21.25 billion in Vietnam, highlighting a significant gap in investment attraction.²⁷ To solidify the Philippines as a premier destination for PPP investments, the ECCP calls on all government agencies to unconditionally uphold the sanctity of PPP contracts, including the full enforcement of agreed tariff and toll adjustments as defined in the original project agreements. Any deviation must be made through a transparent and legally sound process that maintains investor confidence. ECCP supports the PPP Center's recent focus on solicited projects, which provide a more coordinated and strategic approach, aligning private investment with national development goals. Unsolicited proposals, while not precluded, should be subject to a stringent, time-bound, and transparent comparative challenge process to ensure they provide the best value for the Filipino people and do not circumvent public bidding. The ECCP underscores the need to strengthen the institutional capacity of LGUs to engage in PPP projects through a specialized facility for project planning, monitoring, and execution, tailored to lower-tier LGUs to ensure successful collaboration and the development of local infrastructure. In alignment with EO 78, implementing agencies of PPP projects should incorporate sustainability criteria into the approval and evaluation of project proposals, expanding the definition of eligible projects to include green infrastructure, waste-to-energy, and water resource management.

Remove Discriminatory Barriers Against Foreign Contractors to Promote Fair Competition

Although foreign contractors are now able to secure regular licenses and are not limited to “special licenses” that are project-based, there is still an equity requirement that requires a substantially higher net worth (PHP 1 billion compared to PHP 180 million for local firms) which acts as a barrier.²⁸ This is not only a matter of fairness but also of economic efficiency. The Philippine Competition Commission (PCC) estimates that liberalizing the construction sector could unlock PHP 210 billion in additional private construction activities.²⁹ By limiting competition, the PCAB stifles innovation, restricts the transfer of advanced technologies and best practices, and sends a signal that the Philippines is closed for business. The ECCP reiterates its unequivocal recommendation that the PCAB evaluate and amend Rule 3.1 of the IRR of R.A. 4566 to allow foreign contractors to be issued regular licenses under the same conditions as domestic players, aligning the contractor licensing procedure with the principles of fair competition and transparent market practices. This action has no basis in the law itself (R.A. 4566) and would be in full compliance with the State's investment rationalization policy. The ECCP further recommends that the government benchmark its licensing mechanisms and necessary requirements against ASEAN neighbor countries while taking into consideration the context of domestic preference as articulated in the Tatak Pinoy Act, ensuring a balanced approach that protects local industry while recognizing the benefits of increased competition, including technology transfer, enhanced quality, and job creation. To date, there has been no movement on this

issue from the executive or legislative branches, and the ECCP identifies this as a critical and urgent reform that is currently preventing the Philippines from fully benefiting from its status as an open economy and attracting the foreign direct investment needed for its “Golden Age of Infrastructure.”

Integrate Seamless Multi-Modal Connectivity and Ensure Long-Term Infrastructure Planning Continuity

The Philippines' archipelagic geography presents unique challenges for seamless connectivity. Despite significant investments in road networks, ports, and airports, gaps persist between different transport modes, creating bottlenecks and increasing logistics costs. The lack of an integrated transport network undermines the competitiveness of Philippine industries, particularly in agriculture and manufacturing. The ECCP recommends that the Department of Transportation (DOTr) and DEPDev develop a comprehensive, multi-modal transport masterplan that links land, sea, and air networks into a unified logistics backbone, aligned with the MIND Act's 30-year framework to ensure continuity across administrations. The ECCP calls for a thorough investigation of stalled infrastructure projects to identify causes of delay—including ROW issues, funding constraints, and regulatory bottlenecks—and advocate for reforms in planning and execution, supporting the DPWH's efforts to fast-track project completion through the “Build Better More” program. ECCP supports the modernization of key ports and airports, including the expansion of the Port of Manila, the development of alternative gateways such as Clark and Subic, and the upgrading of regional airports to accommodate increased air traffic, as these investments are critical for supporting the growth of tourism, trade, and investment. The development of intermodal hubs—such as the Clark Green City development—that integrate rail, road, and air transport should be promoted to facilitate seamless movement of people and goods. The ECCP further supports the MIND Act (SB 1652), which establishes a 30-year roadmap for national infrastructure to insulate infrastructure planning from political cycles and ensure continuity across administrations, and has submitted position papers endorsing the bill, emphasizing the importance of policy stability for private sector confidence.

Adopt a 30-Year Masterplan for Infrastructure and National Development

Infrastructure planning in the Philippines has historically been vulnerable to changes in political leadership, resulting in project discontinuities, wasted resources, and delayed development. The MIND Act (SB 1652) seeks to address this vulnerability by establishing a 30-year roadmap for national infrastructure, insulating infrastructure planning from political cycles and ensuring continuity across administrations. The ECCP strongly supports the MIND Act and urges its swift passage, emphasizing that policy stability is essential for private sector confidence and long-term investment planning. ECCP recommends that the 30-year masterplan be developed through a comprehensive, multi-stakeholder process that includes private sector input, ensuring that the plan reflects the needs of industry, investors, and communities. The masterplan should prioritize projects that promote inclusive growth, sustainability, and resilience, addressing the Philippines' most pressing infrastructure needs while positioning the country for long-term competitiveness. The ECCP further recommends that the masterplan be subject to regular, transparent review and update processes to ensure it remains responsive to evolving economic conditions, technological advancements, and climate challenges. By adopting a long-term, strategic approach to infrastructure planning, the Philippines can build the resilient, modern, and sustainable infrastructure systems needed to achieve its aspirations of becoming a high-income economy by 2050.

27 Senate Economic Planning Office. (September 2023). Policy Brief - Advancing Public-Private Partnerships in the Philippines. Retrieved from [https://legacy.senate.gov.ph/publications/SEP0/SEP0%20Policy%20Brief_PPP_27Sept2023\(1\).pdf](https://legacy.senate.gov.ph/publications/SEP0/SEP0%20Policy%20Brief_PPP_27Sept2023(1).pdf)

28 ECCP. (2025). ECCP Position on ECAB Licensing. Retrieved from <https://eccp.com/storage/app/media/Advocacy/Materials/2025/eccp-position-on-pcab-licensing.pdf>

29 Philippine Competition Commission. (16 March 2017). Anti-Competitive Effects of Regulatory Restrictions: The Case of the Construction Sector. Retrieved from https://www.phcc.gov.ph/storage/pdf-resources/1676879697_PolicyNote_20170316-1.pdf

Advance Anti-Corruption Safeguards and Transparency in Public Infrastructure Procurement

Corruption in public infrastructure projects remains a significant concern, eroding public trust, inflating costs, and deterring foreign investment. The lack of proactive disclosure of government data—including procurement contracts, project bidding details, and expenditure reports—creates opportunities for graft and undermines the integrity of the procurement process. The ECCP's 2026 Business Sentiment Survey gathered that 90% of investors face barriers when it comes to regulatory inconsistencies, as such, strengthening transparency and mitigating corruption are the top priorities to sustain long-term foreign investment.³⁰ The ECCP strongly supports the passage of the Right to Information (RTI) Act, which mandates proactive disclosure of government data, including procurement contracts, project bidding details, and expenditure reports, as transparency is the cornerstone of accountability and essential for building investor confidence. ECCP also supports the swift passage of the CADENA Act (SB 1506), which mandates a blockchain-based digital platform for all government budget, contract, and procurement records, making public spending data tamper-resistant, traceable, and fully accessible—providing an innovative tool for preventing corruption and ensuring accountability. The ECCP recommends that all procurement contracts for infrastructure projects above a certain threshold (e.g., PHP 50 million) be published online in a standardized, machine-readable format, including bidding results, contract amendments, and project expenditure reports. ECCP further supports the strengthening of the Government Procurement Policy Board (GPPB) and the Commission on Audit (COA) to ensure effective oversight of public infrastructure projects by providing these agencies with adequate resources and enforcement powers. While transparency initiatives such as the Open Government Partnership (OGP) have been pursued, legislative measures remain pending, and the ECCP views the passage of the RTI and CADENA Acts as critical milestones for restoring public trust and attracting high-quality investment.

Ensure Transparent and Sustainable Management of Raw Materials Critical to Infrastructure

The availability and cost of raw materials—cement, steel, aggregates—are critical determinants of infrastructure project viability. The Philippines has significant domestic resources, but challenges persist in terms of supply chain bottlenecks, regulatory uncertainty, and sustainability concerns. The imposition of mineral reserve status on existing mining tenements has been inflationary, imposing a heavy burden on consumers and rendering affected industries uncompetitive. The ECCP calls for a review of the imposition of mineral reserve status on existing mining tenements to ensure a stable supply of raw materials for infrastructure development. While the Enhanced Fiscal Regime for Large-Scale Metallic Mining Act (RA 12253) provides fiscal predictability, its impact on the sector's competitiveness must be carefully monitored. ECCP supports industry's adoption of emergent technologies to reduce the carbon footprint of raw material production, including the use of alternative fuels, energy-efficient processes, and innovative construction materials. The ECCP recommends the adoption of circular economy practices in the construction sector, including the use of recycled and reclaimed materials, which reduces the demand for virgin raw materials and contributes to waste management goals. ECCP further calls for the strengthening of domestic supply chains for critical raw materials, reducing reliance on imports and mitigating the impact of global price volatility. While substantial progress has been made with the enactment of RA 12253, the broader policy framework for raw material management requires continued attention to ensure that infrastructure development is not constrained by supply chain bottlenecks or sustainability concerns.

30 ECCP Online. (23 January 2026). ECCP highlights PH economic momentum, launches guidebook for investors. Retrieved from <https://www.eccp.com/articles/3375>

ICT ADVOCACY RECOMMENDATIONS

Implement the Konektadong Pinoy Act IRR with Provisions that Foster Competition

The Konektadong Pinoy Act (RA 12234) provides the legal basis for a more open and competitive telecommunications market. However, the operationalization of its IRR is the critical next step. Industry stakeholders are closely monitoring the IRR for provisions that could either unlock the country's digital potential or, conversely, introduce new barriers. The most significant point of contention remains the potential for restrictive data localization provisions, which, if implemented, could severely impede the Business Process Management (BPM) sector—a pillar of the Philippine economy that generates over USD 40 billion in revenue and employs nearly two million workers.³¹ The ECCP calls on the DICT and the National Telecommunications Commission (NTC) to release a clear, comprehensive, and business-friendly IRR that is the product of genuine and transparent consultation with all industry stakeholders. ECCP urges the government to explicitly reject any form of mandatory data localization within the IRR and instead align the Philippines with international frameworks, such as the EU's GDPR and the APEC CBPR system, to ensure trust, security, and interoperability in cross-border data flows, positioning the Philippines as a trusted partner in the global digital economy and protecting the competitiveness of its BPO sector. The IRR must operationalize the KPA's provisions on infrastructure sharing and streamlined permitting to reduce bottlenecks that have historically plagued the industry, accelerating the rollout of affordable and reliable internet services. The IRR should explicitly prohibit anti-competitive practices and ensure that infrastructure sharing provisions are implemented in a manner that lowers barriers to entry for new players, fostering a genuinely competitive market. The ECCP is actively engaged in consultations regarding the IRR and urges the government to prioritize provisions that foster competition, lower costs for consumers, and uphold international best practices for data governance.

Fast-Track the Completion of the National Fiber Backbone and Address Last-Mile Connectivity Gaps

Despite significant progress on the National Fiber Backbone (NFB), coverage gaps persist, particularly in the "last mile" of rural and remote areas. The World Bank notes that the Philippines accounts for more than half of the population unconnected to mobile broadband within the ASEAN region. The quality of connectivity—in terms of speed, stability, and affordability—remains a challenge, with Ookla data showing the Philippines ranking 66th globally for mobile broadband and 54th for fixed broadband. The DICT's launch of Phase 1 of the Mindanao Integrated Government Network (MIGN) on June 19, 2026, connecting 500 government agencies and facilities across Mindanao, is a significant milestone, but procurement challenges have delayed NFB Phases 4 and 5.³² The ECCP calls for the fast-tracking of the remaining phases of the NFB and the expansion of its reach through strategic partnerships with the private sector. The government should implement subsidy programs and support mechanisms for last-mile deployment in rural areas, viewing connectivity as a public good essential for education, healthcare, and e-governance, and expand the Free Public Internet Access Program (FPIAP) to target the most underserved communities. Permitting processes should be harmonized and simplified for digital infrastructure, leveraging the gains from the KPA and the streamlined ROW processes to reduce project timelines, including implementing a one-stop-shop for LGU clearances as advocated by the Anti-Red Tape Authority (ARTA).

31 Manila Bulletin Newsroom. (27 June 2026). Protect IT-BPM's global edge. Retrieved from <https://mb.com.ph/2026/06/27/protect-it-bpms-global-edge>

32 Dela Cruz, R. C. (19 June 2026). DICT connects Mindanao to National Fiber Backbone. Retrieved from <https://www.pna.gov.ph/articles/1277671>

The ECCP supports the implementation of the Better Internet Act’s minimum broadband speed standards and recommends a review of pricing structures to ensure that connectivity remains affordable for all Filipinos, particularly in low-income communities. Substantial progress has been made in expanding backbone infrastructure, but the challenge now is to translate this into equitable access and high-quality service for all, ensuring that the digital divide is closed.

Modernize Spectrum Management Through Enactment of a Comprehensive Spectrum Reform Law

The Philippines’ spectrum management is still governed by laws from the 1930s and 1990s—specifically the Radio Control Act of 1931 and RA 7925 (1995)—which are dangerously outdated for a digital economy. This reactive and inefficient approach to allocating radio frequencies is a major drag on the country’s ability to deploy 5G and future wireless technologies affordably. This directly impacts not only consumers but also the competitiveness of key sectors like BPM, which relies on high-quality, resilient mobile broadband for 24/7 operations. Despite repeated calls from the private sector, no significant movement has been made to modernize spectrum management policies. The ECCP reiterates its urgent call for comprehensive spectrum reform and urges Congress to prioritize the passage of a modern spectrum management act that establishes a forward-looking, technology-neutral licensing framework, treating spectrum as a public resource that must be utilized efficiently. The NTC should conduct a full inventory and reallocation of mid-band frequencies, which are critical for 5G deployment, to maximize capacity and improve service quality. The ECCP calls for transparent, auction-based spectrum allocation processes that maximize public value and ensure fair access for all players, including new market entrants. The KPA IRR’s Spectrum Management Policy Framework is a step forward, but comprehensive legislative reform is essential. The ECCP will intensify its advocacy on this issue, as it is fundamental to the country’s digital competitiveness.

Scale the Digital Workforce Through Public-Private Training Partnerships and STEM Education Reform

The integration of AI and automation is rapidly reshaping labor markets. The World Economic Forum estimates that by 2030, 59% of the world’s workforce will require upskilling and reskilling.³³ While the Philippines has launched several initiatives, such as the National Technical Education and Skills Development Plan (NTESDP) and the DICT’s SPARK program—which has trained over 150,000 individuals in digital literacy, AI, and cybersecurity as of mid-2026—the current pace of training is still insufficient to meet the rising demand for advanced competencies in AI, cloud computing, cybersecurity, and data analytics. The ECCP calls for a more coordinated and accelerated national upskilling strategy that expands collaboration between government, academia, and the private sector to deliver accessible and industry-relevant training programs, especially in STEM fields, and recommends the establishment of regional skills development hubs to ensure equitable access to training opportunities across the country. ECCP supports the integration of coding, digital literacy, and critical thinking into the K-12 curriculum and the strengthening of engineering, data science, and IT programs in higher education, and supports the work of the Education Center for AI Research (E-CAIR) in integrating AI-driven solutions into the education system. The Chamber recommends formal recognition and support for the gig economy, leveraging the Philippines’ strong reputation in freelancing, animation, and digital content creation to diversify the digital workforce and create pathways for inclusive growth, including developing social protection mechanisms for gig workers. The ECCP calls for stronger industry-academia partnerships to guide curriculum design, ensuring that graduates possess the skills demanded by the evolving labor market, including incorporating emerging technologies such as generative AI, IoT, and blockchain into educational programs. While initiatives are underway, the rapid adoption of technology underscores the urgency of scaling STEM-focused training to sustain national competitiveness.

³³ World Economic Forum. (January 2025). Future of Jobs Report 2025. Retrieved from https://reports.weforum.org/docs/WEF_Future_of_Jobs_Report_2025.pdf

Accelerate the Nationwide Rollout of the E-Governance Act and E-Government Master Plan

The E-Governance Act (RA 12254) and its IRR, signed on March 24, 2026, present a monumental opportunity to streamline government services and improve the ease of doing business. The IRR directs agencies to adopt common standards, prioritize cybersecurity, and re-engineer processes to ensure services are citizen-centered. The DICT has announced the approval of the E-Government Master Plan (EGMP), the country’s strategic blueprint for digital transformation outlining key programs, priorities, and governance mechanisms. However, fragmented and paper-based processes remain a significant barrier for investors, and the full benefits of the law will only be realized through comprehensive implementation. The ECCP supports the full implementation of the E-Governance Act and urges the government to accelerate the rollout of digital portals for business registration, LGU clearances, and permitting, creating a transparent and one-stop online system that reduces costs and boosts investor confidence. ECCP supports the “eLGU” mandate of the E-Governance Act as a key enabler of this reform, which by mid-2026 has seen over 57% of LGUs launch their eLGU portals.³⁴ The EGMP should be implemented with clear milestones, adequate funding, and robust monitoring mechanisms to ensure that digital government services are delivered efficiently and equitably across all regions. The ECCP further calls for the integration of interoperability standards across all government agencies to ensure seamless data exchange and service delivery, eliminating the fragmentation that has historically plagued government ICT systems. By fully implementing the E-Governance Act and EGMP, the Philippines can significantly improve the ease of doing business, attract more investment, and enhance the quality of public services for all Filipinos.

Strengthen Cybersecurity and Data Privacy Frameworks to Build National Resilience

As the Philippines digitizes, its vulnerability to sophisticated cyber threats increases. The National Cybersecurity Plan (NCSP) 2023-2028, adopted through EO 58 (2024), provides policy direction and operational guidelines, and the Philippines’ improvement in the UN Global Cybersecurity Index to 53rd with a score of 93.49 reflects progress.³⁵ However, the full potential of the E-Governance Act and the broader digital transformation will only be realized if cyber resilience is built into every layer of government ICT infrastructure and private-sector operations. The ECCP calls for the expedited passage of a comprehensive Cybersecurity Act to operationalize the NCSP and empower the DICT to enforce baseline security standards across all critical government and private ICT infrastructure. ECCP recommends establishing formalized, real-time public-private mechanisms for sharing cyber threat intelligence, ensuring that both sectors can respond collectively and effectively to cyberattacks, which are increasingly sophisticated and transnational in nature. The ECCP supports the strengthening of the National Privacy Commission (NPC) to effectively enforce data protection laws and ensure compliance with international standards, including providing the NPC with adequate resources and enforcement powers. The KPA IRR’s cybersecurity compliance provisions—requiring DTIPs to comply with international cybersecurity standards and obtain certification within two years of registration—are a positive step, but broader legislative and institutional strengthening is needed. The ECCP supports the CADENA Act and other transparency initiatives that build trust in government digital systems, and emphasizes that by emphasizing transparency, compliance, security, and accountability, the Philippines can differentiate itself as a reliable partner in global digital trade and investment.

³⁴ DILG. (22 October 2025). More Than 900 LGUs Go Digital: Faster, Easier Services Within Reach Through eLGU System. Retrieved from <https://dilg.gov.ph/news/More-Than-900-LGUs-Go-Digital-Faster-Easier-Services-Within-Reach-Through-eLGU-System/NC-2025-1247>

³⁵ PNA. (15 September 2024). PH makes big leap in global cybersecurity rankings. Retrieved from <https://www.pna.gov.ph/articles/1233410>

Decentralize Digital Infrastructure and Promote Regional ICT Hubs

A national, whole-of-nation approach is essential to ensure inclusive benefits from digital transformation. Cities such as Cebu, Davao, Iloilo, Clark, and Naga are emerging as viable data center hubs, offering lower land acquisition costs, improved energy access, and access to skilled regional labor. However, national ICT strategies remain heavily Metro Manila-centric, limiting the potential for regional growth and contributing to economic disparities. The ECCP acknowledges the consideration of policies that deliberately decentralize growth from Metro Manila and integrate regional development into the national ICT strategy. ECCP recommends that the government incentivize the establishment of digital hubs and data centers in tier-2 and tier-3 cities, including tax incentives, streamlined permitting, and infrastructure support. Training programs and educational initiatives should be geographically distributed to ensure that talent pools in all regions can benefit from the digital economy, and the development of the E-Government Masterplan and other digital strategies should explicitly consider regional needs and opportunities, ensuring that no region is left behind in the digital transformation. The ECCP further recommends the establishment of regional innovation hubs and co-working spaces that provide access to high-speed internet, mentorship, and funding for startups and digital entrepreneurs, fostering local ecosystems that can contribute to national economic growth. By promoting regional ICT development, the Philippines can reduce regional inequality, expand opportunities, and grow resilient local ecosystems that feed the national economy. While there is growing recognition of regional digital potential, deliberate policy frameworks to support this decentralization are still in early stages, and the ECCP will work with the government to advance this agenda.

Position the Philippines as a Digital Services Hub Through Accelerated AI Adoption and E-Commerce Infrastructure

The Philippines' digital exports reached a record USD 8.17 billion in March 2026, a 20.4% jump from the previous year, driven heavily by electronics.³⁶ The DTI is actively positioning the Philippines as a "Digital Services Hub" of Asia through expanded e-commerce infrastructure, accelerated AI adoption, and the establishment of large-scale data centers and green manufacturing facilities. The ECCP supports this strategic direction and recommends that the government accelerate the implementation of the National AI Strategy Roadmap (NAISR) 2.0, launched in July 2025, to reinforce capacity for sustainable digital transformation. ECCP calls for the establishment of AI regulatory frameworks that balance innovation with ethical considerations, ensuring that AI deployment remains safe, transparent, and accountable. The ECCP recommends the expansion of e-commerce infrastructure, including logistics networks, digital payment systems, and consumer protection mechanisms, to support the growth of online commerce and enable MSMEs to participate in the digital economy. The government should establish large-scale data centers with appropriate incentives, positioning the Philippines as a regional data hub that attracts international investment in cloud services, data analytics, and emerging technologies. The ECCP supports the Philippines' active participation in the ASEAN Digital Economy Framework Agreement (DEFA), with negotiations proceeding quickly toward signing during the ASEAN Leaders' Summit in November 2026, and recommends that the government ensure that the DEFA promotes open, secure, and inclusive digital trade. ECCP further recommends that the government leverage the EU-Philippines Free Trade Agreement to attract European investment in the digital economy, including in AI, cybersecurity, and data center infrastructure. By positioning the Philippines as a Digital Services Hub, the country can diversify its economy, create high-quality jobs, and achieve its target of raising the digital economy's contribution to 12% of GDP by 2026.³⁷

36 Philippine Statistics Authority. (30 April 2026). International Merchandise Trade Statistics of the Philippines March 2026 (Preliminary). Retrieved from <https://psa.gov.ph/content/international-merchandise-trade-statistics-philippines-march-2026-preliminary>

37 DICT. (15 December 2025). A Digital Push for Economic Recovery: DICT's 2026 Growth Agenda. Retrieved from <https://dict.gov.ph/news-and-updates/24967>

Strengthen Digital Finance Infrastructure and Inclusive Financial Services

Personal remittances hit USD 39.62 billion for the first time during 2025 and continue to grow in 2026, highlighting both the resilience of overseas Filipino workers and the importance of cross-border payments.³⁸ Approximately 50% of Filipino adults now own a formal financial account, supported by real-time payment infrastructure powered by InstaPay and PESONet.³⁹ The Bangko Sentral ng Pilipinas (BSP) continues to modernize financial services through its Open Finance Framework and Project Agila, its wholesale central bank digital currency (wCBDC) initiative focusing on interbank settlements and securities transactions. The ECCP supports the BSP's efforts to modernize financial services and recommends the continued expansion of real-time payment infrastructure to reach unbanked and underserved populations, particularly in rural areas. ECCP calls for the full implementation of the Open Finance Framework, which enables secure data sharing between financial institutions, fostering innovation and competition in financial services while ensuring robust data protection and consumer safeguards. The ECCP supports the BSP's digital finance initiatives, including Project Agila, as they enhance the efficiency and resilience of the financial system, reduce transaction costs, and promote financial inclusion. ECCP recommends the development of clear regulatory frameworks for digital assets and blockchain technology, balancing innovation with consumer protection and financial stability. The ECCP further recommends that the government leverage the digital finance infrastructure to enhance the disbursement of social services and government benefits, reducing leakage and improving the efficiency of public spending. By strengthening digital finance infrastructure, the Philippines can promote financial inclusion, reduce poverty, and support the growth of the digital economy.

38 Ta-Asan, K. (17 February 2026). Remittances reach record high \$35.6 billion. Retrieved from <https://www.philstar.com/business/2026/02/17/2508451/remittances-reach-record-high-356-billion>

39 BusinessWorld. (17 April 2026). Financial account ownership among Filipinos at 50% — BSP. Retrieved from <https://bworldonline.com/banking-finance/2026/04/17/743500/financial-account-ownership-among-filipinos-at-50-bsp/>

ASSESSMENT OF 2025 RECOMMENDATIONS (INFRASTRUCTURE)

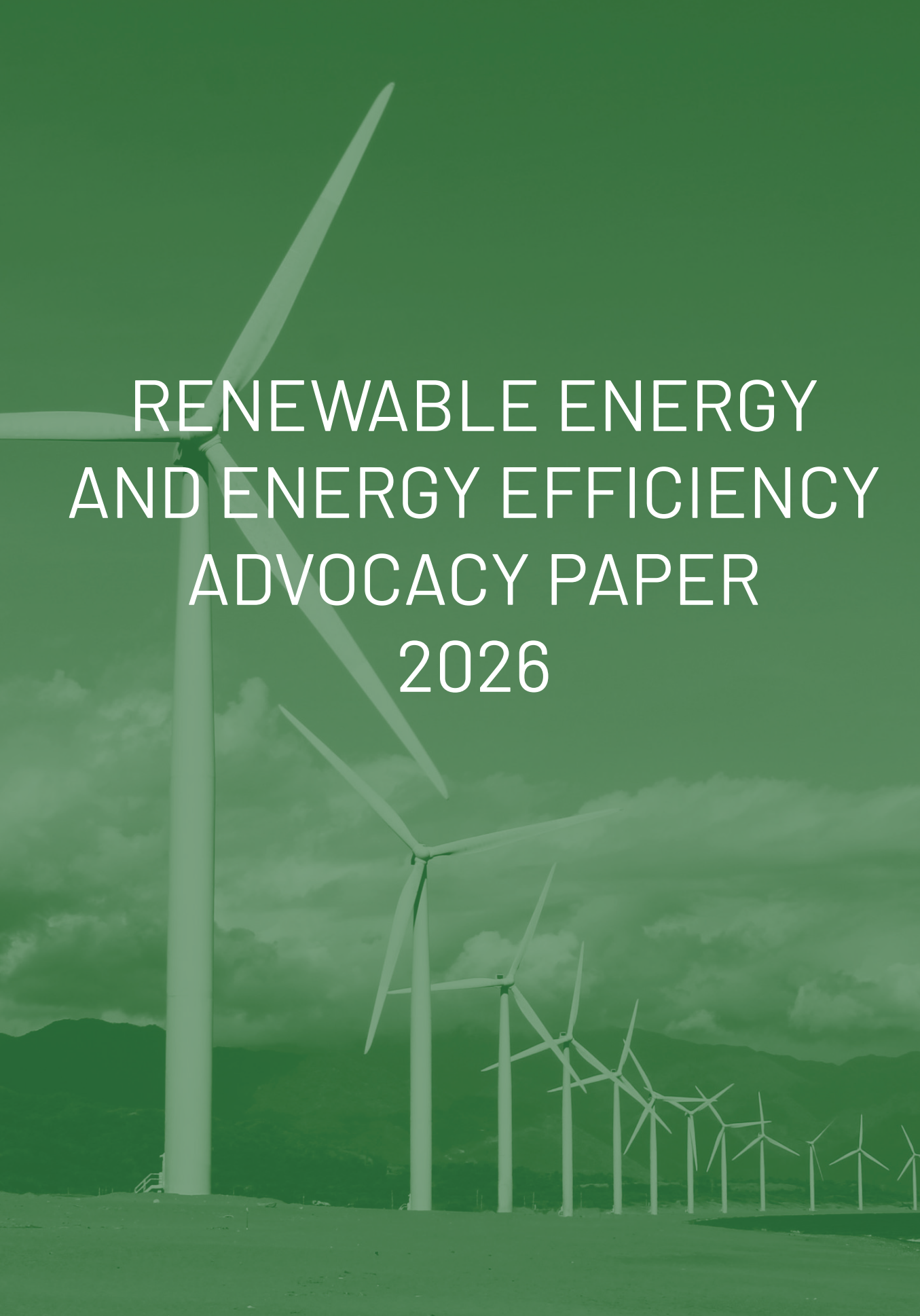
2025 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Incorporatesustainabilityininfrastructureproject planning and implementation through funds allocation for green infrastructure and faster blended cement adoption in the Philippines	
Align infrastructure policies of the national government and local government units (LGUs) by improving the implementation of the Mandanas-Garcia Ruling and the ease of doing business in the infrastructure sector	
Strengthen public-private partnerships by ensuring sanctity of PPP contracts, prioritizing solicited bids, and institutionalizing capacity building programs to LGUs to participate in PPP initiatives	Following the implementation of the updated legal framework, the PPP pipeline expanded significantly to 251 projects worth PHP 3.10 trillion by mid-2026, with 288 projects actively under implementation. Structured technical assistance and capacity-building programs continue to be provided to LGUs and implementing agencies.
Reconsider mineral reservations and imposition of mineral reserve status	
Level the playing field in the construction industry for fully foreign-owned and local contractors alike by amending Rule 3.1 of the IRR of R.A. 4566 to allow foreign contractors to be issued regular licenses under the same conditions as those posed to domestic players	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
Executive policy now mandates sustainability criteria in new government infrastructure projects, alongside new provisions for sustainable public procurement. However, full adoption requires aligning public works specifications to enforce higher blended cement proportions over standard cement.	
Enacted statutory updates have streamlined property acquisition for right-of-way clearance. Additionally, new inter-agency rules standardized local tax applications for incentives to enhance ease of doing business, though lower-tier LGU technical and absorptive capacities remain an ongoing challenge.	
The enactment of an enhanced fiscal regime for large-scale metallic mining brought greater fiscal predictability to the sector. However, broader policy reviews regarding mineral reserve status on existing tenements are still required to fully optimize raw material supply chains.	
	Neither executive nor legislative action has been taken to amend licensing regulations. Discriminatory net worth equity requirements (PHP 1 billion for foreign vs. PHP 180 million for domestic firms) remain in place, restricting open market competition.

ASSESSMENT OF 2025 RECOMMENDATIONS (ICT)

2025 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Ensure the swift release and effective implementation of the Konektadong Pinoy Act (KPA) Implementing Rules and Regulations (IRR)	The administrative guidelines for data transmission have been officially established, declaring all segments of data transmission competitive, removing legislative franchise requirements for market participants, introducing a “Dig Once” policy, and setting passive infrastructure-sharing frameworks.
Fast-track the rollout of the national broadband and fiber backbone	
Conduct transparent spectrum management and reallocation of mid-band frequencies	
Develop a future-ready and globally competitive workforce with a particular focus on the development of digital skills	
Improve ease of doing business and cyber-resilience to position the Philippines as a digital regional investment hub	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
The initial phase of the Mindanao Integrated Government Network was launched, connecting 500 agencies. However, overall broadband progress is tempered by procurement delays and failed biddings encountered on subsequent phases of the national fiber backbone.	
	Comprehensive legislative spectrum reform remains unpassed, leaving frequency governance under legacy frameworks from 1931 and 1995. While recent data transmission rules introduced a policy framework, comprehensive legislative overhaul and full reallocation of mid-band frequencies for 5G have not materialized.
National skills programs trained over 150,000 individuals in digital literacy, AI, and cybersecurity by mid-2026, supported by the establishment of a dedicated center for AI research. However, further scaling is required to meet growing industry demand.	
Implementation rules for digital governance were signed alongside a comprehensive e-government master plan, and over 57% of LGUs launched digital portals. Cyber-resilience improved with the Philippines reaching 53rd on the UN Global Cybersecurity Index, though standalone cybersecurity legislation remains pending.	



RENEWABLE ENERGY AND ENERGY EFFICIENCY ADVOCACY PAPER 2026

INTRODUCTION

Energy security has become the primary catalyst for the global clean energy transition. Amid rising geopolitical uncertainty and volatile fossil fuel markets, governments are accelerating investments in clean energy to strengthen energy independence, economic resilience, and industrial competitiveness. In 2025, global energy investment surpassed USD 3.3 trillion, of which USD 2.2 trillion, approximately two-thirds, was directed toward clean energy technologies. As a result, major economies, including China, the United States, the European Union, India, and the United Kingdom, are rapidly expanding domestic manufacturing of solar panels, batteries, electric vehicles, and other clean energy technologies to reduce import dependence and secure long-term energy resilience.¹

On the other hand, the Philippines has actively pursued a transition to renewable energy (RE) in the last years and has set Nationally Determined Contribution (NDC) targets for itself.² The Philippines has various commitments such as the Philippine Energy Plan 2023-2050, its COP28 pledge, and the Energy Virtual One Shared System (EVOSS or Republic Act No. 11234).³

The global experience demonstrates that clean energy investment has become a strategic lever for energy security, economic competitiveness, and industrial growth. For the Philippines, accelerating the clean energy transition will be equally important to reducing dependence on imported fossil fuels, strengthening long-term energy security, and building a more resilient and competitive energy sector.

SECTOR OVERVIEW

The International Energy Agency's 2026 Global Energy Review identified a 3% growth in global electricity demand, which is above the 2.8% annual average. In 2025, 80% of global electricity demand growth came from emerging markets and developing economies.⁴ Following this, the renewable energy sector accounted for 34% of global electricity generation in 2025. Renewable sources (such as solar, wind, and hydropower) accounted for more than a third of global electricity generation for the first time in history, reflecting a record increase in clean energy generation.⁵

The Philippine Context: Policy Reforms and Strategic Investments Accelerate the Renewable Energy Transition

Over the last years, the Philippine government has promoted different ways to get investment for its RE expansion. In 2022, for instance, it amended the implementing Rules and Regulations (IRR) of the Renewable Energy Act of 2008 with the Department of Energy's Department Circular No. 2022-11-0034, which allowed for 100% foreign ownership of renewable energy projects.⁶ In the IEA's most recent June 2026 report on the Philippines' power sector, the IEA contextualized the critical phase in energy transformation that the Philippines is in.⁷ As of May 2025, the Philippines' energy sector has grown to a PHP 3.3-trillion industry. In

1 Kolaczowski, M. (12 December 2025). Global energy in 2026 will be marked by growth, resilience and competition. Retrieved from <https://www.weforum.org/stories/all/global-energy-2026-growth-resilience-and-competition/>

2 Energy Virtual One-Stop Shop.. (n.d.) About Us. Retrieved from <https://www.evoss.ph/Home/About>

3 Supreme Court E-Library. (n.d.). Republic Act No. 11234. Retrieved from <https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/2/87060>

4 International Energy Agency. (20 April 2026). RES accounted for 34% of global electricity generation in 2025 – Ember. Retrieved from <https://gmk.center/en/news/res-accounted-for-34-of-global-electricity-generation-in-2025-ember/>

5 Yermolenko, H. (26 April 2026). Global energy in 2026 will be marked by growth, resilience and competition. Retrieved from <https://www.weforum.org/stories/all/global-energy-2026-growth-resilience-and-competition/>

6 International Monetary Fund. Asia and Pacific Dept. (14 December 2025). Renewable Energy Transition in the Philippines: Trends, Opportunities, Challenges. Retrieved from <https://www.elibrary.imf.org/view/journals/002/2025/334/article-A002-en.xml>

7 International Energy Agency. (19 June 2026). Energy Transition Review for Enhancing Co-operation. Retrieved from <https://www.iea.org/reports/energy-transition-review-for-enhancing-co-operation>

September 2025, the Department of Energy committed to achieving higher RE shares in the power generation mix – 33% by 2030, 50% by 2040, and over 50% by 2050.⁸

In the first five months of 2026, the Philippines certified 13 renewable energy (RE) projects worth PHP 344.62B under the Philippine government's Green Lane initiative. This brings the total to 182 renewable energy (RE) projects – worth PHP 6.32 Trillion, since the Green Lane initiative was taken into effect in February 2023 (under Executive Order No. 18).⁹ From January to November 2025, the Philippines' renewable energy (RE) sector took up the largest share of approved projects by the Board of Investments (BOI).¹⁰ In June 2026, the Philippine Economic Zone Authority (PEZA) approved PHP 97 billion worth of renewable energy (RE) investments.¹¹ These massive shifts represent hundreds of clean energy projects and billions of investments towards a cleaner energy mix for the Philippines.¹² In 2026 alone, the Department of Energy continued to pursue its renewable energy efforts through its various mandates. Department Circular (DC) No. DC2026-02-0008, for instance, supplemented and amended the Energy Storage Systems (ESS) Policy (or DC No. DC2023-04-0008) in order to integrate renewable energy better to grids.¹³ As of May 2026, the Department of Energy (DOE) committed to fast-tracking its renewable energy projects under Task Force 200 – which covers 200 energy projects in the Philippines.¹⁴

However, the energy sector of the Philippines is challenged by peak power demand due to population growth and economic expansions. Despite the efforts of the Philippines to transition into renewable energy (RE) sources, it still primarily depends on fossil fuels in its power generation mix.¹⁵

Despite this progress, the Philippines continues to face structural energy challenges. Rising electricity demand, driven by population growth and economic expansion, continues to outpace the country's transition to cleaner energy sources. Fossil fuels remain the dominant source of electricity generation, exposing the country to fuel price volatility and supply disruptions¹⁶. Consequently, the Philippines continues to record one of the highest residential electricity prices in Southeast Asia, at USD 0.21 per kWh in the first quarter of 2026, largely due to its dependence on imported fuels, complex grid architecture, and elevated global coal prices. In response, the Energy Regulatory Commission (ERC) is advancing reforms to modernize grid standards and facilitate greater integration of renewable energy.²⁵

The country's long-term outlook, however, remains promising. The Philippines has attracted approximately PHP 3.43 trillion in domestic and PHP 1.3 trillion in foreign investments for renewable energy projects, supported by policy reforms, public-private partnerships, and the Medium-Term Energy Development Plan (MEDP) 2024–2028, which promotes the redevelopment of public land for renewable energy projects. At the same time, the government has increased investments under the Public Investment Program (PIP) 2023–2026 to expand clean energy infrastructure.⁶

The energy transition in the country remains a work in progress. Between April 2025 and March 2026, 56.4% of the country's electricity generation continued to come from coal, underscoring the scale of the transformation still required. To address this, the DOE is pursuing a comprehensive policy agenda, including the Renewable Portfolio Standards (RPS), Green Energy Auction Program (GEAP), and Smart and Green Grid Plan (SGGP), to diversify the country's energy mix and expand renewable energy deployment.¹⁷

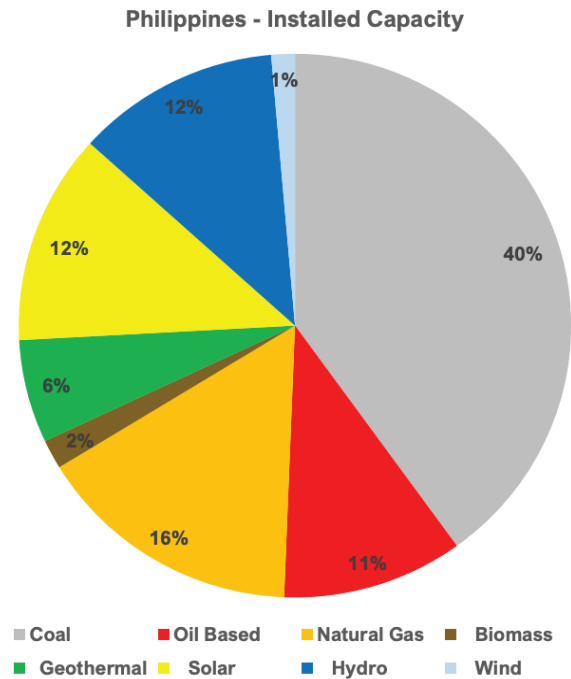


Figure 1. List of Existing Power Plants (Grid-Connected) As Of 31 May 2026
Source: Department of Energy¹⁸

Complementing these initiatives, the Energy Regulatory Commission (ERC) is updating the Philippine Grid Code (PGC) to better accommodate variable renewable energy (VRE), battery energy storage systems (BESS), and other emerging technologies.¹⁸ Meanwhile, the July 2026 status report on the Electric Power Industry Reform Act (EPIRA) highlights continued improvements in national electrification, demonstrating

8 Department of Energy. (03 September 2025). Philippines Accelerates Renewable Energy Deployment Through the Fourth Green Energy Auction. Retrieved from <https://doe.gov.ph/articles/2969807-philippines-accelerates-renewable-energy-deployment-through-the-fourth-green-energy-auction>

9 Gonzales, A. (11 June 2026). Lotilla: DOE: P344.62-B RE projects boost clean energy shift. Retrieved from <https://www.pna.gov.ph/articles/1277082>

10 Macapagal, J. (10 December 2025). More RE investments coming to PH – DOE. Retrieved from <https://malaya.com.ph/business/corporate/more-re-investments-coming-to-ph-doe/>

11 Desiderio, L. (25 June 2026). PEZA-approved RE investments hit P97 billion. Retrieved from <https://www.philstar.com/business/2026/06/25/2537560/peza-approved-re-investments-hit-p97-billion>

12 Hilotin, J. (24 June 2026). Philippines: Power generation gathers pace with multi-billion-dollar clean energy projects. Retrieved from <https://gulfnews.com/world/asia/philippines/philippines-power-generation-gathers-pace-with-multi-billion-dollar-investments-in-clean-energy-1.500584091>

13 Department of Energy. (26 February 2026). DOE strengthens renewable energy reliability through mandatory energy storage integration under updated ESS Policy. Retrieved from <https://doe.gov.ph/articles/3340048-doe-strengthens-renewable-energy-reliability-through-mandatory-energy-storage-integration-under-updated-ess-policy?title=DOE%20strengthens%20renewable%20energy%20reliability%20through%20mandatory%20energy%20storage%20integration%20under%20updated%20ESS%20Policy>

14 Bautista, R. (14 May 2026). DOE fast-tracks renewable energy projects to reduce fuel dependence. Retrieved from <https://pia.gov.ph/news/doe-fast-tracks-renewable-energy-projects-to-reduce-fuel-dependence/>

15 Rathore, M. (30 March 2026). Energy sector in the Philippines – statistics & facts. Retrieved from <https://www.statista.com/topics/8548/energy-sector-in-the-philippines/?srsltid=AfmBOoo8DpMHREmOTsxmH8gg2cKQhpcumLSb2kGaWJlxhGX5XczCRVvN#topicOverview>

16 Rathore, M. (30 March 2026). Energy sector in the Philippines – statistics & facts. Retrieved from <https://www.statista.com/topics/8548/energy-sector-in-the-philippines/?srsltid=AfmBOoo8DpMHREmOTsxmH8gg2cKQhpcumLSb2kGaWJlxhGX5XczCRVvN#topicOverview>

17 ACEN. (n.d.). Unlocking opportunities for a clean future with renewable energy transition. Retrieved from <https://www.acenrenewables.com/2025/11/philippines-renewable-energy-transition/>

18 Gonzales, A. (13 July 2026). ERC pushed for upgrade of grid standards. Retrieved from <https://www.pna.gov.ph/articles/1279356>

the government's sustained commitment to strengthening the country's power sector.¹⁹ Moving forward, maintaining policy consistency, modernizing grid infrastructure, and accelerating project implementation will be critical to achieving the Philippines' renewable energy targets while enhancing energy security, affordability, and long-term competitiveness.

ASEAN Accelerates Regional Energy Integration and Renewable Energy Cooperation

For ASEAN countries, 2026 marks expansions into its energy efforts with new implementations and advancements. The ASEAN Plan of Action for Energy Cooperation (APAEC) 2026-2030, which serves as ASEAN's regional energy cooperation blueprint, was implemented this year,²⁰ alongside the advancement of the ASEAN Power Grid (APG) which will move from strategic planning to operational action in 2026. Beyond these two major developments, there are strengthened efforts for regional interconnection, cross-border trade, and multilateral market integration. Notably, all of these efforts will work towards integrating renewable energy following energy security concerns from global geopolitical contexts. The ASEAN Chairship was passed to the Philippines in 2026, with the energy sector as a priority for economic transformation under its efforts to expand RE with stronger systems, standards, and innovation.²¹ Despite these efforts, the Philippines has one of the lowest energy capacities in the ASEAN region and is dependent on imported fossil fuels. Despite an effort to diversify into renewable energy (RE) sources, it still falls behind its neighboring countries, such as Indonesia, Vietnam, Malaysia, and Thailand, in its energy supply in general, and its efforts to renewable energy.⁶ The ASEAN Region's energy transition agenda is primarily driven by the APAEC which, in its 2026-2030 phase, is moving towards policy development, integration, and joint action in order to accelerate the energy transition and development.²²

Overall, the Philippines has made significant progress in advancing its renewable energy transition through sustained policy reforms, regulatory improvements, and growing investment. However, the country continues to face structural challenges, including exposure to volatile global fuel prices, climate-related risks, and a heavy reliance on imported fossil fuels. As global energy markets increasingly prioritize energy security, resilience, and diversification, the Department of Energy (DOE) faces growing expectations to work closely with government, industry, and other stakeholders to accelerate the deployment of reliable, affordable, and low-carbon energy solutions. By sustaining policy momentum, strengthening public-private collaboration, and modernizing its energy infrastructure, the Philippines is well positioned to enhance its energy security while achieving its long-term renewable energy and economic development goals.

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

The Philippines has significantly accelerated its clean energy transition through a combination of policy reforms, regulatory initiatives, strategic investments, and international partnerships. It has also strengthened its long-term climate commitments by advancing renewable energy targets, accelerating priority energy projects, and mobilizing both public and private sector investment. These developments were further reinforced by the government's response to global energy supply disruptions, underscoring the growing importance of energy security, diversification, and resilience.

Collectively, these initiatives signal a shift from policy commitments toward implementation, positioning the Philippines to build a more sustainable, competitive, and low-carbon energy system while supporting long-term economic growth.

19 Department of Energy. (1 July 2026). 46th Status Report on EPIRA Implementation. Retrieved from <https://prod-cms.doe.gov.ph/documents/d/epimb/46th-epira-implementation-status-report-nov-2024-to-apr-2025-pdf>

20 ASEAN Plan of Action for Energy Cooperation. (n.d.) About APAEC. Retrieved from <https://aseanenergy.org/apaec>

21 ASEAN Centre for Energy. (3 February 2026). ASEAN Energy in 2026. Retrieved from <https://aseanenergy.org/publications/asean-energy-in-2026>

22 ASEAN Centre for Energy. (15 October 2025). ASEAN Plan of Action for Energy Cooperation (APAEC) 2026-2030. Retrieved from <https://aseanenergy.org/publications/asean-plan-of-action-for-energy-cooperation-apaec-2026-2030>

Improving Ease of Doing Business in the Energy Sector

To improve the ease of doing business and accelerate energy investments, the government continues to streamline regulatory processes through digitalization. The Energy Regulatory Commission (ERC) reported that the Energy Virtual One-Stop Shop (EVOSS) has significantly reduced permit processing times, with key approvals, including point-to-point transmission, capital expenditures, and certificates of compliance being completed well ahead of the timelines set under the 2020 Citizen's Charter, improving the efficiency and predictability of energy project approvals.²³

Complementing these efforts, the Bureau of Customs amended Customs Administrative Order (CAO) No. 07-2022 through CAO No. 01-2026, extending importer accreditation validity from one year to three years. This reform reduces administrative burdens, facilitates the importation of solar panels and energy storage technologies, lowers compliance costs, and provides greater certainty for renewable energy project developers, ultimately supporting faster deployment of clean energy infrastructure.²⁴

Strengthening the Policy and Regulatory Framework for the Energy Transition

The Philippine government continues to strengthen the policy and regulatory framework supporting the country's clean energy transition and long-term decarbonization objectives. At the Philippine Electric Power Industry Forum (PEPIF), the Energy Regulatory Commission (ERC) outlined key regulatory reforms aimed at accelerating renewable energy integration, modernizing the power sector, and advancing sustainability²⁵. Complementing these reforms, the Philippines reaffirmed its climate commitments by targeting a 75% reduction in greenhouse gas emissions by 2030 and increasing the share of renewable energy in the power generation mix to 35% by 2030 and 50% by 2040. The Department of Trade and Industry (DTI) likewise continues to advance the Philippine Green Jobs Act to promote green employment and support the country's low-carbon economic transition. Reinforcing these broader policy efforts, the Department of Energy (DOE) issued key policies on 23 October 2025 to accelerate large-scale electric vehicle (EV) adoption, reducing dependence on imported oil, expanding the use of domestically sourced renewable energy, and lowering greenhouse gas emissions.²⁶

Scaling Renewable Energy Investments and Deployment

Government initiatives and private sector investments continue to strengthen the Philippines' renewable energy pipeline, reflecting growing momentum toward a more diversified and sustainable energy mix. During the Abu Dhabi Sustainability Week (ADSW) Dialogue, President Ferdinand R. Marcos Jr. reaffirmed the government's commitment to expanding renewable energy through stronger fiscal incentives, regulatory reforms, Green Bonds, and the Renewable Energy Trust Fund.²⁷ Reinforcing this commitment, Malacañang announced in April 2026 that the government is accelerating the development of renewable energy projects nationwide. The Department of Energy (DOE) is currently advancing 22 priority projects across various technologies, including 12 solar, six hydropower, two

23 Business World. (22 July 2026). EVOSS Beating Permit Approval Timelines – ERC. Retrieved from: <https://bworldonline.com/economy/2026/07/22/765317/evoss-beating-permit-approval-timelines-erc/>

24 Mbrand. (16 May 2026). DOF, Customs improve Ease of Doing Business for Solar Panels and Batteries Sector. Manila Bulletin. Retrieved from: <https://mb.com.ph/2026/05/16/dof-customs-improve-ease-of-doing-business-for-solar-panels-and-batteries-sector>

25 Power Philippines (16 March 2026). ERC pushes regulatory reforms to expand electricity access and lower costs at PEPIF 2026. Retrieved from <https://powerphilippines.com/erc-pushes-regulatory-reforms-to-expand-electricity-access-and-lower-costs-at-pepif-2026/>

26 Department of Energy. (22 October 2025). DOE issues key policies to accelerate EV adoption and expand charging network. Retrieved from <https://doe.gov.ph/articles/3124035--doe-issues-key-policies-to-accelerate-ev-adoption-and-expand-charging-network>

27 PCO. (13 January 2026). President Marcos reaffirms PH's commitment to clean energy, nuclear safety, and global sustainability efforts. Retrieved from <https://pia.gov.ph/news/president-marcos-reaffirms-phs-commitment-to-clean-energy-nuclear-safety-and-global-sustainability-efforts/>

biomass, one wind, and one integrated energy storage project.²⁸ Meanwhile, as of 11 June 2026, the Board of Investments (BOI) had certified 13 renewable energy projects valued at PHP 344.62 billion (USD 5.63 billion), spanning solar, hydropower, wind, geothermal, and small modular nuclear technologies. These investments are beginning to translate into measurable progress, with the DOE reporting that renewable energy accounted for approximately 25% of the country's electricity generation by June 2026, moving the Philippines closer to its 35% renewable energy target by 2030 under the Philippine Energy Plan.²⁹

Mobilizing Green Finance and International Partnerships

International cooperation and sustainable finance are becoming key enablers of the energy transition. On 15 April 2026, the United Nations reiterated the various ways that it is working with the Philippine Government and local communities in order to support healthier energy for the Philippines.³⁰

The following are their current existing efforts:

- The United Nations Industrial Development Organization (UNIDO) supported the Philippines in developing the Electric Vehicle Incentive Strategy which deployed solar-hybrid charging infrastructure that allowed for low-carbon public transport. This project was funded by the Global Environment Facility (GEF).
- The United Nations Office for Project Services (UNOPS) supported the establishment of a licensing framework and planning tool for offshore wind power.
- The United Nations Development Programme (UNDP) and its partners strengthened the smart grid development to ensure that new renewable energy capacity can be absorbed by the Philippine grid.
- The United Nations Industrial Development Organization (UNIDO) in partnership with the Department of Trade and Industry and the Government of Canada developed the Philippines Cement Decarbonization Roadmap.
- Alongside this the WHO supported the Department of Health in developing the Guidelines on Green and Safe Health Facilities which involves renewable energy and low carbon strategies.
- Additionally, the International Labour Organization (ILO) promotes energy efficiency and environmental sustainability in the Philippines by encouraging enterprises to adopt greener practices.
- The UN-Habitat is currently supporting the expansion of solar-powered, climate resilient housing for indigenous families in Surigao City. They are also working on piloting green, affordable housing projects under an ASEAN initiative.

Strengthening Energy Security and System Resilience

Geopolitical risks continue to reinforce the urgency of diversifying the country's energy mix. In March 2026, Malcañang declared a state of national energy emergency in Executive Order (EO) 110 following the economic impact of the global energy supply disruption due to the escalating tensions in the Middle East. This accelerated supply chain diversification towards renewable energy adaption, such as rooftop solar.³¹

Accelerating Renewable Energy Adoption Across Industries

Public and private sector collaboration is expanding renewable energy deployment beyond the power sector. Manila Water shifted 56 additional facilities to the Energy Regulatory Commission's (ERC) Retail Aggregation Program (RAP) to adopt renewable energy in the utility sector. This transition accounts for a total demand of 1,682 kW. Bringing the total facilities switched to RAP at 214 facilities.³²

The switched facilities include the following:

- 10 from Laguna Water
- 45 under Estate Water (Bulacan, Cavite, Laguna, and Metro Manila)
- Manila Water Foundation's La Mesa Ecopark

LEGISLATIVE UPDATES

Waste to Energy Act

Status: HB 9157 approved on third and final reading by the House of Representatives with 255 affirmative votes

On 20 May 2026, the House of Representatives approved the third and final reading of House Bill No. 9157, "Waste-to-Energy Act," which aims to establish a national framework for the development, regulation, and operation of WTE facilities. This bill also mandates continuous emissions monitoring systems under the Clean Air Act, Renewable Energy Act, Toxic Substances and Hazardous and Nuclear Wastes Control Act.³³

EPIRA Amendments

In his 2026 State of the Nation Address (SONA), President Ferdinand R. Marcos Jr. identified electricity affordability and energy security as key priorities for the power sector. He urged Congress to amend the Electric Power Industry Reform Act (EPIRA) to prohibit the pass-through of system loss charges and their corresponding value-added tax (VAT) to consumers, arguing that distribution inefficiencies should not be borne by electricity users.³⁴

Several bills were filed regarding the EPIRA Amendments after the Presidents' SONA, below are the bills and its current status:

- **Senate Bill No. 2350: Newly introduced and pending initial referral or review in the Senate committee.**

Filed by Senate President Sherwin Gatchalian, the Senate said he has filed Senate Bill 2350 or the System Loss Charge Abolition Act which would halt distribution utilities from charging

28 Open Gov Asia. (17 April 2026). Philippines Accelerates 22 Renewable Energy Projects to Strengthen Power Supply. Retrieved from <https://opengovasia.com/philippines-accelerates-22-renewable-energy-projects-to-strengthen-power-supply/?c=ph>

29 Hilotin, J. (24 March 2026). Philippines: Power generation gathers pace with multi-billion-dollar clean energy projects. Retrieved from <https://gulfnews.com/world/asia/philippines/philippines-power-generation-gathers-pace-with-multi-billion-dollar-investments-in-clean-energy-1.500584091>

30 United Nations Philippines. (15 April 2026). Energy security: Nine ways the UN is supporting the Philippines Retrieved from <https://philippines.un.org/en/313794-energy-security-nine-ways-un-supporting-philippines>

31 Villanueva, J. (25 March 2026). Biz groups back state of national energy emergency declaration. Retrieved from <https://www.pna.gov.ph/articles/1271806>

32 Insider PH (10 October 2025). Manila Water shifts more facilities to ERC Retail Aggregation Program. Retrieved from <https://insiderph.com/manila-water-shifts-more-facilities-to-erc-retail-aggregation-program>

33 Philippine News Agency. (21 May 2026). House passes waste-to-energy bill to fight flooding, garbage crisis. Retrieved from <https://www.pna.gov.ph/articles/1275521>

34 Arinto R. (27 July 2026). Philippine Information Agency. Retrieved from: <https://pia.gov.ph/news/pbbms-call-to-amend-epira-gets-support-from-power-industry-execs/>

customers for electricity lost before reaching their homes and businesses.³⁵

- **Senate Bill 2343: Under active discussion following recent joint Senate committee hearings on EPIRA amendments and power rate reforms.** Senator JV Ejercito filed Senate Bill No. 2343, which seeks to exempt electricity sales from value-added tax (VAT) by amending the National Internal Revenue Code. Unlike proposals that remove VAT only on system loss charges, the bill would eliminate VAT across the entire electricity value chain—from generation to distribution—to reduce power costs for households and businesses while strengthening consumer purchasing power.³⁶

Sariling Kuryente Act

Status: The President also called for the passage of the Sariling Kuryente Act during his SONA to simplify permitting requirements for rooftop solar and battery storage systems, making distributed renewable energy more accessible to households.³⁷

Following Marcos Jr.'s 2026 SONA, the House Committee on Energy committed to fast-tracking priority legislation aimed at reducing electricity costs and expanding access to affordable, reliable, and sustainable energy. The Committee pledged to advance reforms to eliminate system loss charges passed on to consumers and to prioritize the proposed Sariling Kuryente Act, which seeks to simplify the installation of rooftop solar and battery energy storage systems.³⁸

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

The Chamber's recommendations for 2026 proceed from a single premise: the Philippines has substantially solved the problem of attracting renewable energy investment and has not yet solved the problem of delivering it. Each recommendation below therefore identifies the reform sought, the intended outcome, and the national objective it serves.

Implementing a Sustainable Energy Mix to Strengthen Energy Security

The Philippines has significant untapped potential in solar, wind, geothermal, hydro, and biomass. The Department of Energy (DOE) targets renewables to account for 35% of the power mix by 2030 and 50% by 2040³⁹. Beyond climate objectives, recent global energy disruptions reinforce renewable energy as a strategic energy security imperative by reducing reliance on imported fuels. To accelerate this transition, the ECCP recommends the following:

Recommended actions

1. Sustain the Green Energy Auction Programme timetable through GEA-6 to GEA-9 without slippage, and publish each round's terms of reference well in advance of bidding, so that developers can price against known conditions and the reserve price reflects genuine cost discovery rather than sequential upward revision.
2. Mandate distribution utilities to modernise networks for bidirectional power flow and remove

residual barriers to net metering, so that rooftop capacity can be added without triggering interconnection disputes and consumers can realise the full value of on-site generation.

3. Scale the locally funded total electrification and missionary electrification programmes using microgrids and hybrid renewable systems, so that energy access gains in off-grid areas are delivered at lower long-run subsidy cost than continued diesel-based service.
4. Maintain synchronised policy on electric vehicle infrastructure, renewable charging and grid readiness, so that transport electrification reduces oil import exposure rather than relocating that demand onto a still fossil-heavy grid.⁴⁰
5. Report renewable progress in generation terms alongside capacity terms in official communication, so that public and investor understanding of the 2030 trajectory rests on the measure the target is actually set in.⁴¹

Increase in the integration of energy flexibility and battery storage initiatives into the energy system

Transmission remains a key constraint to renewable energy expansion, but recent reforms have begun addressing this bottleneck. Department Circular No. DC2026-02-0007 authorizes TransCo to develop Priority Projects with public and private sector participation, while ERC Resolution No. 18, Series of 2026 establishes a regulatory framework for third parties to finance and construct transmission projects. Together, these reforms aim to accelerate grid expansion, reduce connection delays, and enable renewable energy projects to deliver power to the grid more efficiently.⁴² Taken together, these instruments convert a single-point delivery dependency into a contestable one. The Chamber commends both measures. The risk now is implementation friction rather than absence of authority. Third-party participation raises unresolved questions of interconnection standards, cost allocation, asset ownership and handover, and the interface with the existing concession arrangement. Unless those questions are answered in advance and in public, the new pathway will be legally available and commercially unusable.

Recommended actions

1. Publish and maintain the DOE's list of designated Priority Projects and Associated Transmission Projects with indicative timelines and current status, so that generation developers can sequence financial close against a visible transmission schedule instead of pricing in indefinite delay.
2. Issue standard commercial terms for third-party transmission participation, covering cost recovery, ownership, operation and eventual handover, so that Resolution No. 18 translates into bankable projects rather than case-by-case negotiation.
3. Institutionalise the right-of-way and permitting support extended to transmission projects, including standardised local government processing timelines, so that the cause of delay most frequently cited by the network provider is addressed at source.
4. Require public, periodic reporting of transmission project completion against plan, building on the quarterly reporting already required of TransCo, so that accountability for delivery rests on published evidence rather than assurance.

³⁵ Barcelona (29 July 2026). More senators move to strip system loss, VAT from power bills. Philippine News Agency. Retrieved from: <https://www.pna.gov.ph/articles/1280550>

³⁶ Ibid

³⁷ Arinto R. (27 July 2026). Philippine Information Agency. Retrieved from: <https://pia.gov.ph/news/pbbms-call-to-amend-epira-gets-support-from-power-industry-execs/>

³⁸ HOR (29 July 2026). House Energy Chair Alvarez vows swift action on the President's power cost reforms. Retrieved from: <https://www.congress.gov.ph/media/press-releases/9966>

³⁹ Department of Energy. Philippine Energy Plan 2023-2050. Retrieved from <https://doe.gov.ph/pep/philippine-energy-plan-2023-2050>

⁴⁰ Department of Energy. (22 October 2025). DOE issues key policies to accelerate EV adoption and expand charging network. Retrieved from <https://doe.gov.ph/articles/3124035-doe-issues-key-policies-to-accelerate-ev-adoption-and-expand-charging-network>

⁴¹ Corpuz, J. & Gamboa, K. (6 July 2026). Charging ahead into the EV shift in the Philippines. BusinessWorld. Retrieved from <https://bworldonline.com/special-features/2026/07/06/761339/charging-ahead-into-the-ev-shift-in-the-philippines/>

⁴² Philippine Daily Inquirer. (20 June 2026). ERC lets non-NGCP firms build transmission projects. Retrieved from <https://business.inquirer.net/596111/erc-lets-non-ngcp-firms-build-transmission-projects>

Regulatory reforms through the Electric Power Industry Reform Act (EPIRA) amendments

The ECCP welcomes President Ferdinand R. Marcos Jr.'s recent State of the Nation Address (SONA) calling for amendments to the Electric Power Industry Reform Act (EPIRA), recognizing this as a timely opportunity to modernize the country's power sector and improve electricity affordability.

Recommended Action: The Chamber reiterates that targeted EPIRA amendments are essential to create a more competitive, transparent, and investment-friendly electricity market. Reforms should address structural barriers that drive high electricity costs, including lengthy permitting processes, restrictive contracting arrangements, limited transmission access, and regulatory uncertainty. Equally important is the need to address extensive permitting and licensing processes, restrictive contracting terms, limited access to transmission interconnections, and regulatory uncertainty, all of which raise project risks and financing costs.⁴³ The Chamber also encourages the Energy Regulatory Commission (ERC) to strengthen its focus on promoting fair competition, transparency, and consumer protection rather than direct price intervention. Modernizing EPIRA will encourage greater investment, accelerate innovation, enhance market efficiency, and support long-term energy security.

Increase in the integration of energy flexibility and battery storage initiatives into the energy system

As the share of RE in the Philippines increases, enhancing grid flexibility has become essential, particularly as key contributors such as solar and wind generation are often subject to fluctuations in sunlight, weather, and season. Without sufficient flexibility tools, these technologies can lead to over-generation during low demand resulting in underutilized capacity and even reliability risks. Energy storage systems (ESS), specifically battery energy storage systems (BESS), are critical to addressing these foreseeable issues. Effectively these solutions balance supply and demand, provide frequency regulation and other ancillary services, as well as enable RE to deliver power more consistently.⁴⁴ Alongside demand response, smart grid technologies, and expanded ancillary service markets, storage systems offer a pathway toward higher renewable shares without compromising reliability or incurring excessive costs.

Recommended Action: The ECCP welcomes recent policy and market developments that have accelerated the deployment of energy storage and system flexibility solutions. To build on this progress, the Chamber recommends establishing a comprehensive National Energy Storage Systems (ESS) Policy that formally recognizes battery energy storage systems (BESS) as a distinct grid asset, with clear regulatory treatment across generation, transmission, distribution, and customer-sited applications. Such a framework will improve regulatory certainty, attract investment, enhance grid flexibility, accelerate renewable energy integration, and strengthen the Philippines' long-term energy security.

Improve ease of doing business and green financing mechanisms to advance foreign investments in the energy sector

Creating a more enabling investment environment is essential to accelerating renewable energy (RE) and energy efficiency (EE) investments. Recent government initiatives have focused on streamlining permitting processes, reducing regulatory bottlenecks, and broadening access to financing.⁴⁵

The continued implementation of the Green Lane Initiative under Executive Order No. 18 has significantly streamlined permitting processes and strengthened interagency coordination, helping facilitate the timely approval and implementation of strategic investments. As of March 2026, 244 projects worth PHP 6.43 trillion have been certified, the majority in renewable energy and related infrastructure. By accelerating regulatory approvals and reducing processing times, the Green Lane has improved investment predictability, expedited project implementation, and strengthened the country's renewable energy investment pipeline.

Further, the Energy Virtual One-Stop Shop (EVOSS), has significantly reduced processing times for key energy permits and improved the efficiency and predictability of project approvals. By digitalizing and centralizing permitting across government agencies, EVOSS has streamlined regulatory processes, reduced administrative bottlenecks, and accelerated the development of energy projects.⁴⁶

Recommended Action: The ECCP commends the government's efforts to strengthen the investment climate for renewable energy through reforms such as Green Lanes, EVOSS, and green financing initiatives. The Chamber encourages their continued implementation, alongside stronger coordination across government agencies and local governments, to improve regulatory certainty, accelerate project delivery, reduce investment risks, and reinforce the Philippines' position as a competitive clean energy investment destination.

Effective Implementation of the Energy Efficiency and Conservation (EE&C) Act

The Energy Efficiency and Conservation (EE&C) Act or Republic Act No. 11285, as a policy effort that institutionalises energy efficiency and conservation in the Philippines, is regarded as a significant milestone in the country's energy arena by the ECCP.

However, while the EE&C Act set the policy foundation, implementation has been slowed by procurement barriers and unclear contracting mechanisms. In response, we recognize the passage of the New Government Procurement Act (RA 12009) as a critical opportunity. Its implementing rules now allow new modalities for complex, long-term contracts.⁴⁷ Relatedly, the ECCP urges the Department of Budget and Management (DBM) and Government Procurement Policy Board-Technical Support Office (GPPB-TSO) to accelerate the drafting and approval of guidelines that will enable Energy Service Company (ESCO) performance contracts and lifecycle cost-based procurement for EE projects in the public sector. Without these, many retrofit opportunities in government facilities remain untapped.

Recommended Action: The ECCP also calls on the Department of Energy (DOE) and the Energy Regulatory Commission (ERC) to strengthen demand-side management by clearly defining the roles of generation, transmission, and distribution utilities in promoting energy efficiency. In parallel, the Chamber encourages the review of Time-of-Use (TOU) tariffs and the development of a roadmap to integrate demand-side management (DSM) into utility planning, thereby encouraging load shifting, energy storage, and greater private sector investment in energy efficiency.

Closing the Waste-to-Energy policy gap before the investment window narrows

Waste-to-energy (WTE) can simultaneously strengthen energy security and improve solid waste management by providing dispatchable power, reducing landfill dependence, and lowering methane emissions. However, the absence of a clear national policy framework continues to limit investment and large-scale deployment. The ECCP welcomes the House approval of House Bill No. 9157, which establishes a regulatory framework for WTE development and continuous emissions monitoring, and

⁴³ Esmael, L. (25 August 2025). New ERC chief eyes changes in contracting rules. Retrieved from <https://business.inquirer.net/543101/new-erc-chief-eyes-changes-in-contracting-rules>

⁴⁴ Power Philippines. (11 September 2024). DOE: Battery Energy Storage Systems are gaining momentum to optimize RE integration. Retrieved from <https://powerphilippines.com/doe-battery-energy-storage-systems-are-gaining-momentum-to-optimize-re-integration/>

⁴⁵ Villanueva, J. (19 September 2025). Gov't policies on RE attracting investors, say British Embassy exec. Retrieved from <https://www.pna.gov.ph/articles/1259066>

⁴⁶ ERC. (22 July 2026). ERC Accelerates Energy Project Approvals Through EVOSS Retrieved from: <https://www.erc.gov.ph/Events-Singular/386>

⁴⁷ Official Gazette. (10 February 2025). The Implementing Rules and Regulations of Republic Act No. 12009. Retrieved from <https://www.officialgazette.gov.ph/downloads/2025/02feb/20250210-IRR-RA-12009-FRM.pdf>

encourages its timely passage in the Senate. To support a bankable WTE sector, the Chamber also recommends establishing long-term feedstock supply agreements and strengthening inter-local government coordination to provide greater investment certainty and ensure a reliable waste supply.

Recommended actions

1. Prioritise Senate action on the Waste-to-Energy Act, ensuring that the final framework provides clear environmental safeguards, transparent permitting procedures, and clear alignment with the Ecological Solid Waste Management Act and the Philippine Clean Air Act. This will promote legal coherence and reduce regulatory uncertainty for stakeholders.
2. Institutionalise long-term feedstock agreements, inter-local-government cooperation mechanisms and regional waste pooling, so that projects are insulated from changes in local administration and the sector's principal commercial risk becomes manageable and financeable.
3. Ensure national rules explicitly prioritise waste reduction, segregation and recycling, with WTE applied only to non-recyclable residuals, so that the framework supports rather than displaces the waste hierarchy and retains public legitimacy.
4. Require thorough consultation, independent environmental and health impact assessment, mandatory disclosure of emissions and performance data, and local benefit-sharing through job creation and revenue arrangements, so that projects secure the community consent on which their operating life depends.
5. Include WTE in future Green Energy Auction rounds once the statutory framework is in force, so that bankable offtake is available under transparent procurement rules.



ASSESSMENT OF 2025 RECOMMENDATIONS (INFRASTRUCTURE)

2025 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Implementing a Sustainable Energy Mix to Strengthen Energy Security	
Increase in the integration of energy flexibility and battery storage initiatives into the energy system	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
The Department of Energy is implementing a 10-year Green Energy Auction Program to add at least 25 GW of renewable energy capacity through annual competitive auctions, with project delivery from 2027 to 2035. This initiative aims to strengthen long-term energy security and support the country's renewable energy targets of 35% by 2030 and 50% by 2040. Despite positive progress, delays in transmission, grid interconnection, and permitting continue to hinder project implementation, highlighting the need for further reforms to achieve renewable energy targets.	
Energy storage is gaining recognition as essential for stabilizing an increasingly RE-heavy grid. Department Circular No. DC2026-02-0008 requires all new variable renewable energy (VRE) power plants with a capacity of 10 MW or more to incorporate energy storage equivalent to at least 20% of their total installed capacity. Despite these developments, deployment is still at an early stage, and the Philippines needs to scale ESS more aggressively to meet flexibility and intermittency challenges.	

2025 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Regulatory reforms through the Electric Power Industry Reform Act (EPIRA) amendments	
Improve ease of doing business and green financing mechanisms to advance foreign investments in the energy sector	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
In his 2026 State of the Nation Address (SONA), President Ferdinand Marcos Jr. prioritized electricity affordability and energy security, calling for amendments to the Electric Power Industry Reform Act (EPIRA) to prohibit the pass-through of system loss charges and related VAT to consumers. Following the SONA, several EPIRA-related bills were filed: Senate Bill No. 2350 (System Loss Charge Abolition Act), filed by Senate President Sherwin Gatchalian, and Senate Bill No. 2343, filed by Senator JV Ejercito, proposes exempting all electricity sales from VAT across the entire electricity value chain to reduce power costs.	
The Philippines has allowed 100% foreign ownership in the renewable energy sector since 2022, significantly increasing investor interest. The Bureau of Customs extended importer accreditation validity from one year to three years, reducing administrative burdens, lowering importation costs, and supporting faster deployment of solar and energy storage projects. The Energy Virtual One-Stop Shop (EVOSS) has improved permit processing efficiency, with the Energy Regulatory Commission (ERC) reporting that three key processes are now completed faster than the timelines set under the 2020 Citizen's Charter.	

2025 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Effective implementation of the Energy Efficiency and Conservation Act	
Enactment of policies that Provide a Clear Framework on the Development of Waste-to-Energy Technologies	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
The Energy Efficiency and Conservation (EE&C) Act continues to support demand-side energy management through the Government Energy Management Program (GEMP). The government has implemented energy efficiency measures, including mandatory energy savings targets for government offices, retrofitting public buildings, promoting ESCOs, and transitioning to LED lighting and inverter technologies. Despite these efforts, some implementing rules remain pending, and adoption among MSMEs and local government units continues to lag behind larger corporations.	
The House of Representatives has approved on second reading a landmark bill establishing a national framework for the development, regulation, and operation of waste-to-energy (WTE) and other waste treatment technologies. While the Department of Energy has signaled plans to include WTE and biomass projects in future renewable energy auctions and continues to support the passage of dedicated WTE legislation, the sector remains constrained by regulatory uncertainty, feedstock supply risks, pricing challenges, and the absence of clear environmental and commercial frameworks.	

TAX AND FINANCIAL SERVICES ADVOCACY PAPER 2026

INTRODUCTION

The past year has been defined by ever-changing economic, geopolitical and technological conditions, both domestically and internationally, placing the Philippines under financial pressures that the country has had to grapple with. Growing international tensions, shifting markets, and technological developments underscore the importance of ensuring financial security for the Philippines and its citizens. In turn, the country has seen newfound digital integration in its tax and financial services, with developments in digital platforms, services and processes. These efforts work to protect and support consumers and government program beneficiaries.

In its first quarterly report of 2026 on Economic and Financial Developments, the Bangko Sentral ng Pilipinas reported that the total resources of the Philippine Financial System recorded a preliminary year-on-year growth of 3 trillion Philippine Pesos in Q1 of 2026. This growth was observed in both Banks and Non-Bank Financial Institutions (NBFIs), with total resources increasing from PHP 34.5 trillion to PHP 37.5 trillion between Q1 of 2025 and 2026.¹

Table 8 Total Resources of the Philippine Financial System ¹ in billion Philippine pesos; as of periods indicated												
Institutions	2023				2024 ²				2025 ³			
	Q1	Q2	Q3	Q4 ⁴	Q1	Q2	Q3	Q4 ⁴	Q1	Q2	Q3	Q4
Total	29,216.8	29,429.1	30,229.1	31,517.9	32,109.3	32,733.8	33,396.3	34,172.8	34,481.4	35,174.2	35,898.9	37,134.3
Banks	23,886.9	24,052.9	24,802.2	25,957.3	26,453.3	27,029.6	27,567.7	28,256.0	28,485.2	29,067.0	29,671.8	30,787.6
Universal and Commercial Banks (U/KBs) ²	22,396.6	22,546.5	23,228.4	24,315.6	24,777.8	25,315.2	25,816.3	26,437.6	26,631.0	27,131.5	27,612.4	28,589.8
Thrift Banks (TBs) ²	1,024.9	1,011.8	1,063.3	1,104.0	1,116.3	1,124.9	1,141.3	1,169.7	1,180.8	1,368.5	1,404.4	1,460.4
Digital Banks (DGBs) ^{2,3}	61.5	79.1	84.8	91.2	101.4	110.6	111.8	121.5	130.3	142.1	149.2	172.5
Rural and Cooperative Banks (RCBs) ²	403.9	415.5	425.8	446.5	457.9	478.9	498.3	527.1	543.2	424.9	505.9	565.0
Non-Bank Financial Institutions (NBFIs)⁴	5,329.9	5,376.2	5,426.9	5,560.6	5,656.0	5,704.2	5,828.6	5,916.9	5,996.2	6,107.2	6,227.1	6,346.7

¹ Exclude resources from the Bangko Sentral ng Pilipinas

² U/KBs, TBs, DGBs, and RCBs data are based on the Financial Reporting Package (FRP); assets are reported gross of allowance for probable losses and depreciation.

³ Cover consolidated data starting March 2023 onwards

⁴ Include BSP-supervised investment houses, financing companies, investment companies, securities dealers/brokers, pawnshops, lending investors, non-stock savings and loan associations (NSSLAs), credit card companies, government non-bank financial institutions (i.e., Philippine Guarantee Corporation and Small Business Corporation), and authorized agent banks (AAB) forex corporations, wherein assets are reported gross of allowance for probable losses and net of depreciation. Data on NBFIs are based on Consolidated Statement of Condition (CSC), except for NSSLAs which is based on FRP. Non-bank financial institutions also include Social Security System (SSS), Government Service Insurance System (GSIS), and private insurance companies (i.e., life insurance companies, non-life insurance companies, and professional reinsurers), wherein assets are reported net of allowance for probable losses and depreciation.

Details may not add up to total due to rounding.

⁵ preliminary

⁶ revised

⁷ as of end-December 2025

Sources: Bangko Sentral ng Pilipinas; Insurance Commission; Government Service Insurance System; Social Security System

Table 1. Total Resources of the Philippine Financial System

Source: Bangko Sentral ng Pilipinas, Q1 2026 Report on Economic and Financial Developments

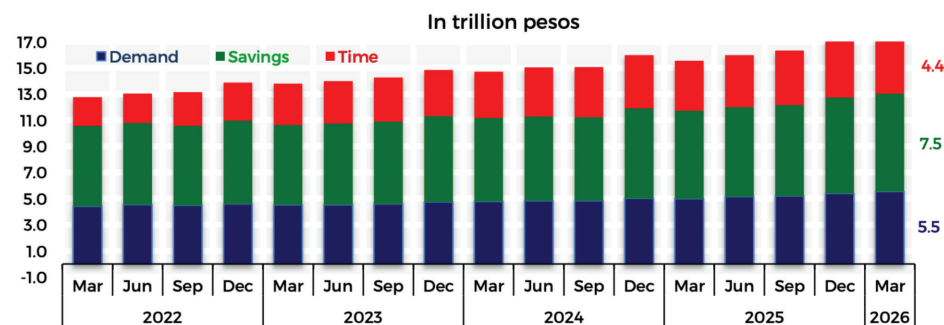
Universal and Commercial Banks (U/KBs) were reported to have maintained their extensive share of the banking system, with PHP 28,881 billion in Q1 2026, making up 92.8% of the sector's resources. Thrift Banks (TBs) were the next-largest bank institution, constituting PHP 1.5 trillion of the Financial System's resources, followed by Rural and Cooperative Banks (RCBs) and Digital Banks (DGBs), at PHP 587 billion and PHP 188.7 billion, respectively. DGBs, in particular, saw substantial year-on-year growth during the period, growing by 44.82% from PHP 130.3 billion in Q1 2025.²

The past year also saw bank deposits and lending both continue to grow despite considerable international uncertainty. Total Peso deposits grew to PHP 17.4 trillion in March 2026, reflecting a year-on-year growth of 12.0% since March 2025, due in part to desirable deposit rates. This came alongside increasing foreign currency deposits, which experienced a year-on-year growth of 10.8%, reaching PHP 3.6 trillion in March 2026.³

¹ Bangko Sentral ng Pilipinas. (2026). Report on Economic and Financial Developments, First Quarter 2026. Bangko Sentral ng Pilipinas. Retrieved from <https://www.bsp.gov.ph/Lists/Quarterly%20Report/Attachments/28/LTP-1qtr2026.pdf>

² ibid

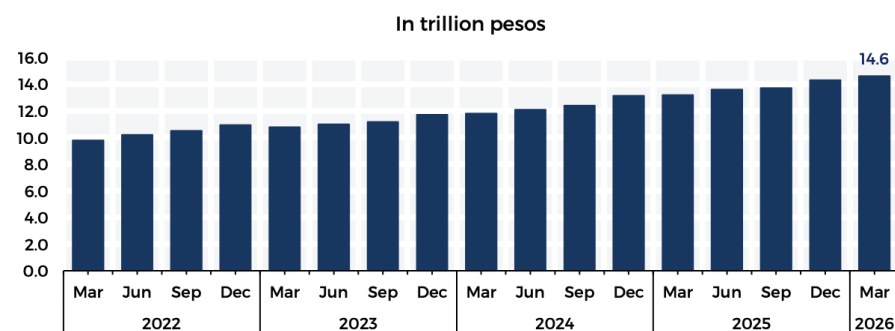
³ ibid



Graph 1. Bank Deposits Sustain Growth

Source: Bangko Sentral ng Pilipinas, Q1 2026 Report on Economic and Financial Developments

Bank lending similarly experienced noticeable growth in the past year, reaching a value of PHP 14.6 trillion Pesos in March 2026. This supported an increase in domestic liquidity (M3) in the same period. M3 reached a value of PHP 20.4 trillion, reflecting a year-on-year growth of 12.1%. Loan quality, however, saw some deterioration, with the gross non-performing loans ratio increasing to 3.3% in Q1 2026 from 3.1% in March 2025. Additionally, loans outstanding of Universal and Commercial banks (net of reverse repayments) grew by 10.7% year-on-year between March 2025 and 2026.⁴



Graph 2. Bank Lending Expands

Source: Bangko Sentral ng Pilipinas, Q1 2026 Report on Economic and Financial Developments

Philippine revenue collections have also seen success in the recent period. According to a statement from the Bureau of Internal Revenue, the country's gross revenues exceeded the PHP279.056 billion revenue target set for May, reaching a value of PHP279.13 billion. This value is 14.15% higher than the total revenue collection in May 2025, reflecting improvements from BIR reforms.⁵

According to the BSP report, tax revenues grew "only modestly" in 2025, given comparatively weakening economic activity and slower import growth. Non-tax revenues, however, grew to 166.1 billion pesos in Q1 2026 from only 66.6 billion pesos a year earlier. This revenue growth reflects the increase in the share of Philippine revenue in national GDP, from 15.2% in Q1 2025 to 16.4% in Q1 2026. This has supported state spending, allowing the national government to shrink its fiscal deficit to 5.1% of GDP from 6.8% in Q1 2025.⁶

The insurance industry was another sector that grew in 2025, with the insurance commission reporting moderate increases in total assets, liabilities, net worth, invested assets, premiums, and net income.

Insurance Density and Penetration also increased, with density growing from PHP 3.89 billion in 2024 to PHP 4.41 billion in 2026, and penetration growing from 1.67% to 1.79% in the same period. However, the year also saw a 4.28% year-on-year decrease in licensed life and non-life insurance companies, as well as a 2.37% year-on-year increase in total benefit payments/losses incurred.⁷

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

The 2026 Tax and Financial Services Advocacy Paper reflects the ongoing shift in the Philippine fiscal landscape toward extractive sector governance, digital modernization, capital market deepening, standardized valuation, and global tax alignment. Following major legislative milestones—notably the enactment of the Enhanced Fiscal Regime for Large-Scale Metallic Mining Act (RA 12253), the Capital Market Efficiency Promotion Act (CMEPA - RA 12214), the Ease of Paying Taxes (EOPT) Act (RA 11976), the Real Property Valuation and Assessment Reform Act (RPVARA - RA 12001), and landmark administrative clarifications like Revenue Memorandum Circular (RMC) No. 24-2026 on cross-border services—the European Chamber of Commerce of the Philippines (ECCP) sets forth its strategic positions. This paper translates complex statutory frameworks into actionable administrative reforms designed to foster investment certainty, eliminate compliance friction, deepen local financial markets, and protect the national tax base.

Extractive sector taxation is governed by Republic Act No. 12253 (Enhanced Fiscal Regime for Large-Scale Metallic Mining Act). Capital market deepening and passive income taxation are anchored on Republic Act No. 12214 (Capital Market Efficiency Promotion Act - CMEPA). Ease of Paying Taxes and administrative digital transformation are built upon Republic Act No. 11976 (EOPT Act) alongside the Bureau of Internal Revenue (BIR) 2026 Operating Budget Directives. Electronic invoicing compliance is governed by Revenue Regulations (RR) No. 11-2025 and its transitory amendment, Revenue Regulations (RR) No. 26-2025. Cross-border service taxation relies on the statutory performance-location rule under Section 42 of the National Internal Revenue Code (NIRC), reinforced by RMC No. 5-2024, RMC No. 38-2024, and RMC No. 24-2026.

The first quarter of 2026 saw the Bureau of Internal Revenue (BIR) launch their annual tax campaign, with this year focusing on a "bigger and bolder" push toward modernization and stronger public trust.⁸ This emphasized the BIR's D.A.R.E.S reform program which focuses on making BIR services faster, easier, and more transparent through technology.⁹ Various new digital tools were introduced that reinforces the BIR's commitment to digitalization. These include the Letter of Authority (LOA) Verifier via chatbot Revie, QR codes on tax certificates, simplified Online Registration and Update System (ORUS) registration for freelancers, and a Digital Tax Calendar. Additionally, online options now cover Tax Residency Certificate applications, BIR Form 1709 submissions, the EMMAC System, and the upcoming Taxpayer Portal.¹⁰ All of these new policies aim to make transactions faster and more convenient for businesses and taxpayers.

Renewable energy incentives are supported by Department of Energy (DOE) Circular No. 2022-11-0034 and Republic Act No. 9513 (Renewable Energy Act). Real property valuation and excise standardization are anchored on Republic Act No. 12001 (RPVARA), DOF Department Order No. 074-2024 (RPVARA IRR),

⁷ Insurance Commission. (5 February 2026). INSURANCE INDUSTRY PERFORMANCE as of December 31. Insurance Commission. Retrieved from <https://insurance.gov.ph/wp-content/uploads/2026/02/Consolidated-Insurance-Industry-Performance-as-of-31-December-2025.pdf>

⁸ Bureau of Internal Revenue. (2026). DX Newsletter (1st Quarter 2026, Issue No. 29). Retrieved from https://bir-cdn.bir.gov.ph/BIR/pdf/DX%20Newsletter_1st%20Quarter%202026_Issue%20Number%2029%20web.pdf.

⁹ Bureau of Internal Revenue. (21 January 2026). Press Release No. 04-2026. Retrieved from <https://bir-cdn.bir.gov.ph/BIR/pdf/PR04JAN2126.pdf>.

¹⁰ Bureau of Internal Revenue. (2026). DX Newsletter (1st Quarter 2026, Issue No. 29). Retrieved from https://bir-cdn.bir.gov.ph/BIR/pdf/DX%20Newsletter_1st%20Quarter%202026_Issue%20Number%2029%20web.pdf.

⁴ ibid

⁵ Gonzales, A.L. (2026). BIR exceeds collection target in May. Philippine News Agency. Retrieved from <https://www.pna.gov.ph/articles/1277219>

⁶ Bangko Sentral ng Pilipinas. (2026). Report on Economic and Financial Developments, First Quarter 2026. Bangko Sentral ng Pilipinas. Retrieved from https://www.bsp.gov.ph/Lists/Quarterly%20Report/Attachments/28/LTP_1qtr2026.pdf

BLGF MC No. 006-2025, and RR No. 07-2021. Carbon market development relies on the Philippines-Singapore Article 6 Carbon Credits MOU and Senate Bill No. 2450 (The Blue Economy Act). Finally, global tax standards and taxpayer rights draw from the OECD/G20 BEPS Inclusive Framework (Pillar 2), DTI-DA-DOE Joint Administrative Order (JAO) No. 24-02, and RR No. 08-2023.

- The past year has seen the enactment of the Enhanced Fiscal Regime for Large-Scale Metallic Mining Act and the Capital Market Efficiency Promotion Act. The Enhanced Fiscal Regime for Large-Scale Metallic Mining Act (Republic Act No. 12253) governs taxation within the extractive sector. With the Act, lawmakers seek to encourage private enterprise and investment in Philippine mineral resources through transparency, public accountability, and appropriate taxation policy. On the other hand, capital market deepening and passive income taxation are anchored on the Capital Markets Efficiency Promotion Act (Republic Act No. 12214).
- Ease of Paying Taxes and administrative digital transformation are built upon Republic Act No. 11976 alongside the Bureau of Internal Revenue (BIR) 2026 Operating Budget Directives
 - Electronic invoicing compliance is governed by Revenue Regulations (RR) No. 11-2025 and its transitory amendment, Revenue Regulations (RR) No. 26-2025, issued on 27 February and 16 October 2025, respectively.
 - Cross-border service taxation relies on the statutory performance-location rule under Section 42 of the National Internal Revenue Code (NIRC), as reinforced by RMC Nos. 5-2024, 38-2024, and 24-2026.
- The first quarter of 2026 saw the Bureau of Internal Revenue (BIR) launch its annual tax campaign, with this year focusing on a “bigger and bolder” push toward modernization and stronger public trust.¹¹ This emphasized the BIR’s D.A.R.E.S reform program, which focuses on making BIR services faster, easier, and more transparent through technology.¹²
- Various new digital tools were introduced that reinforce the BIR’s commitment to digitalization. These include the Letter of Authority (LOA) Verifier via chatbot Revie,¹³ QR codes on tax certificates,¹⁴ simplified Online Registration and Update System (ORUS) registration for freelancers, and a Digital Tax Calendar.¹⁵ Additionally, online options now cover Tax Residency Certificate applications, BIR Form 1709 submissions, the EMMAC System, and the upcoming Taxpayer Portal.¹⁶ All of these new policies aim to make transactions faster and more convenient for businesses and taxpayers.
- In addition to these, the past year has marked the implementation of several other new Tax and Financial Services policies in line with previous legislation:
 - Renewable energy incentives are supported by Department of Energy (DOE) Circular No. 2022-11-0034 and Republic Act No. 9513 (Renewable Energy Act)

¹¹ Bureau of Internal Revenue. (2026). DX Newsletter (1st Quarter 2026, Issue No. 29). Retrieved from https://bir-cdn.bir.gov.ph/BIR/pdf/DX%20Newsletter_1st%20Quarter%202026_Issue%20Number%2029%20web.pdf.

¹² Bureau of Internal Revenue. (21 January 2026). Press Release No. 04-2026. Retrieved from <https://bir-cdn.bir.gov.ph/BIR/pdf/PRO4JAN2126.pdf>.

¹³ Bureau of Internal Revenue. (12 January 2026). Revenue Memorandum Circular No. 005-2026. Retrieved from <https://bir-cdn.bir.gov.ph/BIR/pdf/RMC%20No.%205-2026.pdf>.

¹⁴ Bureau of Internal Revenue. (29 April 2026). Revenue Memorandum Circular No. 038-2026. Retrieved from <https://bir-cdn.bir.gov.ph/BIR/pdf/RMC%20NO.%2038-2026.pdf>.

¹⁵ Philippine News Agency. (22 January 2026). BIR introduces e-calendar for tax payment skeds, requirements. Retrieved from <https://www.pna.gov.ph/articles/1267564>.

¹⁶ Bureau of Internal Revenue. (2026). DX Newsletter (1st Quarter 2026, Issue No. 29). Retrieved from https://bir-cdn.bir.gov.ph/BIR/pdf/DX%20Newsletter_1st%20Quarter%202026_Issue%20Number%2029%20web.pdf.

- Real property valuation and excise standardization are anchored on Republic Act No. 12001 (RPVARA), DOF Department Order No. 074-2024 (RPVARA IRR), BLGF MC No. 006-2025, and RR No. 07-2021
- Carbon market development relies on the Philippines-Singapore Article 6 Carbon Credits MOU and Senate Bill No. 2450 (The Blue Economy Act).
- Global tax standards and taxpayer rights are drawn from the OECD/G20 BEPS Inclusive Framework (Pillar 2), DTI-DA-DOE Joint Administrative Order (JAO) No. 24-02, and RR No. 08-2023.

ADVOCACY RECOMMENDATIONS

Enhancing Efforts on Ease of Paying Taxes: Boost Digital Transformation and Streamline Tax Processes

The passage of Republic Act No. 11976, known as the Ease of Paying Taxes (EOPT) Act, marked a major policy shift toward modernizing tax compliance in the Philippines. By establishing flexible filing locations, risk-based administrative checks, and tailored regulations for different taxpayer categories, the law established a modern, business-friendly legal framework.¹⁷

Today, digital adoption is undeniably high, with the Bureau of Internal Revenue (BIR) processing over 85% of annual tax collections through electronic channels.¹⁸ To sustain this momentum, the bureau’s operational budget allocates PHP 18 billion toward infrastructure modernization, funding major initiatives such as a PHP 150 million multi-channel Taxpayer Contact Center and upgraded digital e-lounges across local Revenue District Offices (RDOs).¹⁹

However, significant operational friction persists on the ground, where everyday tax tasks still rely on physical paperwork, manual reviews, and mandatory branch visits. Routine services, such as updating registration details, obtaining tax clearance certificates, reconciling ledger discrepancies, and lifting administrative “stop-mover” holds, frequently require taxpayers to appear in person. Furthermore, local tax offices often apply differing interpretations of national guidelines, while front-line staff frequently demand physical copies of documents that have already been uploaded digitally.

This disconnect between high-level digital policies and manual local execution creates widespread inefficiencies across every tier of society. For the private sector, both micro, small, and medium enterprises (MSMEs) and multinational corporations spend substantial time and capital navigating manual procedures; delays in obtaining tax clearances can stall corporate mergers, delay bank loan approvals, and make businesses temporarily ineligible for government contracts. For the public sector, manual processing saddles tax officers with repetitive paperwork which diverts critical resource capacity away from strategic revenue generation and complex tax oversight. For the academe and policy analysts, fragmented data records and local manual overrides reduce the transparency of national tax statistics, making economic forecasting and fiscal policy evaluation far more difficult. Finally, for everyday citizens, long lines, mandatory printing expenses, and protracted wait times for basic record updates diminish public trust and create unnecessary barriers to voluntary tax compliance.

¹⁷ Republic of the Philippines. (25 February 2025). Revenue Regulation No. 011-2025. Official Gazette. Retrieved from https://www.lawphil.net/statutes/repacts/ra2024/ra_11976_2024.html.

¹⁸ Gonzales, A. L. (4 February 2025). BIR: Collections from e-payments exceed P2-T. Retrieved from <https://www.pna.gov.ph/articles/1243348>.

¹⁹ Jose, K. (19 February 2025). BIR pushes for national contact center. Retrieved from <https://tribune.net.ph/2025/02/19/bir-pushes-for-national-contact-center>.

The Chamber warmly commends the Department of Finance (DOF) and the Bureau of Internal Revenue (BIR) for their forward-looking vision and sustained dedication to fiscal modernization, demonstrated by the landmark passage of the EOPT Act and the allocation of substantial budgetary resources toward digital infrastructure.

To build upon these commendable milestones and bridge the gap between high-level digital policy and everyday frontline experience, the ECCP recommends that the BIR and DOF prioritize the full end-to-end automation of all RDO-level frontline services. Taxpayers should be able to complete registration updates, ledger reconciliations, and tax clearance applications through a unified, secure online portal without ever needing to visit a physical branch. Concurrently, the newly funded PHP 150 million Taxpayer Contact Center should be integrated with advanced, AI-assisted ticketing and real-time tracking systems. This will enable both public and private stakeholders, as well as individual taxpayers, to follow the status of inquiries, administrative requests, and dispute resolutions with complete operational transparency and accountability.

To further protect taxpayers during this transition, the BIR should integrate a specific compliance hotline into the Taxpayer Contact Center, exclusively dedicated to receiving and acting on reports of BIR personnel violating tax regulations, such as issuing multiple LOAs, demanding physical originals of digitally submitted documents, or engaging in extortionate practices, thereby providing a direct recourse mechanism and reinforcing accountability. Additionally, the BIR should mandate a standardized, transparent audit criteria checklist incorporated directly into the Electronic Letter of Authority (eLA) that explicitly states the specific risk indicators or legal grounds that triggered the audit, increasing selection transparency and serving as a strong deterrent against arbitrary or politically motivated audits.

Lastly, the BIR must issue strict, binding administrative guidelines across all regional offices that explicitly compel local revenue districts to accept and honor verified digital submissions as legal originals. These directives should strictly eliminate duplicate paper requirements, mandate standardized local procedures, and enforce uniform compliance standards nationwide.

Accelerate & Standardize E-Invoicing System (EIS) Integration

The national transition toward electronic invoicing advanced significantly under Revenue Regulations (RR) No. 11-2025, which defined mandatory e-invoicing parameters for Large Taxpayers, e-commerce operators, and Computerized Accounting System (CAS) users.²⁰ Recognizing the technical complexities inherent in enterprise resource planning (ERP) reconfigurations, the Bureau of Internal Revenue (BIR) subsequently issued Revenue Regulations No. 26-2025, extending the mandatory compliance deadline for Group 1 taxpayers to 31 December 2026.²¹ Under this framework, covered entities must generate structured electronic invoices in JSON format and transmit transaction data directly to the BIR Electronic Invoicing/Receipting System (EIS) via APIs within three calendar days. Standalone PDFs, scanned images, or unformatted text files do not satisfy these statutory requirements.

However, significant technical hurdles remain for enterprises striving to achieve full compliance before the enforcement deadline. Redesigning enterprise software to align internal transaction data with the BIR's mandatory metadata fields requires substantial capital expenditure and extensive middleware customization. Enterprise IT teams are currently without access to stable, high-capacity developer testing sandboxes and clear, immutable API specifications. Thus, they are left with limited ability to stress-test their integration systems, test error-handling behaviors, or simulate high-volume bulk transmissions under real-world operational conditions.

20 Bureau of Internal Revenue. (25 February 2025). Revenue Regulations No. 11-2025. Retrieved from <https://bir-cdn.bir.gov.ph/BIR/pdf/RR%20No.%2011-2025.pdf>.

21 Bureau of Internal Revenue. (5 September 2025). Revenue Regulations No. 26-2025. Retrieved from <https://bir-cdn.bir.gov.ph/BIR/pdf/RR%20No.%2026-2025.pdf>.

This gap between statutory timelines and technical readiness creates severe, compounded risks across the economic landscape. For the private sector, API integration failures or transmission delays beyond the strict three-day window risk the disallowance of valid input VAT credits, the rejection of income tax deductions, and the imposition of heavy administrative fines. For the public sector, unstable API connections and data schema mismatch errors threaten to overload the BIR's receiving infrastructure, causing system bottlenecks that obscure transaction visibility and delay automated tax reconciliation. For the academe and policy analysts, data transmission errors skew real-time economic indicators and trade volume tracking. Finally, for everyday citizens and consumers, technical disruption across corporate billing systems risks commercial transaction delays, billing errors, and pass-through compliance costs reflected in higher retail pricing.

The Chamber warmly commends the Department of Finance (DOF) and the Bureau of Internal Revenue (BIR) for their pragmatic leadership in providing an extended transition period to 31 December 2026 under RR 26-2025, giving businesses the necessary runway to adapt their technology stack.

To ensure a seamless, error-free national deployment, the ECCP urges the BIR to publish complete, stable API technical documentation, standard data dictionaries, and clear error-handling protocols. These specifications should clearly outline offline batch queuing, rate-limiting rules, and late-transmission compliance standards. Additionally, the bureau should maintain permanent, high-capacity developer sandboxes. These environments will allow enterprise IT teams and software vendors to conduct real-time schema testing, automated data validation, and high-volume bulk transmission simulations without sandbox throttling.

Lastly, the accreditation process should be streamlined by automatically granting an EIS Permit to Transmit (PTT) to entities holding valid Computerized Accounting System (CAS) or Computerized Books of Accounts (CBA) approvals upon successful automated API schema validation. Concurrently, the BIR should explicitly recognize structured outputs generated directly by established ERP platforms, eliminating redundant software re-certifications and physical system audits.

Resolve Ambiguity in Cross-Border Taxation & Service Situs

Cross-border taxation has historically generated severe uncertainty for shared service centers, regional operating headquarters, and Business Process Outsourcing (BPO) firms operating in the Philippines. Early administrative interpretations—specifically Revenue Memorandum Circular (RMC) No. 5-2024²² and RMC No. 38-2024²³—extended a 25% Final Withholding Income Tax (FWIT) and 12% Final Withholding Value-Added Tax (VAT) to offshore services utilized locally, based on an overly broad reading of the Supreme Court's *Aces Philippines* decision. In response to sustained private sector advocacy, the Bureau of Internal Revenue (BIR) issued Revenue Memorandum Circular No. 24-2026, providing vital legal clarity by establishing that cross-border services are not automatically taxable merely by virtue of their classification.

Under RMC 24-2026, revenue officers seeking to invoke the *Aces Philippines* doctrine must now establish four mandatory evidentiary elements: that the payor is a resident entity, that the service generated a direct economic benefit, that the actual income-producing activity occurred within the Philippines, and that no treaty exemption applies. Furthermore, the circular explicitly confirms that obtaining a prior BIR confirmatory ruling is no longer a mandatory condition precedent for taxpayers to apply non-taxable status to valid offshore transactions.²⁴

22 Bureau of Internal Revenue. (10 January 2024). Revenue Memorandum Circular No. 5-2024. Retrieved from <https://bir-cdn.bir.gov.ph/BIR/pdf/RMC%20No.%205-2024%20Final.pdf>.

23 Bureau of Internal Revenue. (15 March 2024). Revenue Memorandum Circular No. 38-2024. Retrieved from <https://bir-cdn.bir.gov.ph/BIR/pdf/RMC%20No.%2038-2024-full%20text.pdf>.

24 Bureau of Internal Revenue. (30 March 2026). Revenue Memorandum Circular No. 24-2026. Retrieved from <https://bir-cdn.bir.gov.ph/BIR/pdf/RMC%20No.%2024-2026.pdf>.

Prior to RMC 24-2026, broad tax assessments on foreign support services subjected multinational entities to severe double taxation, accumulating heavy tax contingent liabilities on corporate balance sheets and directly undermining the country's position as a competitive regional service hub. For the private sector, these unpredictable tax liabilities tied up critical working capital and discouraged global parent companies from expanding local shared services. For the public sector, arbitrary deficiency assessments generated costly, drawn-out tax litigation that strained administrative and legal resources. For the academe and economic policy analysts, shifting tax interpretations created volatility in foreign direct investment (FDI) data and obscured true international trade-in-services metrics. Finally, for everyday citizens, weakened investor confidence threatens job creation and career opportunities within the BPO and information technology-enabled services sectors—key drivers of middle-class employment.

The Chamber warmly welcomes the issuance of Revenue Memorandum Circular No. 24-2026 as a major, commendable step toward establishing tax predictability, protecting taxpayer rights, and reaffirming the Philippines' attractiveness to global investors.

To ensure this policy achieves its intended operational impact and is applied uniformly across all field offices to prevent subjective assessments, the BIR should promptly draft and disseminate a detailed Cross-Border Services Audit Manual. This manual must provide examiners with a strict, step-by-step framework for evaluating offshore transactions and determining service situs. Crucially, it should include a mandatory audit checklist and decision framework that examining officers must complete and attach to their findings before they are permitted to issue any deficiency assessment involving Final Withholding Tax (FWT) on cross-border payments.

Concurrently, the ECCP urges the BIR to mandate strict adherence to RMC 24-2026 across all regional field audit divisions and assessment branches. The bureau should issue binding internal directives instructing revenue officers to immediately cease and dismiss arbitrary deficiency assessments raised under the superseded RMC 5-2024 framework.

To eliminate subjectivity during field audits, the BIR should publish a standardized, exhaustive checklist of acceptable foreign supporting documents. This clear evidentiary guide, encompassing items such as apostilled Master Service Agreements (MSAs), foreign tax returns, detailed time logs, and technical activity reports, will allow taxpayers to efficiently prove non-Philippine service status without facing discretionary local review.

Lastly, tax administration must consistently align with international standards, particularly Organisation for Economic Co-operation and Development (OECD) transfer pricing principles and Double Taxation Agreements (DTAs) regarding Permanent Establishment (PE) thresholds. Standardizing these practices will protect cross-border investments, prevent double taxation, and maintain a stable, world-class tax environment for global enterprise.

Improve Predictability and Fairness in the Value-Added Tax (VAT) Refund Process

Despite structural efforts to streamline tax compliance under recent legislation, substantial operational challenges persist surrounding Value-Added Tax (VAT) refund claims. Long administrative processing delays, inconsistent documentary demands across different revenue regions, and vague or subjective grounds for denial continue to strain corporate liquidity and tie up significant working capital for export-oriented enterprises and businesses with zero-rated sales.

This operational friction weakens the overall tax environment and creates severe inefficiencies across key stakeholder groups. For the private sector, prolonged refund processing and sudden, unexplained claim rejections restrict capital cash flows, distort corporate financial reporting, and penalize compliant export enterprises that depend on timely tax refunds to maintain price competitiveness in international markets. For the public sector, arbitrary or insufficiently detailed denial decisions lead to extensive administrative

appeals and tax litigation, burdening the BIR's legal division and judicial dockets with avoidable disputes. For academe and policy analysts, opaque refund denial criteria distort real-time trade data and reduce transparency surrounding actual tax yield and net fiscal revenues. Finally, for everyday citizens, capital tie-ups and financial unpredictability deter corporate expansion and job creation, particularly in high-growth export sectors.

To improve predictability and fairness in this area and ensure uniform adjudication of refund claims across all regional offices, the ECCP urges the BIR to publish a standardized, exhaustive checklist detailing the specific substantive and documentary reasons for which a VAT refund claim may be denied. Furthermore, in any formal denial letter, the BIR must explicitly indicate which specific items on that checklist the taxpayer failed to satisfy.

Enforcing these measures will eliminate vague or arbitrary rejections, allow companies to better prepare their initial applications, and foster greater taxpayer trust and a more stable business environment.

Standardize Tax Assessment, Real Property Valuations & Extractive Sector Fiscal Rules (RA 12001 & RA 12253)

Inconsistent property valuations, arbitrary local assessment bases, and shifting extractive tax regimes have long created acute financial unpredictability for corporate entities operating in the Philippines. Real property valuation reform was achieved through Republic Act No. 12001, the Real Property Valuation and Assessment Reform Act (RPVARA)—implemented via DOF Department Order No. 074-2024 and BLGF MC No. 006-2025. RPVARA establishes a single, uniform valuation base compliant with international standards, caps first-year real property tax (RPT) rate increases at 6%, and grants a temporary Real Property Tax Penalty Amnesty waiving accrued fines, interest, and surcharges for delinquent accounts.²⁵

Complementing this structural standardization, the Enhanced Fiscal Regime for Large-Scale Metallic Mining Act (RA 12253) overhauls extractive taxation by introducing a 5-tier margin royalty (1% to 5%) outside mineral reservations, a 5% gross output royalty inside reservations, a 5-tier windfall profits tax (1% to 10%), a strict 2:1 thin capitalization rule, project-level ring-fencing, and transferring royalty administration directly to the Bureau of Internal Revenue (BIR). Outside property and mining, excise tax assessments under Revenue Regulations No. 07-2021 continue to generate disputes due to subjectively sampled retail price surveys used to establish Net Retail Prices (NRP).²⁶

While RPVARA and RA 12253 bring necessary statutory predictability and align local policies with international standards, their implementation imposes immediate financial and operational hurdles. For the private sector, mining contractors must navigate strict per-project ring-fencing mandates that require completely separate accounting systems and distinct Tax Identification Numbers (TINs) for each project site.

For the public sector, uncoordinated audit protocols across the BIR, DOF, and DENR risk tax enforcement overlaps, duplicate data requests, and administrative delays in royalty collections. For the academe and policy analysts, subjective excise pricing calculations obscure true market benchmarks and skew sector productivity data. Finally, for everyday citizens, unresolved local property taxes hamper local government unit (LGU) infrastructure and public health funding, while

²⁵ Philippine Supreme Court. (13 June 2024). Republic Act No. 12001. Retrieved from <https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/2/97502>.

²⁶ Senate of the Philippines. (4 September 2025). Republic Act No. 12253. Retrieved from <https://issuances-library.senate.gov.ph/sites/default/files/2026-01/20250905-RA-12253-FRM.pdf>

administrative bottlenecks in the extractive sector delay mandatory community development funds aimed at host mining municipalities.

The Chamber commends Congress and the administration for establishing structural fiscal consistency through the landmark passage of RPVARA (RA 12001) and the Enhanced Fiscal Regime for Large-Scale Metallic Mining Act (RA 12253).

To maximize compliance, the Bureau of Local Government Finance (BLGF) and LGUs must launch targeted public information drives to assist corporate property owners in finalizing penalty-free settlements. LGUs should deploy dedicated corporate assistance desks and automated payment portals to process applications prior to the statutory amnesty expiration date.

For the mining sector, the BIR, DOF, and DENR must issue comprehensive, integrated administrative guidelines establishing joint audit protocols and standardized quarterly royalty reconciliation workflows under RA 12253. The BIR should ensure its digital portals dynamically accommodate project-level ring-fenced TINs without creating processing backlogs for regular corporate tax clearances.

Finally, to resolve ongoing excise tax disputes under RR 07-2021, the BIR should publish explicit mathematical formulas and transparent, market-sampled price survey datasets used to compute Net Retail Prices. Standardizing these methodologies will eliminate discretionary assessments, protect due process, and foster a stable tax climate across all key industries.

Deepen Capital Markets & Rationalize Passive Income Taxation

Enacted into law under Republic Act No. 12214, the Capital Market Efficiency Promotion Act (CMEPA) introduces structural reforms designed to modernize the taxation of passive income and enhance the global competitiveness of Philippine capital markets. CMEPA slashes the Stock Transaction Tax (STT) on listed shares from 0.6% to 0.1%, standardizes the final withholding tax on interest income across Peso deposits, foreign currency deposit units (FCDUs), and long-term time deposits to a uniform 20%, and exempts Unit Investment Trust Funds (UITFs) and mutual funds from Documentary Stamp Tax (DST) on original issuance, redemption, and disposition. Furthermore, CMEPA reduces DST on the original issuance of shares and debt instruments from 1.0% to 0.75%, applies a uniform 15% Capital Gains Tax (CGT) on foreign unlisted shares, and grants private employers an additional 50% tax deduction on matched contributions to their employees' Personal Equity and Retirement Accounts (PERA).²⁷

By lowering stock transaction taxes and eliminating secondary DST on collective investment schemes, CMEPA brings the Philippines into regional alignment with ASEAN peers and lowers trading friction for retail and institutional investors alike. However, rapid operational transitions across banking channels, trust entities, and brokerage platforms demand clear BIR implementing guidelines and automated reporting mechanisms to prevent transaction delays or misapplied withholding taxes.

The Chamber urges the DOF and BIR to maintain clear, comprehensive Revenue Regulations and updated BIR tax forms that support the automated execution of CMEPA provisions across financial intermediaries. The BIR should ensure transparent advisories regarding transitory rules for pre-existing long-term instruments while establishing streamlined digital reporting portals for corporate employers claiming the 50% additional PERA tax deduction. Furthermore, regular public awareness campaigns should be conducted in partnership with financial industry associations to educate retail investors on the simplified passive income tax structure.

27 Bureau of Internal Revenue. (29 May 2025). Republic Act No. 12214. Retrieved from <https://bir-cdn.bir.gov.ph/BIR/pdf/Signed%20RA%2012214%20-%20CMEPA.pdf>.

Strengthen Taxpayer Rights, Enhance Tax Awareness & Adopting Global Standards (BIR LOA & Audit Reforms)

Following significant private sector concern over intrusive, multiple, and overlapping tax examinations, the Department of Finance (DOF) and the Bureau of Internal Revenue (BIR) implemented sweeping audit administrative reforms through Revenue Memorandum Circular (RMC) No. 107-2025²⁸, Revenue Memorandum Order (RMO) No. 1-2026²⁹, RMC No. 5-2026³⁰, and RMC No. 14-2026.³¹ Under RMO No. 1-2026, the BIR established the landmark Single-Instance Audit Framework, which strictly mandates that a taxpayer shall generally be subjected to only one Electronic Letter of Authority (eLA) for a given taxable year covering all internal revenue tax types, prohibiting duplicate or fragmented audits. Complementing this, RMC No. 14-2026 enforces the automatic consolidation of pending overlapping eLAs, while RMC No. 5-2026 introduced the LOA Verifier tool via the BIR's digital chatbot REVIE, enabling taxpayers to instantly verify the authenticity and scope of an eLA before granting examiners access to corporate books.

Concurrently, global tax architecture is evolving under the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar 2, establishing a 15% Global Minimum Tax for multinational enterprises (MNEs). As policymakers evaluate the introduction of a Qualified Domestic Minimum Top-Up Tax (QDMTT) to retain tax revenues within national borders, careful calibration will be essential to preserve the country's economic dynamic. Industry stakeholders emphasize the importance of designing a flexible framework that maintains the value of existing fiscal incentives, prevents unintended increases in overall tax friction, and safeguards the long-term investment competitiveness of MNEs established in the Philippines. Meanwhile, consumer-facing enterprises and retail merchants continue to navigate operational challenges in substantiating statutory deductions for Senior Citizen and Persons with Disabilities (PWD) discounts under Joint Administrative Order No. 24-02 and Revenue Regulations No. 08-2023. Modernizing current manual verification workflows toward integrated digital standards presents a clear opportunity to enhance tax compliance while simplifying administration for both businesses and revenue authorities.

28 Bureau of Internal Revenue. (24 November 2025). Revenue Memorandum Circular No. 107-2025. Retrieved from <https://bir-cdn.bir.gov.ph/BIR/pdf/RMC%20No.%20107-2025.pdf>.

29 Bureau of Internal Revenue. Revenue Memorandum Order No. 1-2026. (27 January 2026). Retrieved from <https://bir-cdn.bir.gov.ph/BIR/pdf/RMO%20No.%201-2026.pdf>.

30 Revenue Memorandum Circular No. 5-2026. (23 January 2026). Bureau of Internal Revenue. Retrieved from <https://bir-cdn.bir.gov.ph/BIR/pdf/RMC%20No.%205-2026.pdf>.

31 Bureau of Internal Revenue. (4 March 2026). Revenue Memorandum Circular No. 14-2026. Retrieved from <https://bir-cdn.bir.gov.ph/BIR/pdf/RMC%20No.%2014-2026.pdf>.

To navigate this global shift effectively, the Philippines can look to international best practices, most notably Singapore's Refundable Investment Credit (RIC) framework. Introduced under Budget 2024 and administered by the Singapore Economic Development Board (EDB) and Enterprise Singapore, the RIC was specifically designed to align with the OECD's Qualified Refundable Tax Credit (QRTC) standards.³² Under OECD GloBE Model Rules, traditional tax incentives reduce covered tax liabilities, driving an MNE's Effective Tax Rate (ETR) below 15% and triggering top-up taxes. In contrast, a QRTC is treated under global accounting guidelines as business income (impacting the ETR denominator rather than deducting from the tax numerator), thereby minimizing ETR dilution while providing substantive, government-backed fiscal support. Operating as an expenditure-based grant and tax credit awarded for up to 10 years, Singapore's RIC provides support rates of up to 50% across key areas such as capital investments, technology adoption, research and development (R&D), and sustainability projects. Crucially, if an enterprise maintains unutilized credits after offsetting its corporate tax or top-up tax liabilities, the remaining balance must be refunded in cash within four years—the mandatory mechanism that qualifies it as a QRTC under OECD guidelines.

While these institutional reforms mark a profound shift toward modern tax administration, operationalizing them smoothly across regional audit divisions requires ongoing alignment. For the private sector, uncoordinated audit divisions at the Revenue District Office (RDO) level that experience delays in applying automatic eLA consolidation risk subjecting businesses to redundant document requests and administrative friction. Furthermore, implementing a QDMTT without adequate offsetting mechanisms or sufficient stakeholder consultation could inadvertently increase effective tax rates and diminish the country's attraction for foreign direct investments. Meanwhile, consumer-facing enterprises managing manual Senior Citizen and PWD discount validations continue to face significant administrative overhead and potential tax disallowances during examinations.

For the public sector, fully embedding the Single-Instance Audit Framework will maximize administrative efficiency, ensuring audit capacity is directed toward high-risk compliance cases rather than redundant reviews. For economists and policy analysts, balancing BEPS Pillar 2 requirements with competitive, non-tax support frameworks is essential to maintaining the Philippines' standing in the regional competition for capital. Finally, for Senior Citizens and Persons with Disabilities, reducing point-of-sale verification friction protects their statutory rights while ensuring a dignified and efficient customer experience.

The Chamber warmly commends the Department of Finance (DOF) and the Bureau of Internal Revenue (BIR) for these decisive, historic LOA reforms. By curtailing redundant eLAs, establishing digital verification tools, enforcing the Single-Instance Audit Framework, and mandating supervisory accountability, the tax leadership has significantly elevated taxpayer protection, eliminated audit harassment, and restored strong business trust in tax administration.

To sustain these hard-won gains, the ECCP encourages the BIR to ensure that local Revenue District Offices (RDOs) and Large Taxpayers Divisions (LTDs) strictly adhere to mandated eLA consolidation timelines without administrative delay or arbitrary local exceptions. The BIR should further expand risk-based, system-assisted taxpayer audit selection algorithms to eliminate subjective auditor selection and ensure audit resources are deployed transparently toward genuine compliance risks.

On global tax governance, the DOF, BIR, and the Fiscal Incentives Review Board (FIRB) should approach the design of any Qualified Domestic Minimum Top-Up Tax (QDMTT) through transparent and continuous public-private consultation. To protect the Philippines' investment competitiveness and support multinational enterprises operating locally, the government should consider adopting

an "Incentive Credits" framework, modeled after Singapore's Refundable Investment Credit (RIC), providing qualifying Pillar 2-in-scope businesses with grants or non-tax offset credits for high-value investments (e.g., innovation, sustainability, and capital expenditure) to offset potential increases in tax liability.

Finally, to resolve ongoing retail audit friction, the government should establish a unified, real-time digital verification portal integrated with the Office for Senior Citizens Affairs (OSCA) and the National Council on Disability Affairs (NCDA). Linking this database to point-of-sale systems will enable real-time discount validation, creating indisputable digital audit trails that streamline compliance and safeguard valid tax deductions during BIR reviews.

Establish a Carbon Credits Facility & Sustainable Finance Framework

Transforming carbon emissions reductions into tradeable financial assets offers a powerful, market-driven mechanism to fund national decarbonization goals and attract international climate capital. Section 15 of Republic Act No. 9513 (the Renewable Energy Act of 2008) explicitly exempts carbon credits derived from renewable energy projects from statutory tax liabilities.³³ Strategic foundations have expanded further through the August 2024 Philippines-Singapore Memorandum of Understanding (MOU) on Article 6 Carbon Credits and significant legislative momentum surrounding the Blue Economy Act (Senate Bill No. 2450). Despite these foundational milestones, the Philippines still lacks a centralized national market registry, accredited monitoring infrastructure, or explicit tax guidelines to govern private sector carbon offset trading.

Without an operational carbon registry and trading exchange, local clean energy, forestry, and nature-based project developers cannot monetize carbon reductions effectively. This leaves the Philippines at a competitive disadvantage compared to regional peers in Southeast Asia that have already deployed functional carbon exchanges to capture international climate finance and voluntary carbon market investments.

This institutional gap limits green investment opportunities and creates operational bottlenecks across the economic landscape. For the private sector, local project developers face prohibitive transaction costs and verification hurdles when seeking to list carbon credits on international voluntary exchanges, leaving vast renewable energy and blue carbon assets unmonetized. For the public sector, the absence of a unified national registry makes it nearly impossible for the government to accurately track national carbon accounting, prevent double-counting under Paris Agreement Article 6 transfers, or monitor progress toward Nationally Determined Contributions (NDCs).

For the academe and environmental policy analysts, uncoordinated carbon transactions obscure environmental-economic accounting data, complicating research on natural capital valuation. Finally, for everyday citizens, delays in mobilizing private climate finance stall coastal restoration, community-based forestry projects, and clean energy transitions that directly safeguard vulnerable communities against extreme weather events and climate impacts.

The Chamber commends the Department of Environment and Natural Resources (DENR), the Department of Energy (DOE), and the Department of Finance (DOF) for advancing international bilateral carbon partnerships under Article 6 and supporting blue carbon legislation.

To build a fully functional sustainable finance ecosystem, the ECCP urges the DENR, DOF, and DOE to establish a centralized National Carbon Registry. This registry should serve as the single, authoritative

³² EDB Singapore. Refundable Investment Credit Factsheet. Retrieved from <https://www.edb.gov.sg/en/incentives-and-programmes/incentives-and-facilitation-programmes.html>

³³ Republic of the Philippines. (2008). Republic Act No. 9513 - Renewable Energy Act of 2008. Retrieved from: <https://www.officialgazette.gov.ph/2008/12/16/republic-act-no-9513/>.

platform to certify, track, and record carbon credits in full compliance with Article 6 of the Paris Agreement and recognized global voluntary market standards.

Concurrently, the Bureau of Internal Revenue (BIR) should issue explicit Revenue Regulations confirming tax treatment across all carbon asset transactions. These directives should clearly affirm tax exemptions under RA 9513 and define allowable corporate income tax deductions for certified carbon credit purchases and carbon offsets.

Finally, any future transition toward a mandatory Carbon Tax or Emissions Trading Scheme (ETS) must involve comprehensive cost-benefit analyses, macroeconomic modeling, and extensive private sector consultations. This measured approach will prevent sudden energy cost shocks for commercial and industrial electricity consumers while ensuring a smooth, market-driven transition toward a low-carbon economy.

Issue Statement

The European Chamber of Commerce of the Philippines (ECCP) continues to support the Philippine government's efforts to enhance national competitiveness and tax administration. Through regular technical consultations and joint committee engagements, the ECCP actively collaborates with the Department of Finance (DOF), the Bureau of Internal Revenue (BIR), the Bureau of Customs (BOC), the Anti-Red Tape Authority (ARTA), and other relevant regulatory bodies. The Chamber remains committed to advancing practical fiscal and financial sector reforms that broaden the tax base, streamline compliance, enhance legal certainty for investors, and drive sustainable economic growth.



ASSESSMENT OF 2025 RECOMMENDATIONS

2025 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Boost Digital Transformation and Streamline Tax Processes	
Expand digital infrastructure in order to simplify various processes for taxpayers.	
Issue a clear timeline and guidelines regarding the shift to an Electronic Invoicing/ Receipting System (EIS).	The BIR has issued Revenue Regulations No. 26-2025, which has clarified the timeline and implementation methodology of the new E-invoicing system. Group 1 taxpayers have until December 31, 2026 to comply with EIS requirements. Transactions must be transmitted via API in structured JSON format within three calendar days; standalone PDFs or scanned documents are non-compliant.
Resolve Ambiguity in Cross-Border Taxation & Service Situs	
Revoke or suspend RMC 5-2024	The BIR has enacted RMC 24-2026, which provides vital legal clarity by establishing that cross-border services are not automatically taxable merely by virtue of their classification. This supersedes the regulations laid out in RMC 5-2024.
Establishing streamlined processes and incentives in the establishment of renewable energy infrastructure.	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
There has been progress on the digital transformation of tax processes. The Bureau of Internal Revenue (BIR) processed over 85% of annual tax collections through electronic channels, while also committing PHP 18 billion toward further infrastructure modernization. Despite this, everyday tax tasks still require physical paperwork and appearances.	
Several legislative efforts have been made such as the 2026 DOE-DILG-DPWH Joint Memorandum Circular No.001, which establishes strict deadlines for the issuance of electrical permits and Certificate of Final Electrical Inspection. However, LGU administrative inconsistencies still persist, with various LGUS not meeting the deadlines.	

2025 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Establish a carbon credits facility	
Standardize Tax Assessment and Valuations	
Publish the formula for computing Net Retail Price (NRP) and the results of its price surveys to provide transparency and a clear basis for tax assessments	
Strengthen Tax Awareness and Promotion of Tax Payers' Rights	
Adopt international standards such as those embedded in the OECD/G20 BEPS Inclusive Framework, including the Pillar 2 Rules and Global Minimum Tax.	
Clarify Senior Citizen & Persons with Disabilities (PWD) Discounts	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
	Although various government agencies have advanced bilateral carbon partnerships, a centralized carbon credits facility has yet to be established.
	The BIR has yet to publish explicit mathematical formulas and transparent, market-sampled price survey datasets used to compute Net Retail Prices.
Although there have been multiple institutional reforms aimed at adopting these international standards, these have yet to be consistently implemented across regional audit branches.	
Although legislative progress has been made, there is still significant operational and audit friction when defending claimed statutory deductions for Senior Citizen and Persons with Disabilities (PWD). These include frequent disallowances during field examinations due to overly burdensome manual record-keeping and fragmented local verification standards.	



TOURISM ADVOCACY PAPER 2026

INTRODUCTION

The level of investment in the tourism sector reflects the confidence and long-term potential of the industry from a business standpoint. Globally, travel and tourism have firmly re-established themselves as one of the largest engines of economic activity: the World Travel and Tourism Council estimates that the sector supports roughly one in every 10 jobs worldwide and contributes close to a tenth of global gross domestic product, while UN Tourism has reported that international arrivals worldwide have effectively returned to, and in several regions surpassed, their pre-pandemic levels. European source markets in particular have led the recovery in long-haul travel, and European travellers continue to rank among the highest-spending and longest-staying visitors to Southeast Asia, underscoring the strategic value of the Philippines' partnership with the European Union and European business community.

Within the Asia-Pacific and ASEAN regions, competition for a recovering pool of international travellers has intensified sharply. Neighbouring economies have liberalised visa regimes, expanded air connectivity, and invested heavily in destination infrastructure, and the gap between the Philippines and its regional peers on inbound volume remains wide. In 2025 the Philippines attracted 6.48 million international arrivals, against Malaysia's 42 million, Thailand's 33 million, and Vietnam's 19 million, leaving it the smallest of the major inbound markets in Southeast Asia.¹ Against this backdrop, 2025 was a year of consolidation rather than acceleration for Philippine tourism, prompting the government to shift its narrative away from headline arrival counts toward a quality-driven, investment-led model of growth. This reframing has direct implications for the ECCP's advocacy: sustaining recovery will depend less on promotion alone and more on connectivity, ease of travel, workforce quality, safety, and sustainability, the enabling conditions that determine where discretionary travellers ultimately choose to go.

According to the Department of Tourism (DOT), citing Bureau of Immigration (BI) records, the Philippines welcomed a total of 6,484,060 visitor arrivals in 2025, a marginal 0.76% increase over the previous year. Of this figure, foreign visitors accounted for 5,940,975 arrivals while returning overseas Filipinos numbered 543,085.² Foreign arrivals had trailed 2024 levels through the first 11 months before a record December of more than 625,000 foreign visitors brought the full-year foreign total to a marginal 0.27% gain, leaving overall arrivals essentially flat year-on-year.³ An alternative count drawn from the DICT eTravel system placed foreign arrivals slightly lower at about 5.86 million, with officials noting that BI records run higher because they include cruise passengers and other visitor categories not fully captured by the digital platform. Either way, the result remains well below the pre-pandemic record of 8.26 million foreign visitors recorded in 2019.

The composition of demand tells a more textured story than the headline figures. Domestic tourism has remained the sector's anchor, with more than 134 million domestic trips recorded in 2024, the highest domestic travel share in Southeast Asia, valued at over USD 70 billion. On the inbound side, the DOT has framed 2025 as a year of quality-driven growth, pointing to higher-value experiences, stronger service delivery, and rising employment rather than raw arrival numbers as the truer measures of the sector's health.

The country's competitiveness position is captured in the most recent Travel and Tourism Development Index (TTDI) published by the World Economic Forum (WEF), which placed the Philippines 69th out of 119 economies, an improvement from its previous rank of 75th, with an overall score of 3.84 out of a possible

¹ Metrobank Wealth Insights. (29 May 2026). Tourism's share to GDP falls to lowest in 3 years. Retrieved from <https://wealthinsights.metrobank.com.ph/news/tourisms-share-to-gdp-falls-to-lowest-in-3-years>

² Department of Tourism / Philippine Information Agency. (23 January 2026). Tourism offers high investment returns amid growing demand – DOT chief. Retrieved from <https://pia.gov.ph/news/tourism-offers-high-investment-returns-amid-growing-demand-dot-chief/>

³ Inside Asian Gaming. (24 January 2026). Philippines visitor arrivals rise 0.76% to 6,484,060 in 2025 after strong December tourism numbers. Retrieved from <https://asgam.com/2026/01/25/philippines-visitor-arrivals-rise-0-76-to-6484060-in-2025-after-strong-december-tourism-numbers/>

7.0.⁴ The index measures the enabling environment, policies, infrastructure, and resources that support the sustainable and resilient development of the travel and tourism sector. The Philippines continues to score comparatively well on natural resources but remains a regional laggard on ground and port infrastructure, air transport infrastructure, tourist service infrastructure, and health and hygiene. This profile is shared with several lower-middle-income ASEAN peers, and it points directly to the priorities that have long anchored the ECCP Tourism Committee's advocacy: airports and connectivity, digital infrastructure, ease of travel, safety, workforce quality, and sustainability.

The economic weight of the sector softened in 2025. Data from the Philippine Statistics Authority (PSA) Tourism Satellite Account showed that Tourism Direct Gross Value Added (TDGVA) eased to 8.1% of GDP, down from a revised 8.7% in 2024 and 8.4% in 2023, its lowest share in three years. In peso terms, TDGVA amounted to PHP 2.27 trillion, 1.4% lower than the PHP 2.30 trillion recorded in 2024.⁵ The contraction was driven mainly by weaker inbound spending, which fell 6.4% to PHP 698.46 billion from PHP 745.99 billion a year earlier, reflecting softer discretionary spending by international travellers and intensifying regional competition. Among visitor expenditure categories, shopping accounted for the largest share of TDGVA at 24.7% (PHP 560.30 billion), followed by tourism-related services including health and wellness at 22.6% (PHP 512.94 billion), and accommodation services at 17.4% (PHP 394.14 billion).

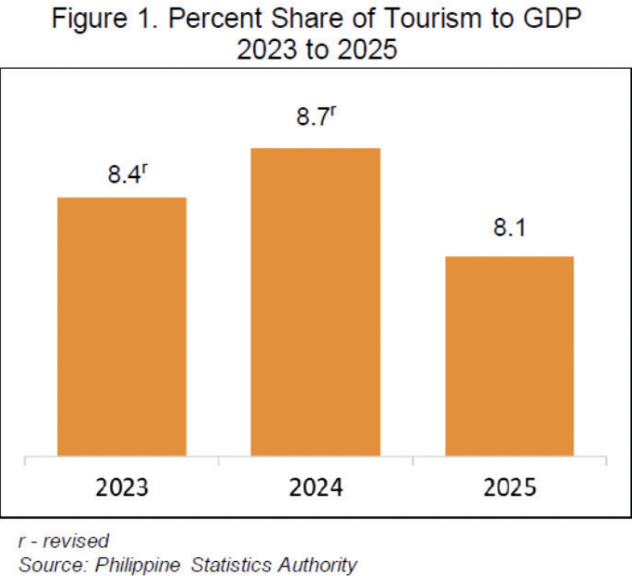


Figure 1. Percent Share of Tourism to GDP, 2023 to 2025
Source: Philippine Statistics Authority

Domestic and outbound demand, by contrast, continued to expand. Domestic tourism expenditure rose 3% to PHP 3.26 trillion from PHP 3.16 trillion in 2024, outbound tourism expenditure posted the fastest growth at 3.5% to PHP 357.93 billion, and internal tourism expenditure, which combines domestic and inbound spending, increased 1.2% to PHP 3.96 trillion.⁶ The divergence between a softening value-added contribution and resilient domestic activity highlights both the sector's exposure to external headwinds, from global inflation and higher travel costs to shifting safety perceptions, and the strategic importance

4 BusinessWorld. (29 May 2024). Philippines places 69th in WEF's travel and tourism index. Retrieved from <https://www.bworldonline.com/infographics/2024/05/29/597973/philippines-places-69th-in-wefs-travel-and-tourism-index/>
5 Philippine Statistics Authority. (28 May 2026). Tourism Contributes 8.1 Percent to the Philippine Economy in 2025. Retrieved from <https://psa.gov.ph/content/tourism-contributes-81-percent-philippine-economy-2025>
6 Philippine Statistics Authority. (28 May 2026). Philippine Tourism Satellite Account. Retrieved from <https://psa.gov.ph/statistics/tourism>

of the domestic market in sustaining livelihoods while inbound demand recovers.

Employment underscores the sector's labour intensity. Tourism-related employment rose 2.5% to 7.70 million jobs in 2025, accounting for 15.7% of total national employment, up from a revised 15.4% (7.51 million) in 2024 and 14.4% in 2023.⁷ The sector therefore continued to absorb workers even as revenue growth moderated, reinforcing its role as a foundation of inclusive growth and a vital source of livelihood for millions of Filipinos, and making the quality and resilience of the tourism workforce a matter of national economic significance.

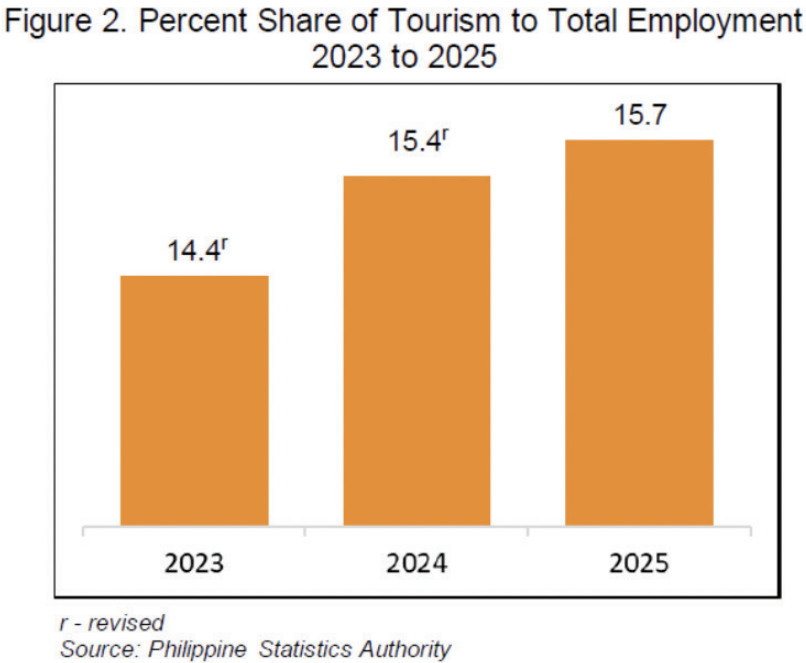


Figure 2. Percent Share of Tourism to Total Employment, 2023 to 2025
Source: Philippine Statistics Authority

The composition of inbound demand shifted materially over the year, with the traditional Northeast Asian markets under pressure and long-haul and diaspora markets picking up the slack. South Korea remained the single largest source market for full-year 2025 with 1,346,301 arrivals, but this represented an 18.49% decline after the Korean embassy issued advisories urging its nationals to limit outdoor activities in the Philippines, following crime incidents involving Korean visitors.⁸ The United States consolidated its position as the second-largest market and continued to grow, while Japan and Australia both expanded by double digits. China fell to sixth place with roughly 237,000 arrivals, a decline of more than 14% amid safety concerns and maritime tensions, and remained only around 15% of its 2019 peak of 1.7 million. India, meanwhile, emerged as one of the fastest-growing markets, rising about 17% to rank as the eleventh-largest source. The table below summarises the leading markets over the January to November 2025 period.

7 Context.ph. (28 May 2026). Tourism's GDP share eases as spending slips. Retrieved from <https://context.ph/2026/05/28/tourisms-gdp-share-eases-as-spending-slips/>
8 BusinessWorld. (16 December 2025). Philippines sees 2.16% drop in tourist arrivals. Retrieved from <https://bworldonline.com/top-stories/2025/12/16/718969/philippines-sees-2-16-drop-in-tourist-arrivals/>

Source market	Arrivals	Share of total	Year-on-year
South Korea	1,134,000	21.66%	-21.00%
United States	894,835	17.09%	+6.57%
Japan	406,794	7.77%	+15.36%
Australia	268,892	-	+16.17%
China	248,339	-	-16.55%
India	85,885	1.64%	+17.06%

Table 1. Top source markets, January to November 2025

Source: Department of Tourism / Bureau of Immigration, as reported by BusinessWorld

This reordering accelerated into 2026. From 1 January to 16 June 2026, the Philippines recorded 2,955,014 international visitors, up 6.16% year-on-year, with the United States overtaking South Korea as the country's number one source market for the first time in years.⁹ For the January to May 2026 period, the United States accounted for 531,859 arrivals (19.40% share, up 7.07%), ahead of South Korea's 501,789 (18.31% share, down 9.56%), followed by Japan, China, and Canada.¹⁰ The shift toward higher-spending, long-haul, and diaspora travel is consistent with the sector's pivot to value over volume, but it also heightens the importance of recovering the Northeast Asian markets, an objective the government aims to support through the visa-free arrangement extended to Chinese nationals from January 2026.

The year also brought a change in leadership and direction. In April 2026, Bernardita "Dita" Angara-Mathay assumed office as Secretary of Tourism, succeeding Christina Garcia Frasco, and signalled a pivot toward an investment-driven, infrastructure-centred strategy that treats tourism as an ecosystem spanning capital, connectivity, enterprise development, and market access rather than promotion alone.¹¹ The DOT has set a conservative full-year 2026 target of at least 6.4 million inbound arrivals and is finalising a recalibrated National Tourism Development Plan (NTDP) 2023–2028 to better reflect prevailing market conditions.¹² The Tourism sector remains a major driver of national output and livelihood. Translating this new investment orientation into tangible improvements on the ground, the themes that frame the recommendations in this paper, will determine whether the Philippines can close the competitiveness gap with its ASEAN neighbours and convert its rich natural, cultural, and gastronomic resources into durable, inclusive growth.

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

The period covered by this edition was marked by significant policy movement on travel facilitation, a leadership transition at the DOT, sustained momentum in airport modernisation, and a notable rise in the Philippines' international profile as a gastronomy destination. The key developments are summarised below.

- The Philippine government extended visa-free entry to Chinese nationals for tourism and business, effective 16 January 2026 for an initial period of one year, subject to review before it expires. The privilege allows a non-extendable, non-convertible stay of up to 14 days for holders of ordinary Chinese passports entering through the Ninoy Aquino International Airport (NAIA) or

the Mactan-Cebu International Airport (MCIA), subject to a passport valid for at least six months, proof of accommodation, and a return or onward ticket.¹³ China ranked only sixth among source markets in 2025, with arrivals still around 15% of pre-pandemic levels; officials expect the waiver to lift mainland Chinese arrivals toward 1.4 million in 2026 and to inject an estimated USD 1.2 billion into accommodation, retail, and related services, provided air connectivity, which remains well below 2019 levels, recovers in step.¹⁴

- The government broadened travel facilitation for other high-value markets. Indian nationals were granted 14-day visa-free entry for tourism from mid-2025, and the DOT and BI expanded the electronic visa (e-visa) system in 2026 to cover additional nationalities requiring longer stays or multiple-entry business arrangements, complementing existing visa-waiver arrangements and the government's broader digitalisation agenda.¹⁵
- A new tourism leadership took office in April 2026 under Secretary Dita Angara-Mathay, reorienting the department toward an investment- and infrastructure-led agenda and closer inter-agency coordination among the DOT, the Department of Transportation, the BI, and local government units. The DOT launched the "Discover More to Love" domestic travel campaign, featuring curated and discounted packages from local operators to complement the existing "Love the Philippines" brand, stimulate domestic demand, and promote destination diversification beyond established resort islands.
- Gastronomy tourism emerged as a defining theme of the year and a strategic pillar of the country's value-driven positioning. On 30 October 2025, the MICHELIN Guide made its historic debut in the Philippines, recognising 108 establishments in Manila and Cebu, comprising one Two-Star, eight One-Star, 25 Bib Gourmand, and 74 MICHELIN-Selected restaurants, alongside special awards for sustainability, service, young chefs, and mixology.¹⁶ The country also hosted the first Terra Madre Asia and the Pacific gathering and is preparing to convene the UN Tourism Global Forum on Gastronomy Tourism, while the SALAAM expo highlighted rising demand for Halal and Muslim-friendly travel. Together with established farm-tourism and culinary-heritage programmes, these milestones position food as a high-margin, experience-led segment capable of extending visitor stays, dispersing spending to the countryside, and differentiating the Philippines in a crowded regional market. The ECCP Tourism Committee views the credible, sustained development of gastronomy tourism, supported by workforce training, product accreditation, and destination marketing, as an important complement to the sector's broader recovery.
- The Philippines secured further international recognition in 2025, including 10 nominations at the World Travel Awards, where it defended its titles as Asia's leading beach, dive, and island destination, reinforcing the strength of the natural and cultural resources on which its competitiveness ultimately rests.
- Modernisation of NAIA advanced under the New NAIA Infra Corp. (NNIC), the consortium led by San Miguel Corporation together with Incheon International Airport Corporation of South Korea, which took over operations and maintenance in September 2024 under a PHP 170.6 billion, 15-year public-private partnership. The programme aims to raise annual passenger capacity from 35

⁹ Tribune. (18 June 2026). US leads visitor arrivals, boosts tourism investments. Retrieved from <https://tribune.net.ph/2026/06/18/us-leads-visitor-arrivals-boosts-tourism-investments>

¹⁰ Philippine Daily Mirror. (20 June 2026). U.S. Overtakes South Korea as Top Tourist Market for the Philippines. Retrieved from <https://www.philippinedailymirror.com/u-s-overtakes-south-korea-as-top-tourist-market-for-the-philippines/>

¹¹ Travel And Tour World. (17 April 2026). Philippines Department of Tourism Unveils Investment-Driven Strategy to Boost Tourism Growth, Infrastructure, and Global Competitiveness. Retrieved from <https://www.travelandtourworld.com/news/article/philippines-department-of-tourism-unveils-investment-driven-strategy-to-boost-tourism-growth-infrastructure-and-global-competitiveness/>

¹² Cebu Daily News. (21 June 2026). 'Discover More to Love': PH's new campaign to boost local travel. Retrieved from <https://cebudailynews.inquirer.net/739840/discover-more-to-love-ph-to-launch-new-campaign-to-boost-local-travel/>

¹³ Department of Foreign Affairs / Philippine News Agency. (15 January 2026). PH grants 14-day visa-free entry to Chinese tourists. Retrieved from <https://www.pna.gov.ph/articles/1267062>

¹⁴ VisaHQ. (23 January 2026). Philippines Launches One-Year Visa-Free Entry for Chinese Citizens. Retrieved from <https://www.visahq.com/news/2026-01-22/cn/philippines-launches-one-year-visa-free-entry-for-chinese-citizens/>

¹⁵ The Traveler. (13 May 2026). Philippines Clarifies 2026 Visa Rules as US Joins E-Visa Rollout. Retrieved from <https://www.thetraveler.org/philippines-clarifies-2026-visa-rules-as-us-joins-e-visa-rollout/>

¹⁶ Philippine Information Agency. (20 January 2026). DOT caps 2025 with global gastronomy, tourism infrastructure milestones. Retrieved from <https://pia.gov.ph/press-release/dot-caps-2025-with-global-gastronomy-tourism-infrastructure-milestones-thanks-stakeholders-for-continued-support/>

million to 62 million and air traffic movements from 40 to 42 to around 48 per hour, with planned works spanning terminal rehabilitation, airside upgrades, power reliability, and the construction of new domestic terminals.¹⁷ NAIA handled a record 52.02 million passengers in 2025, surpassing the 50.1 million served in 2024, and posted an all-time monthly high of 4.96 million passengers in January 2026.¹⁸

- On 16 December 2025, President Ferdinand R. Marcos Jr. led the launch of new electronic immigration gates (e-gates) and self-check-in kiosks at NAIA, which use passport scanning and facial recognition to process a passenger in about 20 seconds. The e-gates, funded by NNIC and supported by an earlier release of PHP 1.347 billion by the Department of Budget and Management for the E-Gates project, together with expanded transit facilities and reconfigured, safer departure drop-off areas, are intended to reduce congestion and enhance the overall passenger experience.¹⁹
- The government pressed ahead with the privatisation of regional airports. Seven airports are now under public-private partnership arrangements, with the DOTr targeting around 15 by 2026 and at least 20 by 2028. Regional gateways being bundled or prepared for private participation include Iloilo, Davao, Laoag, Bicol, Bacolod-Silay, General Santos, Siargao, Dumaguete, Busuanga, Tacloban, and Puerto Princesa, with the World Bank-International Finance Corporation and the Asian Development Bank providing transaction advice.²⁰ Under the 2025 General Appropriations Act, approximately PHP 7.7 billion were allocated to upgrade 15 airports, while the Civil Aviation Authority of the Philippines (CAAP) committed about PHP 12.4 billion to airport modernisation projects.
- Effective 14 September 2025, terminal fees at NAIA increased under the Manila International Airport Authority's revised Administrative Order No. 1, aligned with the NNIC concession agreement. International departure fees rose from PHP 550 to PHP 950 and domestic terminal fees from PHP 200 to PHP 390, with overseas Filipino workers remaining exempt. Authorities noted that the revised rates remain lower than those of comparable airports in the region.²¹
- The DOT continued to strengthen tourist-assistance services, expanding the Tourist Assistance Call Center with Korean-speaking agents in February 2025 and Mandarin-speaking agents in September 2025 to better serve the country's leading inbound markets, reflecting the continued importance of South Korea and China even amid their recent decline.²²

- The Department of Labor and Employment (DOLE) implemented Department Order No. 242-24, the Revised Implementing Rules and Regulations of Republic Act No. 11360 (the Service Charge Law), which mandates the full and equal distribution of service charges among covered employees, whether regular, contractual, or agency-hired, excluding only managerial staff, with proportional and bi-monthly distribution, expanded grievance mechanisms, and stronger compliance monitoring.²³
- The DOT integrated disaster preparedness and climate resilience into the updated NTDP, introducing a Tourism Disaster Risk Reduction and Management Manual for local governments and partnering with the Department of Social Welfare and Development on the Bayanihan sa Bukas na may Pag-asa sa Turismo programme, which extends financial aid, training, and livelihood assistance to workers and enterprises in disaster-prone areas.²⁴
- The DOT supported 15 community-based tourism projects across Luzon, Visayas, and Mindanao, led by the Carabao Island Eco-Tourism Park in San Jose, Romblon, to promote inclusive growth through sustainability, heritage preservation, and local enterprise development, with the aim of creating jobs and dispersing tourism benefits beyond established hubs.²⁵
- Through Executive Order No. 86, the government operationalised the Digital Nomad Visa (DNV) programme for non-immigrant foreigners engaged in remote work for overseas employers, allowing eligible applicants aged 18 and above, earning income abroad and covered by health insurance, to stay for up to one year, renewable, with multiple-entry privileges, subject to reciprocity with the applicant's country of nationality.²⁶
- The Philippines is chairing and hosting the ASEAN Tourism Forum 2026 in Cebu, alongside the UN Tourism Global Forum on Gastronomy, reinforcing its commitment to work with regional partners on sustainable, value-driven tourism and positioning the country as a convening hub for tourism cooperation in Southeast Asia.²⁷
- On workforce development, the DOT reported that 322,000 individuals had been trained under the Filipino Brand of Service Excellence (FBSE) programme as of July 2025, while the Tourist-Oriented Police for Community Order and Protection (TOPCOP) programme, in partnership with the Philippine National Police, trained 8,610 officers and activated 30 Tourist Police Units, 104 Tourist Police Assistance Centers, and 1,243 Tourist Assistance Desks nationwide.²⁸

17 SMC Infrastructure. (2026). New NAIA Infra Corp. Retrieved from <https://smcinfrastructure.com.ph/our-businesses/our-businesses/airports/nnic>

18 Philstar. (3 January 2026). NAIA. Retrieved from <https://www.philstar.com/opinion/2026/01/03/2498334/naia>

19 Philippine News Agency. (25 December 2025). Turning a 'better NAIA' into reality. Retrieved from <https://www.pna.gov.ph/articles/1265818>

20 BusinessWorld. (1 May 2025). DoTr hopes to privatize 15 more airports by 2026. Retrieved from <https://www.bworldonline.com/top-stories/2025/05/01/669621/dotr-hopes-to-privatize-15-more-airports-by-2026/>

21 Inquirer. (2 September 2025). No stopping hike in NAIA terminal fees starting Sept 14. Retrieved from <https://newsinfo.inquirer.net/2103257/no-stopping-hike-in-naia-terminal-fees-starting-sept-14>

22 Tribune. (16 April 2025). Mandarin-Speaking Agents Available to Tourists. Retrieved from <https://tribune.net.ph/2025/04/15/mandarin-speaking-agents-available-to-tourists>

23 Department of Labor and Employment. (1 February 2024). Department Order No. 242. Retrieved from <https://bwc.dole.gov.ph/images/Issuances/DepartmentOrder/DO-242-24.pdf>

24 Manila Bulletin. (18 June 2025). Disaster-ready tourism now central in national development strategy. Retrieved from <https://mb.com.ph/2025/06/18/disaster-ready-tourism-now-central-in-national-development-strategy>

25 Manila Bulletin. (25 June 2025). 15 tourism projects receive DOT support for countryside development. Retrieved from <https://mb.com.ph/2025/06/25/15-tourism-projects-receive-dot-support-for-countryside-development>

26 Inquirer. (27 April 2025). Marcos approves visas for digital nomads. Retrieved from <https://globalnation.inquirer.net/274690/marcos-approves-visas-for-digital-nomads>

27 Manila Bulletin. (20 January 2026). DOT: Quality tourism, not arrivals alone, defined PH gains in 2025. Retrieved from <https://mb.com.ph/2026/01/20/dot-quality-tourism-not-arrivals-alone-defined-ph-gains-in-2025>

28 Presidential Communications Office. (29 July 2025). PBBM orders DOT to create more tourism-based employment. Retrieved from https://pco.gov.ph/news_releases/pbbm-orders-dot-to-create-more-tourism-based-employment/

ON LEGISLATION

- The government signed the implementing rules and regulations of Republic Act No. 12079, establishing a value-added tax (VAT) refund system for non-resident tourists. The measure allows foreign visitors to claim VAT refunds on goods worth at least PHP 3,000 purchased from accredited stores, provided the goods are taken out of the country within 60 days, and is expected to raise tourist spending and strengthen the Philippines’ retail competitiveness against regional peers that already operate such schemes.²⁹
- With the convening of the 20th Congress in mid-2025, the Joint Foreign Chambers (JFC) and the ECCP renewed their push for priority transport and aviation measures. A refiled Transportation Safety Board Act was introduced to create the Philippine Transportation Safety Board (PTSB), an independent, non-regulatory body mandated to investigate transportation accidents across all modes; the DOTr has publicly urged the 20th Congress to prioritise its passage, following the veto of an earlier version and a series of aviation safety incidents over the past year.³⁰
- Measures to restructure the CAAP into a dedicated safety regulator, and to establish an independent Philippine Airports Authority (or Corporation) to plan, develop, and maintain airports and to regulate privatised gateways, likewise remain part of the reform agenda under the current Congress, alongside the ECCP- and JFC-supported push to expand affordable, high-speed connectivity nationwide through measures such as the proposed Open Access in Data Transmission Act and the Better Internet Act.

ADVOCACY RECOMMENDATIONS

Improvement of international and domestic connectivity

Upgrade airports and other tourism-related infrastructure

- Airports are vital components of a strong and resilient economy, serving as gateways that connect the Philippines to global markets and opportunities. They facilitate international trade and investment by enabling the efficient movement of goods, reducing supply-chain bottlenecks, and ensuring the timely delivery of exports and imports. As critical nodes of tourism, airports shape a visitor’s first and lasting impression of the country and directly influence its attractiveness as a destination. Beyond passenger and cargo services, they generate significant employment and stimulate secondary industries such as hospitality, retail, logistics, and tourism-related establishments. Modern, well-planned airports also strengthen regional connectivity, promote balanced development, and enhance disaster-response capability, making them an essential component of inclusive and sustainable economic growth.
- Several countries, including Singapore and Hong Kong, have invested over decades to establish themselves as premier international gateways in Asia. The Philippines has made visible progress: the Mactan-Cebu International Airport has earned repeated regional recognition and became the country’s first airport to join the Airport Carbon Accreditation programme, while Clark International Airport has been cited among the world’s most beautiful airports. The country nonetheless continues to trail its ASEAN neighbours on aviation infrastructure. NAIA has repeatedly been ranked among the poorer-performing major gateways owing to chronic overcapacity: prior to the pandemic the airport handled some 46 million passengers against an original

design capacity of 25 to 35 million per year. The Philippines received a score of 4.4 out of 10 on passenger facilitation in the International Air Transport Association’s Air Transport Regulatory Competitiveness Index, below the Asia-Pacific average of 4.7, and, as the table below indicates, it recorded the lowest aviation infrastructure score among selected regional peers.

Economy	Airlines	Airports	Passengers (M, 2019)	Flights (2019)	Aviation infra. score	Airport access.
China	57	238	654.6	4,959,100	4.3	73%
Hong Kong SAR	6	1	36.6	178,100	5.6	100%
Chinese Taipei	6	12	36.6	248,000	3.9	N/A
Indonesia	26	129	111.6	1,017,000	3.9	79%
Japan	23	79	152.2	1,140,700	4.8	99%
Malaysia	10	34	55.7	448,400	4.6	98%
Philippines	12	46	49.1	335,800	3.2	94%
Singapore	5	2	33.8	185,100	5.5	100%
South Korea	10	16	76.8	396,824	4.6	100%
Thailand	11	32	80.9	523,800	4.6	88%
United States	133	631	960.9	9,514,800	5.9	96%

Table 2. Indicators on airport infrastructure for selected economies

Source: Oxford Economics

- According to Oxford Economics, the Philippines could expect a substantial increase in airline passengers over the medium term, implying that airport infrastructure should be able to handle on the order of 88.3 million passengers per year. Upgrading capacity has become increasingly urgent, particularly after the New Year’s Day 2023 glitch that temporarily shut down Philippine airspace and exposed critical system vulnerabilities. Rehabilitation must therefore go beyond physical facilities to include digital infrastructure, modern air traffic management, and integrated transport networks to ensure operational resilience.
- In this context, the ECCP commends the government for advancing NAIA modernisation and for deepening private-sector participation in big-ticket infrastructure. The Chamber continues to advocate for strengthened public-private partnerships in the rollout of airports and other large projects, since these arrangements provide access to the funds, expertise, and innovation of the private sector. The New NAIA Infra Corp. (NNIC), which submitted a winning revenue-share proposal and took over operations in September 2024 under a PHP 170.6 billion, 15-year concession, has begun a phased programme to raise capacity from 35 million to 62 million passengers per year and aircraft movements from 40 to 42 to around 48 per hour, with terminal reassignments intended to expedite turnaround times.³¹ Encouragingly, NAIA served a record 52.02 million passengers in 2025, and early passenger-experience improvements, from reconfigured departure areas and expanded transit facilities to new immigration e-gates, have been welcomed by carriers. The Chamber urges that this momentum be sustained and that a clear, transparent framework be set for regulating already-privatised airports, so that the quality and reliability of these assets and services are safeguarded.
- The Committee reiterates that the momentum at NAIA must be matched across the archipelago. With seven airports now under public-private partnership and the DOTr targeting around 15 by 2026 and at least 20 by 2028, priority regional gateways, including Iloilo, Davao, Bicol, Bacolod-Silay, General Santos, Siargao, Dumaguete, Busuanga, and Puerto Princesa, should be brought to market on well-regulated terms, with the bundling of smaller airports used to make

29 Philippine News Agency. (24 March 2025). PH now VAT-free for foreign tourists. Retrieved from <https://www.pna.gov.ph/articles/1246697>

30 Philstar. (21 April 2025). DOTr pushes for creation of transport safety body. Retrieved from <https://www.philstar.com/business/2025/04/21/2437070/dotr-pushes-creation-transport-safety-body>

31 PPP Center. (2026). NAIA operator to complete Terminal 5 in three years. Retrieved from https://ppp.gov.ph/in_the_news/naia-operator-to-complete-terminal-5-in-three-years/

them commercially viable. As an archipelago, the Philippines requires air, land, and marine transport to be developed together; ports, roads, and rail must connect Luzon, Visayas, and Mindanao to promote domestic tourism and make it easier for travellers to reach the country's many destinations.

- Beyond airports, other tourism-enabling infrastructure must be upgraded. The NTDP 2023–2028 includes the Improvement of Tourism Infrastructure and Accessibility among its priorities, implemented in part through the Tourism Road Infrastructure Program (TRIP) of the Department of Public Works and Highways in coordination with the DOT, under which PHP 17.69 billion has been allocated for roads and facilities in tourist zones and more than 158 kilometres of tourism roads have been completed. Priority projects such as the rehabilitation of the Bohol-Panglao International Airport, which is expected to expand annual capacity from two million to 3.9 million passengers, illustrate how airport and destination upgrades reinforce each other. The Committee further urges the DOT to coordinate closely with the Department of Health and other agencies to establish and improve health facilities in tourist areas, particularly in far-flung destinations, so as to ease travel and support rising arrivals. Building a modern, efficient, and well-connected infrastructure base remains critical to attracting more visitors to the Philippines.

Bridge the digital infrastructure gap and improve internet connectivity in Philippine airports for the ease of communication of travellers

- As gateways to the Philippines, airports play an important role in shaping a favourable impression of the country. To fully realise the potential of domestic and international tourism, the digital infrastructure of airports must be modernised, including reliable, high-speed internet connectivity, most especially in provincial gateways. The Department of Information and Communications Technology (DICT) has continued to implement the Free Public Internet Access Program, to which almost PHP 2.5 billion has been allocated, with over PHP 2.4 billion earmarked for connectivity in public places and PHP 50 million for state universities and colleges, and the administration's "Free Wi-Fi for All" commitment has supported wider public connectivity and the accelerated rollout of common towers.³²
- While the Tourism Committee welcomes these initiatives, it emphasises that free public Wi-Fi must be accompanied by genuinely fast and stable connections in both international and domestic airports, and that connectivity be extended to far-flung areas to stimulate travel and encourage longer stays. Together with its partners in the Joint Foreign Chambers, the ECCP has actively supported the proposed Open Access in Data Transmission Act, which aims to empower as many service providers as possible to build and operate data networks and to give broadband users across the country, especially in the countryside, more choices. In the same vein, the proposed Better Internet Act would require internet service providers to expand coverage and meet minimum connection speeds. Improved connectivity is not only a matter of visitor convenience; it is increasingly a precondition for participation in the digital economy, for the growth of segments such as remote work and digital-nomad travel, and for the competitiveness of tourism enterprises in the countryside.
- On airport operations, the rollout of biometric e-gates and self-check-in kiosks at NAIA in December 2025, which can process a passenger in roughly 20 seconds, represents a significant step toward a faster, more contactless journey, building on the earlier integration of the eTravel platform for arriving and departing travellers.³³ The Aviation and Tourism Committees con-

tinue to advocate for strengthened digitalisation, including biometric recognition and mobile e-boarding passes for immigration processing, and encourage the government to extend such capabilities consistently to major gateways nationwide, so that improvements achieved in one hub are felt across the entire airport network.

Promote Domestic and International Tourism

Streamline travel requirements and improve the visa application of foreign nationals to further attract tourists to the Philippines

- The ECCP and its Tourism Committee are committed to making the Philippines a more competitive destination for local and foreign investment. Given the intense regional competition for a recovering pool of travellers, the Committee emphasises the urgency of simplifying travel regulations: considerably shorter visa application processes and a simpler, complete list of travel requirements will strengthen the country's standing as a preferred tourist and investment destination. Non-essential documentary requirements beyond the minimum needed to enter the country should likewise be streamlined.
- The Chamber welcomes the substantial progress achieved on travel facilitation over the past year. The 14-day visa-free entry granted to Chinese nationals from January 2026, the earlier visa-free arrangement for Indian nationals, and the continued expansion of the e-visa system together mark a decisive move toward easier entry for high-potential markets, consistent with the reduced visa requirements and improved e-visa envisaged under the NTDP 2023–2028.³⁴ The Committee encourages the government to monitor these pilots closely, address any overstay or security concerns pragmatically, and, where results warrant, consider extending coverage to additional gateways such as Clark and Davao and to further eligible nationalities on a reciprocal basis.
- For expatriates seeking entry and employment, concerns persist over the tedious process of coordinating with multiple agencies. The Committee strongly urges the government to align visa-processing timelines with the BI Citizen's Charter; to improve turnaround times for work permits from DOLE and for working visas and emigration clearance certificates from the BI; and to ensure that requirements published on government and consular websites are updated and complete to avoid back-and-forth transactions. The Committee also calls for the extension of the validity of the Alien Certificate of Registration Identity Card (ACR I-Card), the simultaneous filing of its cancellation with emigration clearance at satellite offices, the online integration of the Alien Employment Permit (AEP) filing system across regional offices, and the consolidation of corporate documents within a single online portal, so as to reduce duplication, minimise the volume of documents reviewed, and lower paper consumption.
- The Committee reiterates that inefficiencies in visa processing not only consume stakeholders' time and resources but also delay expatriates' travel plans and may hamper the promotion of the Philippines as a top tourism and investment destination. In this regard, the ECCP commends the Data Sharing Agreement between DOLE and the BI, which enables real-time verification of AEPs and the exchange of information on the issuance of 9(G) working visas, provisional work permits, and special work permits, and which has helped streamline processing and eliminate duplication; the shift of 9(G) visa processing online is a welcome complement. The Chamber urges that these gains be institutionalised and expanded, and that considerably shorter 9(A) visa processes and a simpler list of requirements be pursued in line with the government's broader drive to reduce red tape and digitalise public services.

³² Philippine Information Agency. (10 July 2025). Marcos admin fulfills key internet connectivity promises. Retrieved from <https://pia.gov.ph/marcos-admin-fulfills-key-internet-connectivity-promises/>

³³ Philippine News Agency. (25 December 2025). Turning a 'better NAIA' into reality. Retrieved from <https://www.pna.gov.ph/articles/1265818>

³⁴ Bloomberg. (15 January 2026). Philippines to Allow Visa-Free Entry for Chinese Visitors. Retrieved from <https://www.bloomberg.com/news/articles/2026-01-15/philippines-to-allow-visa-free-entry-for-chinese-visitors>

Implement regulation that promotes the fair and equitable distribution of service charges, while strengthening risk mitigation, crisis readiness, and workforce protection in the tourism industry

- In the hospitality sector, encompassing hotels and resorts, every employee contributes to overall guest satisfaction, and service charges function as a shared form of incentive. The Committee has consistently observed that DOLE Department Order No. 242-24, the Revised Implementing Rules and Regulations of Article 96 of the Labor Code on service charges collected by hotels, restaurants, and similar establishments, continues to exclude managerial employees from the distribution of collected service charges. Exclusionary practices against managerial staff may affect the quality of service they provide, and the Committee recommends revisiting the policy to advocate for the equitable distribution of service charges to all employees regardless of employment status or position title, consistent with the principle that all who contribute to service should share in its rewards.
- To address the ambiguity surrounding distribution, it is imperative to establish clear and transparent parameters for allocation. By providing such clarity, policymakers can mitigate the potential for varied interpretations and ensure fairness and equity for all stakeholders. Fostering open dialogue and collaboration among business organisations, labour unions, and regulatory bodies will be essential in formulating policies that balance the interests of employees with the sustainability of enterprises.
- Beyond service charges, the ECCP and its Tourism Committee call for a long-term, sustainable risk-mitigation and crisis-readiness plan for the sector to minimise industry-related economic shocks arising from natural calamities and other emergencies, not only public-health crises. Such a plan should emphasise sustained business operations, a capacitated workforce, and the protection of vulnerable groups, with job-recovery-focused assistance extended to highly exposed segments such as boat operators, souvenir and pasalubong workers, and small tour enterprises. The government should develop mechanisms to effectively identify the sectors and workers involved in promoting the hospitality industry so that recovery-focused programmes can be expanded to reach them, and close coordination with local government units is imperative to identify and address region-specific issues rather than focusing solely on the tourism climate in Metro Manila.

Enhance training programmes to level up the tourism workforce

- The tourism industry stands at a critical juncture where the calibre of its workforce plays an increasingly vital role. As destinations strive to distinguish themselves in a competitive global landscape, and as the Philippines pivots toward higher-value, experience-led tourism, there is a pressing need to cultivate a skilled and adaptable workforce. The Committee recognises the DOT's continued investment in human capital through Gateway, Digital, Advocacy, Language, and Halal training, as well as seminars on assisting persons with disabilities, autism sensitivity, the protection of women's rights and child safety, food safety and hygiene, digital skills, and standard first aid.
- These efforts have reached considerable scale. The Filipino Brand of Service Excellence (FBSE) programme, a centrepiece of the DOT Office of Industry Manpower Development that focuses on soft-skills training, had trained 322,000 individuals as of July 2025 across accommodation, travel and tour, transport, the academe, meetings, incentives, conferences and exhibitions, farm tourism, tour guiding, and tourist police.³⁵ The TOPCOP programme has likewise trained thousands of tourist-oriented police officers and established a nationwide network of tourist police units, assistance centres, and desks.

- Building on the Philippine Tourism Human Capital Development Plan, the Committee recommends the continued allocation of sufficient resources to workforce training and urges the DOT to design a clear roadmap for training, upskilling, and re-skilling that anticipates future demand for tourism employment as the Philippines opens further to travellers. In developing this blueprint, the DOT should collaborate with DOLE, the academe, and the Technical Education and Skills Development Authority, and work closely with colleges and universities offering hospitality and tourism programmes to expand on-the-job training. Particular emphasis should be placed on digital skills, sustainability literacy, and high-value segments such as gastronomy, wellness, and business events, so that the top-class Filipino brand of hospitality remains the country's leading edge in Southeast Asia.

Strengthen the implementation and enforcement framework of policies ensuring the safety and security of tourism facilities, including resorts

- The Philippines, with over 7,000 islands, offers exceptional recreational water activities for snorkelers, marine-wildlife enthusiasts, and divers, and it has been recognised for several consecutive years as Asia's leading dive destination at the World Travel Awards. To maintain this standing, safety and security must be prioritised as vital aspects of tourism. Drowning remains a serious concern: the PSA has recorded thousands of deaths from accidental drowning in recent years, including incidents during holidays at beach resorts and destinations with pool facilities. The Committee therefore urges national agencies and local government units alike to efficiently implement policies that guarantee the safety and security of tourists, and to ensure industry compliance with guidelines that make tourism activities safe.
- More specifically, the Committee strongly urges the strict implementation of Philippine Coast Guard Memorandum Circular 03-14, otherwise known as the Guidelines for Safety and Security Requirements of Coastal Beaches and Beach Resorts and Vessels with Pool Facilities, including the qualification and requirements of lifeguards. Rigorous enforcement of this circular would promote water safety, rescue, and lifeguarding for the beach-going public and, in turn, encourage a higher influx of tourists as recreational activities become demonstrably safer. The Committee also recommends that the scope of this policy be expanded to cover water parks operated for public or collective use, and looks forward to the effective establishment of emergency baywatch facilities in top beach destinations.
- Safety perceptions have direct commercial consequences. The decline of the South Korean and Chinese markets in 2025, following embassy advisories and reports of crimes against foreign nationals, underscores that visible, well-enforced safety measures are inseparable from market recovery. The Committee supports the DOT's continued strengthening of tourist-assistance mechanisms, including the expansion of the Tourist Assistance Call Center with Korean- and Mandarin-speaking agents, and the inter-agency Memorandum of Agreement among the DOT, the Department of National Defense, and the Department of the Interior and Local Government to prioritise peace, security, and order in tourism development, with particular focus on Mindanao. Sustained enforcement, clear accountability, and close coordination with local government units will be essential to promote domestic tourism across all regions, and not only in Luzon and the Visayas, and to reassure both traditional and emerging source markets.

³⁵ Presidential Communications Office. (29 July 2025). PBBM orders DOT to create more tourism-based employment. Retrieved from https://pco.gov.ph/news_releases/pbbm-orders-dot-to-create-more-tourism-based-employment/

Enact laws to restructure the Civil Aviation Authority of the Philippines (CAAP) into a regulatory body, including the ratification of the Montreal Protocol 2014 to tackle the growing issue of unruly passengers

Strengthening the CAAP as the agency responsible for safety and regulatory oversight requires legislative action. The Chamber supports amendments to the Civil Aviation Authority Act of 2008 that would streamline the agency's existing functions as operator and investigator and allow it to focus on its role as a safety regulator. Turning the CAAP into a purely regulatory body is necessary because it currently serves simultaneously as inspector and implementer of airport and airspace safety and security, an arrangement that undermines the credibility of its oversight functions.

The Chamber likewise supports the establishment of an independent Philippine Airports Authority (or Corporation) to provide a unified approach to the operation and maintenance of domestic and international airports, and to the regulation of privatised airports, provided a clear regulatory framework accompanies it to safeguard the quality and reliability of infrastructure assets and services. The ECCP has long supported the creation of a Philippine Transportation Safety Board (PTSB). Following the earlier veto of the measure, the Chamber, together with the JFC, the Safe Travel Alliance, and the International Air Transport Association, reiterates its call for passage in the 20th Congress of a law establishing a single, independent, non-regulatory body to investigate transportation accidents across all modes.³⁶ At present, investigations are fragmented across the very agencies that also regulate each transport sector, a structure that weakens both accountability and safety; a series of aviation incidents over the past year has reinforced the urgency of this reform.

On passenger conduct, governments and industry associations have reported a rise in disruptive and unruly behaviour on board aircraft since the onset of the pandemic, with IATA data indicating a materially higher incidence of such events.³⁷ The Committee therefore continues to advocate for the ratification of the Montreal Protocol 2014 (MP14), which would enhance the state's ability to control the degree and frequency of disorderly conduct on board and to deal appropriately with unruly passengers. The Chamber encourages the DOTr, the Department of Foreign Affairs, and the Office of the President to complete the endorsement process so that the instrument can be transmitted to the legislature for concurrence, aligning the Philippines with international best practice.

Incorporate sustainability in a long-term strategy for the development of the Philippine tourism industry

Tourism, while a driving force for growth, can create unintended negative impacts on the environment, including the depletion of local natural resources, air emissions, noise pollution, and solid-waste and littering problems. In response, the DOT has designed sustainability plans and programmes, including revisions to national accreditation standards to incentivise sustainable and green practices, and has published the Philippines Tourism Manual on Climate Change to provide stakeholders with a framework for addressing climate impacts. The DOT Standard Local Tourism Statistics System (SLTSS) Manual further recommends data-gathering and monitoring systems that support local government units in making destinations resilient and sustainable, while the integration of disaster preparedness into the updated NTDP embeds resilience into national tourism planning.

The government has also been examining the possibility of incentivising sustainable tourism practices, including incentives for private-sector operators that implement green policies and measures that

encourage environmental protection and energy-efficient consumption. In this light, the ECCP and its Tourism Committee urge the government to set up a clear policy framework and provide tangible support for both consumers and the private sector to be actively involved in a holistic approach to sustainable tourism. The Committee recommends financial support for micro, small, and medium enterprises to invest in green technology while practising a circular economy and adopting zero-waste initiatives, alongside awareness-raising and sustainability training for tourism workers, so as to give the Philippine tourism sector a leading edge in Southeast Asia. More sustainable destinations should also be identified and developed to benefit communities economically and socially.

Transparency and independence are crucial to a credible sustainability strategy. The Chamber calls for the inclusion of green practices in updated accreditation standards to anchor the role of industry players in sustainable tourism as a cornerstone of Philippine tourism development. Sustainable tourism certifications voluntarily assess and monitor the environmental and social impacts of tourism organisations and destinations, signalling to consumers that recognised standards are met and that the operator is committed to a sustainable approach to the environment and the local community. To preserve the credibility of the process and avoid greenwashing, the Committee recommends that the sustainability performance of tourism businesses be independently validated, verified, and inspected by a certification body accredited by the Global Sustainable Tourism Council (GSTC). As the country pivots toward a quality-driven, investment-led model and cultivates higher-value segments such as gastronomy and wellness tourism, embedding credible sustainability standards will be central to protecting the natural, cultural, and culinary resources on which the Philippines' long-term competitiveness ultimately depends.

³⁶ Joint Foreign Chambers of the Philippines. (30 January 2023). Foreign chambers, other stakeholders call for passage of PTSB Bill after NAIA air traffic system glitch. Retrieved from <https://www.investphilippines.info/arangkada/foreign-chambers-other-stakeholders-call-for-passage-of-ptsb-bill-after-naia-air-traffic-system-glitch/>

³⁷ International Air Transport Association. (2022). Unruly Passengers Fact Sheet. Retrieved from <https://www.iata.org/en/iata-repository/pressroom/fact-sheets/fact-sheet--unruly-passengers/>

ASSESSMENT OF 2025 RECOMMENDATIONS

2025 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Upgrade airports and other tourism-related infrastructure	
Bridge the digital infrastructure gap and improve internet connectivity in Philippine airports for the ease of communication of travellers	
Streamline travel requirements and improve the visa application of foreign nationals to further attract tourists to the Philippines	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
The strengthening and increase of airports under public-private partnership (PPP) has facilitated funding of infrastructure projects, expanding travel destinations and flight capacity to improve efficiency within the aviation industry. With 7 airports under PPP, this aims to expand to at least 15 by 2026. Despite the airport’s limited capacity and weak reported passenger experiences, the prioritisation of the NAIA upgrade project under the San Miguel Corp. (SMC)-led consortium has been commended, rehabilitating terminal facilities and infrastructure for more efficient services, intended to be advanced by increased privatisation and improved aircraft movement per hour.	
The DICT has continued implementing the Free Public Internet Access Program (FPIAP), allocating almost PHP 2.5 billion to the project – PHP 2.4 billion for internet access in public places and PHP 50 million for connectivity in state universities and colleges. The “Free Wi-Fi for All” initiative has supported public connectivity, particularly the accelerated expansion of common towers. Airport operations have seen advancements in digitisation through the ongoing implementation of E-gates, which received PHP 1.347 billion as of July 2025 through the DBM.	
Through the DOLE-BI Data Sharing Agreement (DSA), visa processing for expatriates seeking employment has been streamlined via expanded information exchange in the processing of Alien Employment Permits (AEP) and 9(G) visas, mitigating duplication. As of 1 June 2024, 9(G) visa processing was moved online. Nevertheless, bottlenecks remain in work-permit issuance from DOLE and in working visas and emigration clearance certificates from the BI. As part of the NTDP 2023–2028, the government has reduced visa requirements and implemented an improved e-visa system.	

2025 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Implement regulation that promotes the fair and equitable distribution of service charges, while strengthening risk mitigation, crisis readiness, and workforce protection	
Enhance training programmes to level up the tourism workforce	
Strengthen the implementation and enforcement framework of policies ensuring the safety and security of tourism facilities, including resorts	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
	As the hospitality industry continues to recover from the pandemic, equitable policies for service workers have seen little development. Exclusionary practices against managerial staff remain in place, notably DOLE Department Order No. 242 (Revised IRR of Article 96 of the Labor Code on service charges collected by hotels, restaurants, and similar establishments), under which managerial staff are prevented from claiming a share of the collective service charge. The lack of clarity surrounding distribution demands increased transparency among stakeholders to implement a sustainable and balanced policy.
The Tourist-Oriented Police for Community Order and Protection (TOPCOP) programme partnered with the PNP in May 2025 to train 8,610 police officers and activate 30 Tourist Police Units, strengthening the workforce in line with global demands. The DOT continued to provide training in first aid, food safety, digital skills, and more. Under the DOT Office of Industry Manpower Development (OIMD), 322,000 individuals had been trained as frontline tourism workers under the Filipino Brand of Service Excellence (FBSE) as of July 2025.	
The Tourist Assistance Call Center, first implemented in 2023, expanded its services in 2025 with the addition of Korean- and Mandarin-speaking agents to better accommodate foreign tourists. Prior efforts include the Memorandum of Agreement among the DOT, DND, and DILG (May 2023) focusing on Mindanao, improving inter-agency coordination on safety and security. This addresses concerns over accidental drowning at beach resorts; greater compliance with industry guidelines, such as Philippine Coast Guard Memorandum Circular 03-14, is still required to maintain proper lifeguarding.	

2025 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Enact laws to restructure the CAAP into a regulatory body, including the ratification of the Montreal Protocol 2014 to tackle the issue of unruly passengers	
Incorporate sustainability in a long-term strategy for the development of the Philippine tourism industry	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
Proposed amendments to the Civil Aviation Authority Act of 2008 seek to focus the agency on safety regulation, while the proposed Philippine Transportation Safety Board (PTSB) aims to consolidate authority over transportation-related investigations, refiled in the 20th Congress. Proposals for an independent Philippine Airports Authority (or Corporation) to regulate and develop airports, including privatised ones, remain under deliberation. Reports of passenger non-compliance, though declining from the post-pandemic surge, persist; the 2014 Montreal Protocol is being endorsed for ratification.	
The Philippines Tourism Manual on Climate Change was presented by the DOT to provide a framework for stakeholders to address the impacts of climate change. As mass tourism depletes natural resources and creates pollution, ensuring environmentally viable practices in the long term is essential. Monitoring systems recommended under the DOT Standard Local Tourism Statistics System (SLTSS) Manual aim to help destinations develop resilience and long-term sustainability.	



EUROPEAN CHAMBER OF COMMERCE OF THE PHILIPPINES

19th Floor, Philippine AXA Life Center Bldg.,
Sen. Gil Puyat Ave. cor. Tindalo Street,
Makati City, Metro Manila, Philippines, 1200

www.eccp.com