



Trade Policy Review Body

TRADE POLICY REVIEW

REPORT BY THE SECRETARIAT

THE PHILIPPINES

This report, prepared for the sixth Trade Policy Review of the Philippines, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from the Philippines on its trade policies and practices.

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Document [WT/TPR/G/487](#) contains the policy statement submitted by the Philippines.

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SUMMARY

1. International trade plays a key role in the Philippines' economic development and poverty reduction. During the review period (2018-2025), trade in goods and services generally represented more than 60% of GDP. Overall, the average wage for workers in export-oriented sectors in 2024 exceeded the national average by at least 50%. The growth in higher-paying jobs linked to trade has contributed to a burgeoning middle class, which now accounts for over 40% of the population. Concurrently, the poverty rate fell from 26.3% in 2015 to 15.5% in 2023.

2. The Philippines, with its archipelagic geography, faces high trade costs, particularly in logistics, which are estimated to account for 27% of retail prices. According to ESCAP–World Bank data, trade costs in the Philippines are 20% higher than the ASEAN average. These elevated costs are largely attributable to inadequate infrastructure and regulatory inefficiencies. Also, as a net importer of energy and food, the Philippines remains susceptible to external shocks impacting the supply of essential commodities. Import price pass-through heavily weights on domestic inflation dynamics.

3. In response to these challenges, the Philippines has sought to implement several supply-side reforms aimed at reducing trade costs, fostering investment, and boosting economic growth. During the review period, the Philippines increased investment in connectivity infrastructure and relaxed various foreign equity restrictions. The authorities also streamlined certain trade procedures, removed quantitative restrictions on rice importation, adopted a national competition policy, and reformed government procurement rules, among other economic reforms.

Overall trade and economic performance

4. During the review period, the Philippine economy demonstrated remarkable resilience, with real GDP growing at an average annual rate of approximately 5%. In 2025, GDP per capita reached USD 4,279 (up from USD 3,280 in 2018), and approaching the World Bank's threshold for upper-middle-income economies. Economic growth was primarily driven by domestic factors, including robust private consumption supported by rising incomes in export-oriented sectors and capital deepening, particularly public investment in connectivity infrastructure aimed at reducing logistics costs. The latter is expected to continue in the near future, as the Government targets capital spending on infrastructure at 5-6% of GDP annually from 2022 to 2028 under its "Build Better More" programme.

5. The services sector remains a cornerstone of the economy, contributing 63% of GDP and 45% of total exports of goods and services in 2025. Services exports grew by 34% between 2018 and 2024, reaching USD 51.6 billion. The main driver of services exports is the information technology and business process management (IT-BPM) sector, which comprises telecommunications, computer and information services, as well as other business services. Exports of IT-BPM services, delivered predominantly through digital means, recorded a nearly 20% increase in revealed comparative advantage in 2021 compared with pre-pandemic levels. This increase underscores the sector's enhanced competitiveness and pivotal role in driving the Philippines' export growth. In addition, personal remittances from overseas Filipino workers, though not recorded in service trade statistics, represent the second-largest source of services export revenue, amounting to 8.5% of GDP in 2025.

6. Artificial intelligence (AI) presents potential job displacement challenges but also productivity gains for the IT-BPM sector. Although about 36% of BPM jobs have been estimated to be highly vulnerable to AI automation, the limited evidence to date suggests that AI has been augmenting rather than replacing employment. Market research also indicated that revenues in the BPO segment increased by up to 150% due to AI adoption.

7. Unlike the strong growth in services trade, merchandise exports expanded more modestly, increasing by 8% over the review period. Approximately 48% of Philippine merchandise exports are linked to global value chain (GVC) activities, supported by the Philippine's participation in the Information Technology Agreement (ITA). The Philippines accounts for about 10% of global output in the testing and packaging (ATP) segment of the semiconductor industry. ITA-covered products made up more than 60% of the country's goods exports in 2024, primarily electronic integrated circuits, semiconductor sensors, and memory media. The Philippines shows a revealed comparative advantage in manufacturing data storage devices, including memory modules, hard disks, and

solid-state drives. Strong global demand, partly driven by AI-related investment, contributed to merchandise exports reaching USD 83.8 billion in 2025, representing a 15.2% year-on-year growth.

8. The United States is the largest market for Philippine exports, accounting for 16.6% of goods and 40.5% of services exports in 2024. The Philippines also maintains close trade relations with East Asian economies, including China; Hong Kong, China; Japan; the Republic of Korea; and Chinese Taipei. These relationships reflect the country's participation in GVCs, particularly in ITA-related product manufacturing. About 80% of inputs used in the Philippine electronics industry are imported.

Trade and investment strategy

9. The Philippine Development Plan (PDP) 2023-2028 aims at creating an enabling environment that supports "high levels of economic growth", largely underpinned by trade and international investment. Specifically, the development plan highlights the importance of strengthening the country's export sectors, attracting foreign investments to boost trade and upgrade skills, and reducing trade costs.

10. The Philippines recognizes that the rules-based multilateral trading system provides stability, which has supported its industrial development and benefited consumers through increased competition. It considers its expanding network of Regional Trade Agreements (RTAs) complementary to existing WTO rules. Bilaterally, and together with its ASEAN peers, the Philippines negotiates RTAs with an emphasis on removing non-tariff barriers. As of end-2025, the country was a signatory to 12 RTAs, including five new agreements and two updates concluded during the review period.

11. To mobilize additional private capital, the Philippines took measures to liberalize its investment regime. Notably, the Amendment to the Public Service Act removed foreign equity restrictions for most infrastructure segments, except for seaports and basic telecommunications services. In addition, the public-private partnership (PPP) regime was overhauled in late 2023 to provide a unified and investor-friendly framework, including a structured mechanism for the submission of unsolicited proposals for infrastructure development.

12. Besides investment liberalization, the Philippines undertook legal and institutional framework reforms to facilitate investments and improve the business climate. Green Lane units were established across government entities in 2023 to fast-track strategic investment projects. A tacit approval principle for failure to act within a set timeframe on applications for permits and licences was also implemented across government agencies. The Inter-Agency Investment Promotion Coordination Committee (IIPCC), established in 2022, integrates and strengthens efforts to attract foreign investment and screens foreign investments in strategic sectors that may pose risks to national security or public welfare.

13. The Government pursues policies in support of micro-, small-, and medium-sized enterprises (MSMEs), which account for about 99% of businesses in the Philippines. Policies to support MSME growth introduced during the review period included fiscal incentives and domestic preferences. The reformed government procurement framework increased the domestic supplier preference margin to 25%, up from 15% previously. The Tatak Pinoy (Proudly Filipino) Strategy identified nine priority sectors eligible for domestic preferences over a ten-year period. The new PPP Code also includes provisions for domestic preferences. Furthermore, the export guarantee programme supports MSME export operations, with micro-enterprises accounting for 89.1% of the 71,288 borrowers that benefited from guarantee facilities for the period between December 2020 and December 2025.

Main trade and trade-related policy developments

14. During the review period, the Philippines abolished its longstanding quantitative restrictions on rice imports. The applied MFN tariff on imported rice, initially set at 50%, was reduced to 35% in June 2021 and further to 15% in July 2024. With an aim to "stabilize the rice retail price, help Filipino farmer sell their palay at a fair and reasonable price, and ensure food security", as from January 2026, the MFN tariff rate for rice is set in a range between 15% and 35%, on a counter-cyclical basis in relation to international prices, increasing or decreasing by five percentage points for every five-percent change in prices. Delays in issuing import permits (i.e. SPSICs) have

been addressed by Republic Act No. 11032. In addition, exclusive import rights of rice by the National Food Authority have been discontinued since 2018. According to the authorities, these reforms contributed significantly to easing inflationary pressures.

15. Efforts to streamline customs procedures continued during the review period. The Philippines participates in the ASEAN Single Window initiative, enabling secure electronic exchange of trade documents, such as certificates of origin and phytosanitary certificates, with other ASEAN partners. Import and export declarations are submitted electronically, although hard copies of supporting documents are still required. The automated system now processes export declarations, advance rulings, transit permits, ATA carnets, and payments. The Authorized Economic Operator (AEO) programme, introduced in 2017, complements the pre-existing Super Green Lane facility. Mutual recognition arrangements for AEO programmes have been concluded with ASEAN partners, as well as with China and Hong Kong, China. Regular consultations between customs officials and the private sector were formalized in 2024 through the Customs-Industry Consultative and Advisory Council.

16. Overall, approximately 64% of all Philippine tariff lines are bound, including all WTO-defined agricultural tariff lines, with the exception of those related to rice. The simple average bound tariff rate is 23.5%, some 17 percentage points above the average applied MFN rate. Other duties and charges are bound at zero.

17. The 2026 applied MFN tariff schedule is entirely *ad valorem*, with a simple average rate of 6.5%, down from 7.6% in 2018. There are no seasonal tariffs, while variable tariff for rice imports took effect on 1 January 2026. Compared with 2017, the number of tariff rates increased from 15 to 16, adding further complexity to the schedule. Liberalization was most pronounced in transport equipment and, to a lesser extent, in vegetable products, machinery, and precious stones.

18. Tariff quotas continue to apply to agricultural products, covering 95 tariff lines. For 53 of these lines, in-quota and out-of-quota rates are identical. The quota allocation mechanism is applied only in the event that a special safeguard measure is imposed on out-of-quota import volumes.

19. During the review period, new excise taxes were introduced on invasive cosmetic procedures, heated tobacco products, and vapour products, while tax rates were increased for sweetened beverages, tobacco products, fermented liquor, and distilled spirits. Excise tax exemptions were granted in 2018 for pickup trucks (until 1 July 2025) and electric vehicles, alongside a 50% reduction for hybrid vehicles.

20. Imports and exports of regulated goods are subject to licensing or approval requirements, generally for security, safety, health, and environmental reasons. Imported goods subject to standards and technical regulations, as well as sanitary and phytosanitary measures, are administered in a manner similar to licensing. The legal framework for regulated goods is fragmented, with multiple agencies responsible and, in some cases, multi-agency approvals required. The Philippine National Trade Repository, operational since August 2017, provides tariff-line information on regulatory requirements. According to the authorities, regulated goods accounted for approximately 33% of all tariff lines as of end-January 2026. With effect of the East of Doing Business and Efficient Government Service Delivery Act, the authorities indicate that most of regulated goods were subject to automatic licensing requirements. Fees for certain export licences (e.g. CITES export permits for fauna) are levied on an *ad valorem* basis.

21. The authorities state that the Philippines did not grant or maintain any export subsidies during 2018–2025. In 2018, multiple state export guarantee operations previously administered by five facilities and agencies were consolidated into a single state-owned corporation, the Philippine Guarantee Corporation (PhilGuarantee). Since 31 August 2019, PhilGuarantee has been the sole provider of trade-related state guarantees. This consolidation introduced a standardized risk management framework and improved exporters' and MSMEs' access to financing, thereby strengthening support for trade-related projects.

22. In response to the COVID-19 pandemic, the standard corporate income tax rate was reduced to 25%, and a harmonized fiscal incentives system was introduced through the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act in 2021. The triennial Strategic Investment Priority Plan sets out the terms and conditions for granting fiscal incentives to priority sectors identified in

the Philippine Development Plan, including a matrix of eligible business activities and location-based criteria. While foreign equity and export orientation thresholds were removed, more favourable incentives are envisaged for enterprises with significant export sales and large-scale investments (above PHP 15 billion, approximately USD 250 million). In 2024, the CREATE Act was amended through the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act to enhance the predictability and global competitiveness of the incentives system.

23. The Government retains full or partial ownership in a wide range of enterprises. Government-owned and controlled corporations (GOCCs) remain active across multiple sectors, including finance, trade, tourism, education, energy, mining, agriculture, fisheries, food processing, transport, utilities, broadcasting, postal services, healthcare, and real estate. As of end-2025, 130 GOCCs were operational; several were operating on non-commercial basis and funded through budget appropriations, while others held minority shares in private companies. During the review period, state support was provided to 43 GOCCs.

24. The Philippines has been an observer to the Agreement to Government Procurement since June 2019. The government procurement regime was modernized during the review period, with the New Government Procurement Act entering into force in August 2024. The new framework adopts a fit-for-purpose approach, positioning public procurement as a strategic tool to support national development and environmental sustainability while ensuring value for money. Two new award criteria have been introduced. Whereas contracts were previously awarded primarily to the lowest-priced bidder, the "most economically advantageous responsive bid" criterion now emphasizes the quality-price ratio, taking into account lifecycle costs. In addition, procuring entities are permitted to use a wider range of procurement methods, including "competitive dialogue" and "unsolicited offers with bid matching". The authorities consider that this would help address rigidities inherent in the previous regime and enhance adaptability to technological change.

25. The intellectual property regime remained largely unchanged, except for the introduction of a framework for geographical indications in November 2022. The Government promotes innovation as a means of improving total factor productivity and supporting long-term economic growth, through publishing the National Innovation Agenda and Strategy Document in September 2023. In addition, an Innovation Fund has been in place since 2021. By end-2025, the Fund had accumulated PHP 600 million and approved PHP 309.6 million in grants for 59 innovation projects. Partly reflecting these efforts, patent registrations by domestic inventors doubled between 2018 and 2025.

Sectoral development

26. The Philippines remains a net importer of agricultural products, with both exports and imports increasing during the review period. Production remains concentrated in a limited number of commodities, notably rice, maize, bananas, coconuts, and sugarcane, with value growth over the review period driven mainly by prices rather than output. Structural constraints, such as fragmented landholdings, declining farm sizes, and high exposure to natural hazards, continue to limit productivity. Applied MFN tariffs on agricultural goods (WTO definition) averaged 10.1% in 2025 (ranging from 0% to 65%), with tariff quotas in place for 14 products and varying utilization rates. Domestic support has shifted towards a more market-oriented and resilience-based framework, remaining below the *de minimis* threshold and relying on input subsidies, credit, insurance, and Green Box measures.

27. The Philippines ratified the Agreement on Fisheries Subsidies in 2023. In September 2024, the Philippines reinforced its framework targeting illicit traders and importers of agricultural and fishery products with the enactment of the Anti-Agricultural Economic Sabotage Act. A newly created Anti-Agricultural Economic Sabotage Council was tasked with establishing a comprehensive oversight system for agricultural commodity value chains and directing the speedy investigation and prosecution of all crimes punishable under the Act.

28. The manufacturing sector remains primarily domestically oriented, with electronics as the main export segment. Although value added increased between 2018 and 2024, the sector's share in GDP declined, reflecting a structural shift towards services. Production is highly concentrated in food processing, followed by chemicals, and electronics, while traditional subsectors such as apparel have declined. Manufactured goods dominate trade, with rising exports alongside increased imports

of intermediate inputs. The applied MFN tariff on manufacturing goods averaged 6.5% in 2025, with higher protection in food processing and lower rates in technology-intensive sectors. Although investment incentives have been strengthened under the CREATE Act, productivity spillovers remain constrained by supply chain and financing constraints.

29. The energy sector continued to rely heavily on imported fossil fuels. In 2024, fossil fuels accounted for about 70% of total primary energy supply, with renewables contributing around 30%. Dependence on imported coal, oil, and gas exposes the economy to external price volatility, underscoring the need for diversification. In November 2022, the Philippines removed restrictions on foreign investment in most renewable energy resources, reflecting the policy priorities to expand renewable energy, enhance energy security, and promoting investment.

30. Environmental sustainability and resilience have become central to energy policy. Key measures include a moratorium on new coal-fired power plants, expansion of renewables through auctions and portfolio standards, and promotion of emerging technologies. Demand-side measures, including energy efficiency programmes and incentives for low-carbon technologies, complement supply-side reforms.

31. The financial services sector has expanded, supported by digitalization and regulatory reforms aimed at enhancing competition and financial inclusion. Digital financial services, including electronic payments and mobile banking, have grown rapidly. A dedicated digital banking framework is expected to encourage the entry of digital-only banks under tailored prudential requirements, fostering innovation and expanding access, particularly in underserved areas. Regulatory efforts have focused on strengthening supervision, consumer protection, and cybersecurity in digital finance. Nonetheless, access to finance by SMEs remains limited and financial inclusion across regions uneven.

32. Telecommunications infrastructure improved significantly during the review period, supported by increased private investment. The sector is classified as critical infrastructure, with foreign equity capped at 50% unless reciprocal rights are granted to Philippine investments overseas. With the Konektadong Pinoy Act (KPA), which came into effect in August 2024, the regulatory framework for telecommunication services was updated to keep pace with technological developments. The KPA introduced a new category, Data Transmission Industry Participants (DTIPs), which includes service providers that can build and operate their own data transmission networks. DTIPs no longer need to obtain a "legislative franchise" from Congress but are required to register with the relevant regulatory authority. The KPA also eased restrictions on satellite services for broadband connections. It also established a comprehensive framework for open access and infrastructure sharing, supporting the growth of the passive infrastructure subsector.

33. Following amendments to the Public Service Act, the aviation sector has been significantly liberalized. Air transport service providers can now have up to 100% foreign ownership. As a result, airlines with majority foreign equity incorporated in the Philippines are considered domestic carriers and can operate on domestic routes, provided they maintain a principal place of business in the country. The authorities state that the Philippines will not seek substantial ownership restrictions in future bilateral air service agreements and will pursue amendments to the designation clauses in existing agreements. During the review period, private sector participation in airport operations expanded, including foreign investment through public-private partnership projects.

Ways forward

34. During the review period, the Philippines has taken solid steps to reduce trade costs, attract investment, and promote the development of MSMEs. To maintain this momentum, it is essential to advance trade facilitation reforms, such as improving the onboarding of the National Single Window, establishing non-preferential rules of origin, and reviving the Unified Logistic Pass initiative. These actions would further strengthen the trade regime, reduce trade costs, enhance competition, and enable the Philippines to fully realize the benefits of trade.

1 ECONOMIC ENVIRONMENT

1.1 Main features of the economy

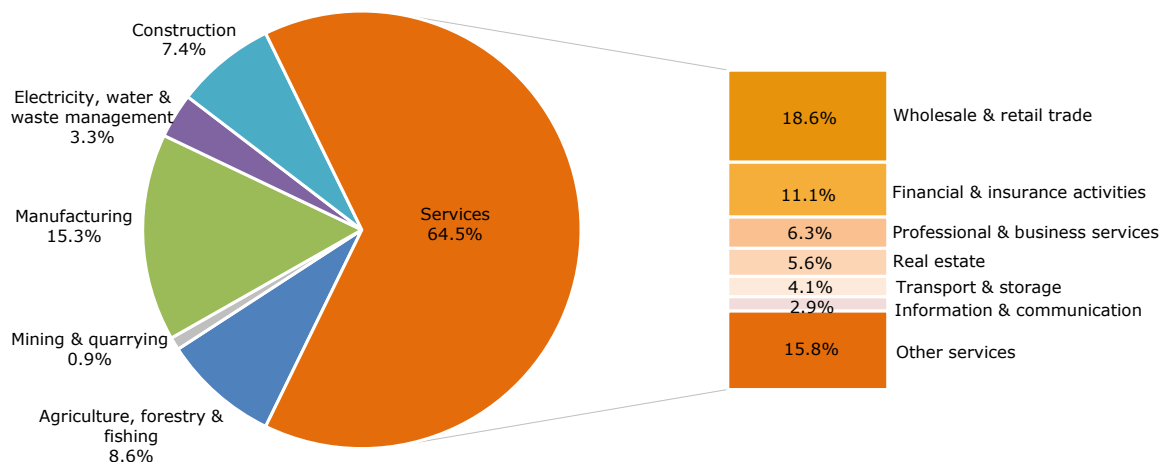
1.1. The Republic of the Philippines is an archipelagic country in Southeast Asia, spanning over 7,000 islands.¹ Economic activity remains concentrated in the Metropolitan Manila area, and its neighbouring regions such as Region III and Region IV, reflecting economies of scale as well as logistics challenges. As a result, levels of development vary markedly across the Philippines.

1.2. The Philippines has a young population, giving it a "demographic dividend". According to the latest census, the total population reached 112.7 million in 2024, with a median age of 25.3 years. About 64.2% of its population is of working age (15-64 years of age), with a 64.4% labour participation rate. The total number of working Filipinos were estimated 50.8 million, with an employment rate of 96.2%. Young workers aged 25-34 accounted for the largest share of the labour force, representing 28.2% of total employment. Most of them are employed in the services sector, including export-oriented industries such as the information technology and business process management (IT-BPM) sector (Box 1.1). In 2023, 15.5% of the population lived below the poverty line, down from 26.3% in 2015.

1.3. Given the Philippines' archipelagic geography, inter-island shipping is the primary mode of domestic transport and logistics bottlenecks continue to affect businesses and international trade. On average, moving a container within the archipelago costs between USD 500 and USD 1,000 (Nexdim, 2025). Logistics costs are estimated to account for 27.2% of retail prices (Narula, 2020). According to estimates by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and the World Bank, trade costs in the Philippines are 20% higher than the average for ASEAN countries (ESCAP, 2025). High logistics costs, driven mainly by congestion, inadequate infrastructure, and the complexity of inter-island transport (Tongzon, 2018), disproportionately affect micro, small, and medium-sized enterprises (MSMEs), which represent 99% of businesses in the Philippines. More than 60% of MSMEs are owned by women.

1.4. The services sector dominates the economy. In 2025, services accounted for 65% of GDP, and 45% of total exports of goods and services. In value terms, wholesale and retail trade constitutes the largest services segment, contributing 30% of services output (19% of GDP), followed by financial and insurance services (11% of GDP). Professional and business services, which is the largest component of the Philippine export-oriented business process management (BPM) sector, represented 10% of total services output (6.3% of GDP) (Chart 1.1). In addition, labour exports, through remittances from overseas Filipino workers (OFWs) and payment of seafarers' wages, are an important source of national income.

Chart 1.1 GDP at current prices by economic activity, 2025



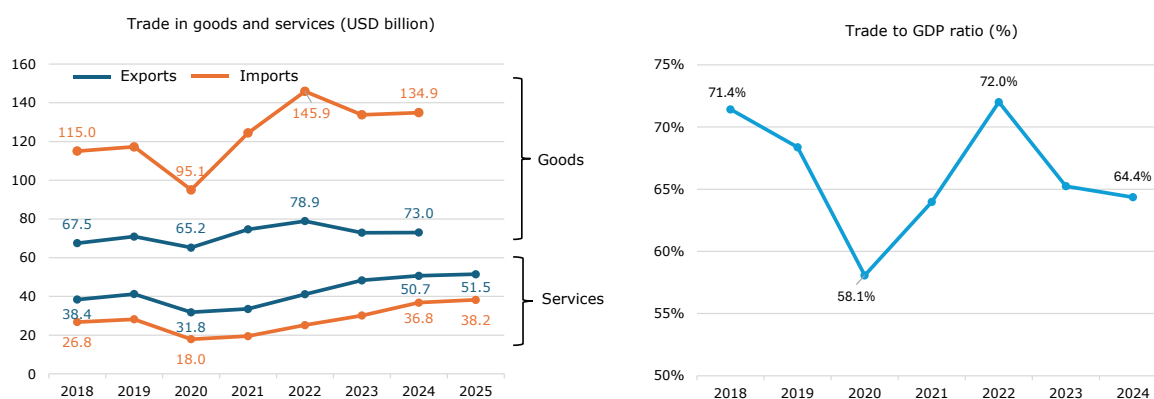
Source: Philippines Statistics Authority.

¹ Only approximately 2,000 islands are inhabited.

1.5. Manufacturing is the second largest sector of the economy, accounting for 16% of GDP in 2025, down from 20% in 2016 (Chart 1.1). The leading manufacturing industries are ICT devices and equipment, and transport equipment manufacturing. About 80% of total value of Philippine merchandise exports was attributed to the manufacturing sector in 2024, while electronic products made up 53% of total goods exports. Agriculture and related activities remain an important pillar of the economy, although its GDP contribution declined from 12% in 2016 to 9% in 2024. Mining and quarrying remain underdeveloped (less than 1% of GDP), though the country contains abundant mineral resources.

1.6. Trade plays a crucial role in economic development and poverty reduction in the Philippines. During the review period, total trade in goods and services exceeded 60% of GDP, except during the pandemic-related downturn (Chart 1.2). Sectors engaged in international trade generally recorded higher productivity than the national average, and productivity in these sectors increased remarkably over the last decade. For example, labour productivity in information and communication services rose by 62% in real terms between 2012 and 2024. In professional and business services, productivity increased by 19% before declining slightly. Over the same period, these two subsectors were the only ones to record an expansion in high-skilled employment, while other services industries experienced a decline in high-skilled jobs (Seráfica et al., 2025).

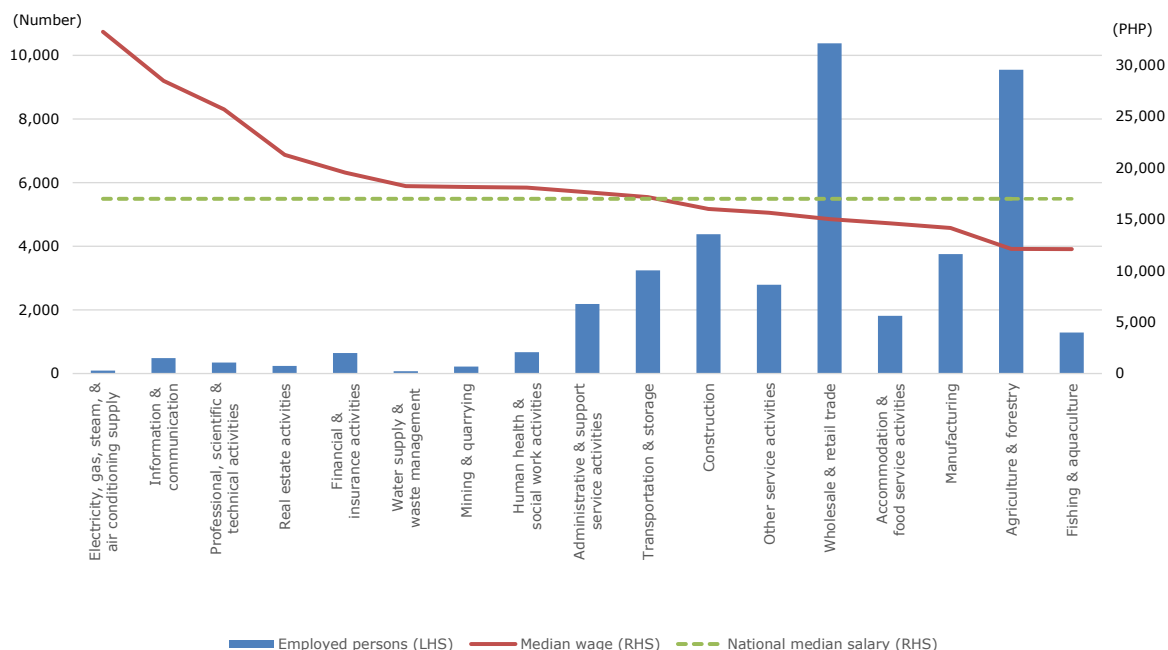
Chart 1.2 Trade evolution and trade-to-GDP ratio, 2018-2025



Note: Merchandise goods trade based on UN Comtrade database; services trade based on BOP.

Source: Bangko Sentral ng Pilipinas, and UN Comtrade database (14/11/2025).

1.7. Reflecting higher productivity, wages in export-oriented sectors exceeded the national average. According to the 2022 Labour Force Survey, the median monthly wage in information and communication services was PHP 28,433, about 67% above the national average, while professional and technical services recorded PHP (Philippine peso) 25,669, around 53% higher (Chart 1.3). The authorities indicate that the wage gap between these sectors and the national average has continued to widen. Preliminary data showed that in 2024, the average monthly wage in information and communication services doubled the national average while wages for workers in professional and technical services were 67% higher; these figures place both sectors among the highest-paying in the economy (Philippine Statistics Authority, 2025). Rising employment in higher-paying export sectors has contributed to the expansion of the middle class. An academic study estimates that middle-income earners accounted for about 40% of the Philippine population in 2021, up from 29% in 1991 (Albert, 2024).

Chart 1.3 Median wage and employment by economic sector, 2022

Source: Philippine Statistics Authority.

1.2 Recent economic developments

Stable growth

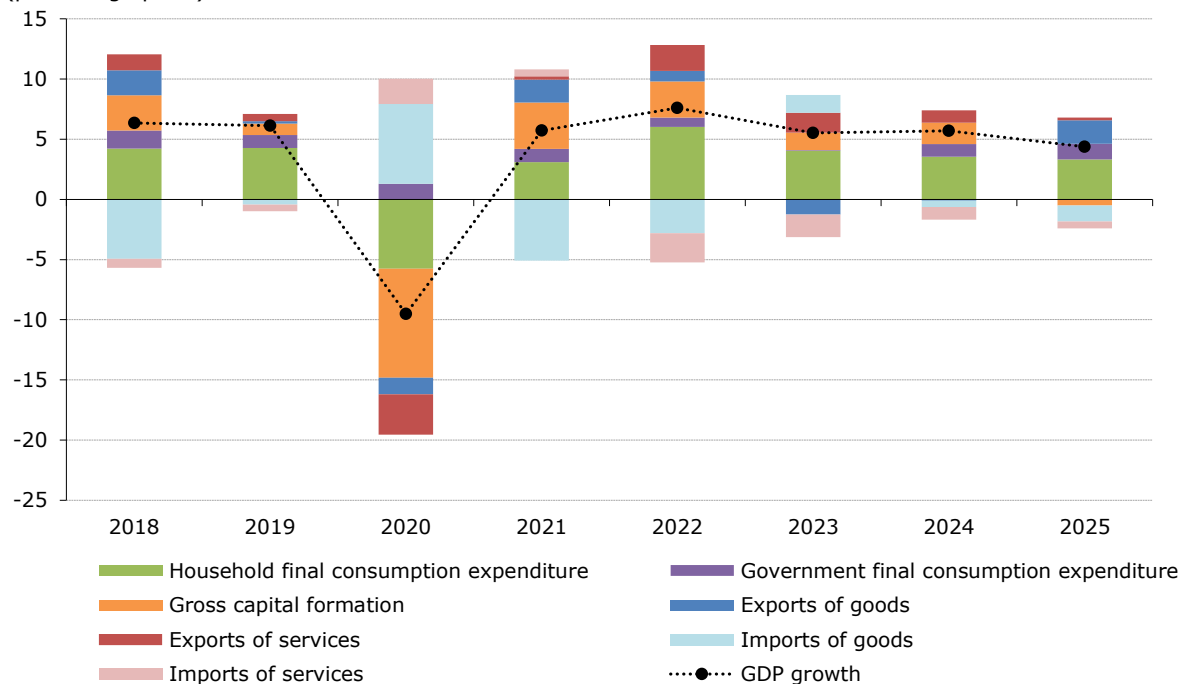
1.8. During the review period (2018-2025), growth of the Philippine economy showed resilience. Generally, it grew, in real terms, at a steady pace of 5.9% per year on average (except a sharp decline of 9.5% in 2020 but a rapid rebound afterwards). Nominal GDP in 2025 stood at PHP 28 trillion (approximately USD 487.2 billion), up from PHP 18.3 trillion (USD 346.8 billion) in 2018 (Table A1.1). GDP per capita grew by 30% over the last seven years, from USD 3,280 in 2018, to USD 4,279 in 2025, approaching the upper-middle income threshold (GNI per capita of USD 4,496, for the fiscal year 2026) defined by the World Bank. Early data indicates that GDP grew by 4.4% in 2025.

1.9. Growth in the Philippines in recent years was primarily driven by domestic demand. Private consumption, on average, contributed about two-thirds of economic growth each year (Chart 1.4). Robust domestic consumption reflected the growing wealth of the population, in particular, the expansion of middle-class workers in export-oriented sectors.

1.10. On average, about 30% of GDP growth each year were attributable to direct external demand for goods and services. External demand for services contributed more to growth than goods, underscoring the importance of the services sector to the economy (Chart 1.4). The Philippine economy's domestically oriented structure limited the impact of recent external trade shocks and uncertainties (AMRO, 2025). Meanwhile, according to the IMF, the Philippines' participation in the global value chains is limited, compared to its ASEAN peers. The IMF further suggested that a challenging business environment, in particular, relatively high barriers to FDI and international trade, constrains the Philippines' ability to fully benefit from trade integration (IMF, 2020).

Chart 1.4 Contribution to GDP growth, 2018-2025

(percentage point)



Source: WTO Secretariat calculations, based on data taken from PSA.

1.11. Private and public investment (i.e. gross capital formation) was also a significant driver of GDP growth, contributing about a third of growth over the review period, albeit the magnitude of the push fluctuated across the years (Chart 1.4). Gross capital formation accounted for 24% of GDP in 2024. Growth in the Philippine economy was driven by capital deepening rather than by increasing productivity (World Bank, 2025). In 2024, private investment reached PHP 4,698 billion, up from PHP 3,514 billion in 2018, while capital spending by the public sector stood at PHP 1,565 billion, up from PHP 1,181 billion. Big-ticket items in gross capital formation are connectivity infrastructure projects aimed at eliminating bottlenecks and improving the business environment in the country. Under the "Build Better More" programme, the Government sets a target of capital spending on infrastructure at 5% to 6% of GDP each year over the period of 2022-2028.

Structural reforms to improve business environment

1.12. Since 2018, public investment in infrastructure has increased significantly. The "Build Better More" (BBM) programme reflects the Government's shift toward developing a multi-modal transportation network and a centralized digital connectivity agenda, moving beyond the earlier focus on road and bridge construction under the "Build Build Build" programme of the previous administration. Ten physical connectivity projects with a total value of PHP 101.8 billion were completed in the period of 2021-2024 under the Infrastructure Flagship Projects (a key initiative of the BBM programme). During the review period, total appropriations from the general budget for connectivity infrastructure reached PHP 9.31 trillion, compared with about PHP 3 trillion in 2011-2017. Of this amount, PHP 6.79 trillion (about 73%) was allocated to transport-related projects. For the fiscal year 2026, an amount of PHP 1.28 trillion has been appropriated for infrastructure spending.

1.13. Increased public investment has put pressure on public finances. In 2025, the national government debt accounted for 63.2% of GDP (Table A1.1). In the fiscal year 2026, a total of PHP 978.7 billion (about 14% of the proposed general budget) were appropriated for debt servicing, a 12% increase from PHP 876.6 billion in 2025. Facing public finance constraints, the Government has taken steps to liberalize the investment regime (Section 2.4), with the aim of mobilizing private investment in infrastructures, as well as enhancing competition.

1.14. Several pieces of legislation related to foreign ownership restrictions have been amended. Notably, the Amendment to the Public Service Act (Republic Act No. 11659) narrowed the definition of "public utility", whose foreign equity is capped at 40% by the Constitution, to five infrastructure categories, such as (i) electricity distribution and transmission, (ii) petroleum pipeline transmission systems, (iii) water and wastewater pipeline systems, (iv) seaports, and (v) public utility vehicles. All other categories of infrastructure are considered as "other public services", where full ownership by foreign capital may be allowed. As a result, it unleashes potentials for investment in connectivity enhancements across telecommunications (Section 4.5.2), airports, air/shipping carriers (Section 4.5.3.1), railways, and expressways.

1.15. The Public-Private Partnership (PPP) Code (Republic Act No. 11966) took effect on 23 December 2023. The PPP Code overhauled the previous Public-Private Partnership regime, with an aim to unify previously disparate regulations into a single, predictable, and investor-friendly framework. Under the new regime, only projects valued PHP 15 billion and above require approvals from the Economy and Development Council (chaired by the President) at the national level.² The new regime also establishes a formal process for unsolicited proposals from entrepreneurs in the private sector. Such a proposal must first be submitted to the PPP Centre³ for "completeness check" before it can be forwarded to other relevant government bodies for consideration. If accepted, the proposal is subject to a "comparative challenge" (also known as a Swiss Challenge), during which the original proponent has a "right to match" competing offers. In addition, the new Government Procurement Act (Republic Act No. 12009), taking effect on 13 August 2024, introduced a similar mechanism for unsolicited offer with bid matching, as a new procurement mode (Section 3.3.6).⁴ With enactment of these legislations, the authorities are of a view that the new mechanisms will strengthen investor confidence, encourage greater private sector participation in infrastructure, and help address infrastructure gaps.

1.16. As at end-February 2026, a total value of PHP 6.55 trillion from 535 PPP projects were registered, among which 288 projects (worth PHP 3.57 trillion) under implementation, and 247 projects (worth PHP 2.97 trillion) in the pipeline. Transport and telecommunications infrastructure projects accounted for the largest share of capital investment under the PPP programme. A total of PHP 12.1 billion is being invested in PPP projects to enhance digital connectivity. For example, the PHP 2.5 billion New Clark City (NCC) ICT Passive Infrastructure Project involves the development of a fibre-optic backbone in NCC and aims to provide open access to telecommunications companies operating in the area.⁵ In the transport sector, while 94 projects valued PHP 2.17 trillion in the pipeline, a total of 72 projects valued PHP 2.58 trillion are under implementation, including several airport projects, rails and urban mass transit projects, as well as roads and bridges. Slightly more than half of these projects, in value terms, were developed originally from private sector's unsolicited proposals. The majority of these infrastructure projects were financed through overseas development assistance (ODA) for construction, while operations and maintenance were awarded to the private sector under PPP arrangements. Fulfilling the current package of infrastructure reforms is projected to increase the long-term GDP growth by 1.4 percentage points and raise real wages by 12.9%, particularly in the manufacturing and services sectors (World Bank, 2025).

1.17. Moreover, the Philippines also enacted the Ease of Doing Business and Efficient Government Service Delivery Act (Republic Act No. 11032), with an aim at reducing the regulatory burden on investors and business owners. The Act requires all governmental bodies to standardize procedures, fees, and timeline for processing permit and/or licence applications. Notably, the Act established a

² The Department of Economy, Planning, and Development retains the power to approve projects below PHP 15 billion if they require a government subsidy or involve specific national security considerations. Section 7 of the PPP Code, and Section 24.4 of the Implementation Rules and Regulations of the PPP Code.

³ The PPP Center of the Philippines is the primary government agency responsible for facilitating the implementation of the country's PPP Program and PPP projects.

⁴ There are notable differences between the treatment of unsolicited proposals under the PPP Code and unsolicited offers under the NGPA. Under the NGPA, a bidder may submit an unsolicited offer to a procuring entity with solutions involving new or proprietary technology. The use of novel technology is a key requirement for consideration under the NGPA, whereas under the PPP Code, unsolicited proposals are not subject to the same requirement.

⁵ Department of Budget Management (2025), *Summary list of PPP projects in the Philippines (as of June 2025)*, the Philippine public-private partnership programme, Budget of Expenditures and Sources of Financing FY 2026, 13 August 2025. Viewed at: <https://www.dbm.gov.ph/wp-content/uploads/BESF/BESF2026/I4.pdf>.

"deemed approved" mechanism – if no action is taken regarding an application with the time-frame prescribed in the agency's Citizen's Charter, the application is automatically approved. According to the authorities, permit processing times in key sectors have been reduced by over 90% since the Act took effect on 17 June 2018.

1.18. In addition, the Anti-Red Tape Authority launched the Unified Logistics Pass (ULP) in January 2022 on a pilot basis, with the aim of streamlining truck movements nationwide. The ULP was designed as a single electronic pass to replace multiple pass-through stickers, permits, and accreditations required by local governments, ports, and economic zones. It aimed to reduce high logistics costs arising from regulatory differences between national and local authorities (Section 2.1). However, the ULP was discontinued in late 2025 due to several implementation challenges, including limited technical capacity and the lack of sustained funding support.

Trade facilitation measures easing inflationary pressure

1.19. The Bangko Sentral ng Pilipinas (BSP, the central bank) operates under the inflation target of 3%, with 1% margin of movement in either direction.⁶ During the review period, inflation fluctuated significantly, owing to domestic structural reform measures, the COVID-19 pandemic, and the global geo-political crises. From a rate of 2.9% at the end of 2017, inflation surged to an average of 5.2% for 2018, peaking at 6.9% in September 2018. Although it started easing thereafter, inflation was pushed up again by the post-pandemic price hikes of global commodities, reaching 8.7% in January 2023, the highest level since 2008. Inflation began to ease in 2024, and further declined in 2025 to an average of 1.7%. Facing the inflation dynamics, BSP took swift actions to adjust its monetary policy stance, anchoring inflation expectations. In 2026, inflation is expected to remain within the BSP's target band, therefore BSP continued its easing cycle that began in August 2024, with further 25 base point reduction through February 2026.

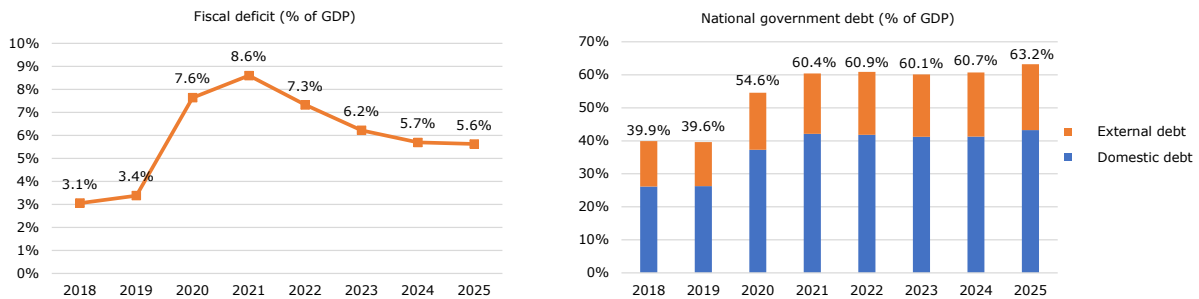
1.20. Inflation in the Philippines was primarily driven by the supply-side factors, accounting for about 62% of inflation dynamics (IMF, 2024a). External factors play an important role in driving aggregate inflation, including through essential import commodities and inputs for participation in global value chains (foreign content accounts for about 30% of final demand in the Philippines). Through this channel, nominal depreciation of Philippine peso contributed to rise in inflation by 0.18 percentage point (IMF, 2020).

1.21. The Philippine CPI basket is heavily weighted toward essential items, with food, utilities, and transport accounting for nearly 70% of the total. As a net importer of food and energy, inflation is susceptible to supply-side shocks (Valera et al., 2025). For instance, the reform on the rice import regime, by implementing the Rice Tariffication Law (Republic Act No. 11203) and the President Executive Order No. 62, significantly lowered rice inflation to 0.8% in December 2024 from 19.6% one year earlier (Department of Finance, 2025), and subsequently contributed to easing of the cost-of-living crisis. In addition to the rice import regime reform, other trade facilitation measures, such as tariff reductions, Customs procedures modernization, and logistics improvement, are expected to contribute to lowering inflation (Bangko Sentral ng Pilipinas, 2024).

The external sector

1.22. According to the IMF, the Philippines' external position has been broadly in line with the level implied by fundamentals and desired policies. Reflecting the Government's commitment to increasing infrastructure investment, as well as pandemic-related relief packages, the fiscal deficit increased from 3.1% of GDP in 2018 to 5.6% in 2025, with a peak at 8.6% in 2021. Public debt as a share of GDP expanded to 63.2% in 2025, up from 39.9% in 2018 (Chart 1.5). The majority of the public debt is financed domestically. External borrowing by the national government accounted for 31.6% of its outstanding debt in 2025, slightly down from 34.5% in 2018.

⁶ The inflation target is set by the Development Budget Coordination Committee. The target has remained unchanged since 29 December 2015.

Chart 1.5 Fiscal deficit and public debt, 2018-2025

Source: Bureau of the Treasury, *Statistical data*.

1.23. During the review period, the Philippine peso experienced a short period of appreciation against the US dollar before the COVID-19 pandemic in 2020, then the trend was reversed with a sharp depreciation in 2022. In 2025, the Philippine peso remained weak, ending the year with an annual average of PHP 57.505/USD (Table A1.1). The trend of the Philippine peso nominal exchange rate is underpinned by the current account dynamics, and the change in international finance landscape (e.g. the interest hikes by the United States Federal Reserve).

1.24. However, the real effective exchange rate (REER) has continued appreciating since the early 2000s, until it began to depreciate slightly in the second half of 2025. REER appreciation indicated that the Philippine exports were less competitive in the international market. Also, the World Bank attributed the stagnated tradable sectors to the REER appreciation, and thus it hampered productivity growth and job creation in the country (World Bank, 2025). The appreciation of the REER reflected relatively higher domestic price levels in the Philippines compared with its major trading partners. Consistent with this trend, the country's terms of trade deteriorated during the review period (Table 1.1).

Table 1.1 Real effective exchange rate, and terms of trade, 2018-2025

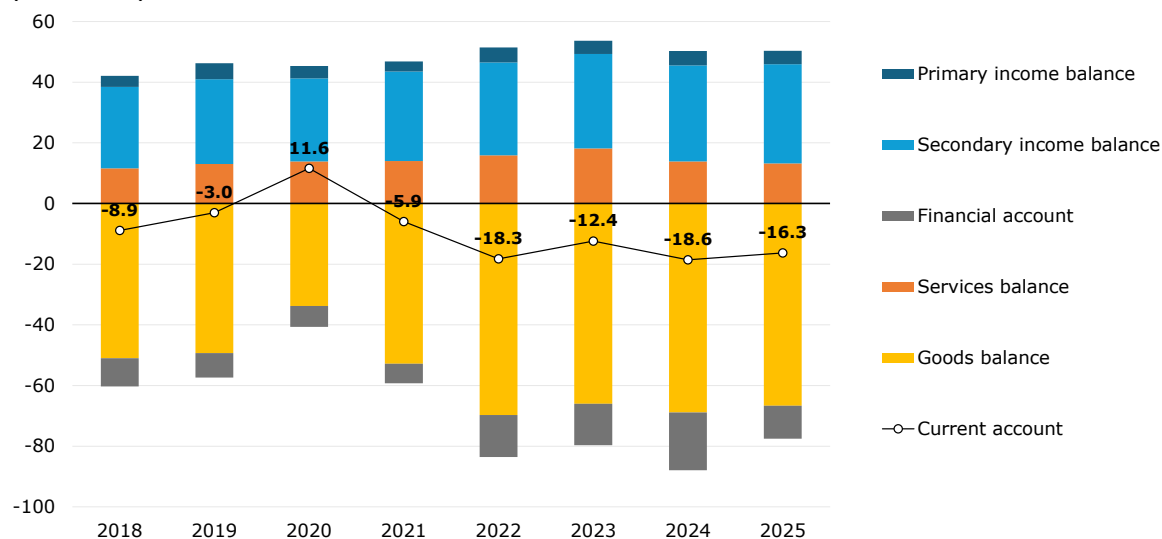
	2018	2019	2020	2021	2022	2023	2024	2025
Real effective exchange rate	100.6	105.4	111.3	111.1	109.8	113.1	113.7	112.6
Terms of trade	100	97.1	99	92.3	89.6	90.5	89.8	90.5

Source: IMF Data, and Philippine Statistics Authority.

1.25. The current account balance generally remained in deficit during the review period (except for 2020). The current account deficit was mainly driven by trade deficit (Chart 1.6). The deficit in goods trade continued to widen, reflecting the modest growth in exports and the rapid expansion of imports driven by recent investment booms (Section 1.3). Personal remittance flows from OFWs remain stable, accounted for 8.9% of GDP on average for the period of 2018-2024 (Table A1.2). In 2025, the current account deficit was 4% of GDP, slightly up from 2.6% in 2018. According to the IMF, the current account deficit is expected to persist in the medium term owing to the massive infrastructure investments (IMF, 2021).

Chart 1.6 Balance of Payment, 2018-2025

(USD billion)



Note: Capital account balance is very small (around USD 0.1 billion for 2018-2024) and not shown in the chart.

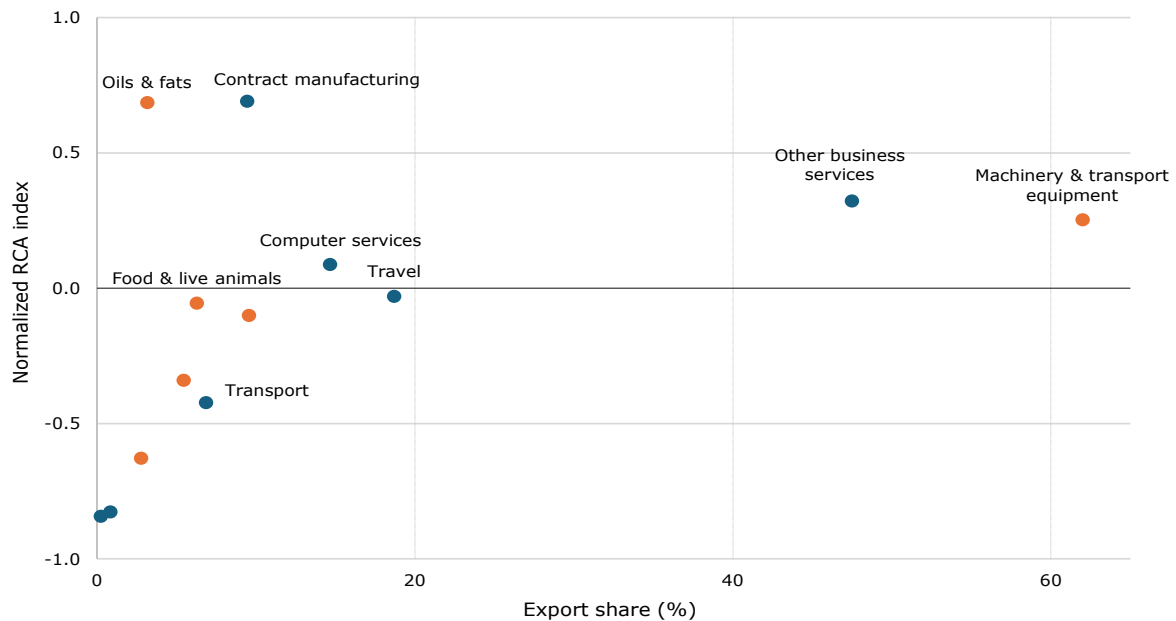
Source: Bangko Sentral ng Pilipinas.

1.26. The Philippines continues to grow its ample reserves. The gross international reserves stood at USD 106.3 billion in 2025, equivalent to the worth of imports of goods and services as well as primary income for more than seven months (Table A1.1).

1.3 Developments in trade and investment

1.3.1 Trends and patterns in merchandise and services trade

1.27. As exemplified in trade statistics of 2024, the Philippines recorded a revealed comparative advantage in the manufacture of machinery and transport equipment, as well as in business services (Chart 1.7). These sectors accounted for more than 60% of total goods exports and nearly half of services exports, respectively. Beyond these established strengths, the country is also showing potential in contract manufacturing and computer services. While they currently represent a modest portion of total exports (below 20%), these emerging sectors reflect the country's cost advantages, supported by a young and well-trained workforce. A notable example is the computer services sector, specifically game development outsourcing, which has sustained double-digit annual growth since 2021.

Chart 1.7 Normalized comparative advantage of merchandise and services trade, 2024

Source: WTO Secretariat calculations, based on CEPII merchandise trade and WTO services trade data.

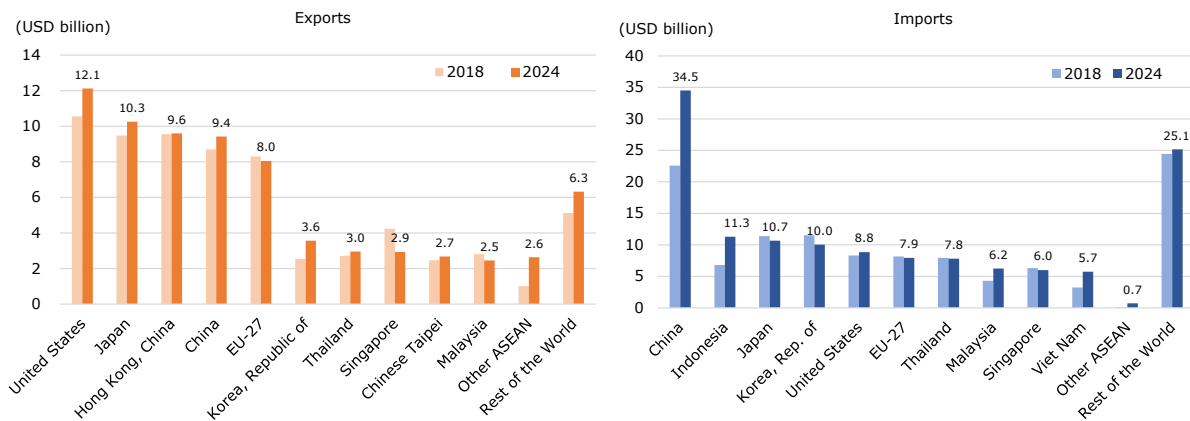
1.3.1.1 Merchandise trade

1.28. The Philippines maintained a merchandise trade deficit throughout the review period. The BOP-based deficit widened from USD 51 billion in 2018 to USD 68.9 billion in 2024. It temporarily narrowed to USD 24.6 billion in 2020, reflecting weaker economic activity during the COVID-19 pandemic. The overall widening of the merchandise trade deficit was driven by slower growth in goods exports alongside faster growth in imports. Sustained imports were linked to strong domestic demand, particularly for the capital goods for investment projects. The modest expansion in goods exports reflects stagnant investment in tradable sectors (World Bank, 2025).

1.29. In terms of bilateral trade flows, China remains the Philippines' major trading partner, followed by the United States. In 2024, China was the country's largest source of imports, accounting for 25.7% of total imports, and was also a key export market, receiving 12.9% of total exports. The United States was the largest export destination, absorbing 16.6% of total Philippine merchandise exports, and supplied 6.4% of the country's total imports (Chart 1.8). The European Union, as a bloc, ranked as the third-largest trading partner, accounting for 11% of total exports and 5.8% of total imports in 2024.

1.30. The Philippines also maintains close trade relations with East Asian economies (Chart 1.8). In 2024, Japan and the Republic of Korea ranked fourth and sixth among the country's trading partners. Exports to Japan accounted for 14.1% of total exports, while Japan supplied 7.9% of total imports. For the Republic of Korea, the corresponding shares were 4.9% of exports and 7.5% of imports. Collectively, ASEAN member states accounted for 15% of total exports and 28.2% of total imports in 2024. In addition, 13.1% of Philippine exports were shipped to Hong Kong, China.

Chart 1.8 Merchandise trade by partners, 2018 and 2024

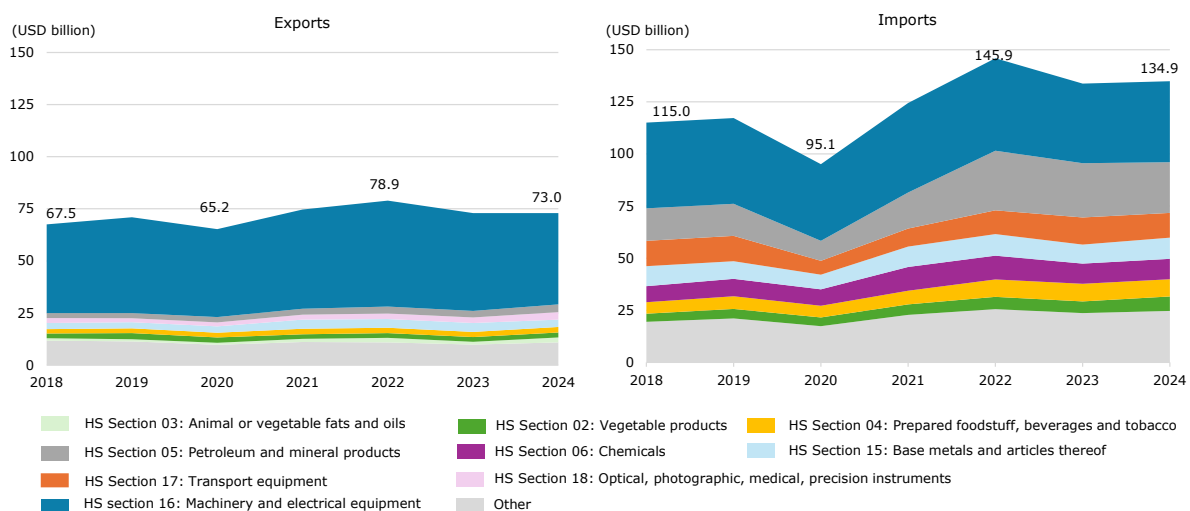


Source: WTO Secretariat calculations, based on UN Comtrade data.

1.31. Philippine merchandise exports are concentrated in a limited number of product groups (Chart 1.9), with electronic products covered under the Information Technology Agreement (ITA) continuing to dominate. In 2024, machinery and electrical equipment (HS Section 16) accounted for 60.4% of total exports, more than half of which were electronic integrated circuits and microassemblies (HS 8542). Optical, medical and other precision instruments (HS Section 18) contributed an additional 5%. Metallic and mineral products were the next largest export categories. Base metals and articles thereof (HS Section 15) accounted for 5% of total export value in 2024, while mineral products, including petroleum (HS Section 5), made up 5%. Transport equipment (HS Section 17) contributed 2.8% of total exports.

1.32. Imports are more diversified than exports (Chart 1.9). In 2024, machinery and electrical equipment (HS Section 16) accounted for 28.8% of total imports. About 34% of these were under the HS Heading 8542. The large share of electronic components reflects the Philippines' role in regional and global value chains (GVCs), particularly through its ICT manufacturing sector. It is estimated that 47.6% of the country's gross exports are linked to GVC activities (Mendoza, 2025). The Philippines remains a net importer of food and energy. Food products (HS Sections 1-4) made up 15.3% of total imports in 2024, petroleum products (HS Chapter 27) accounted for another 15%. Transport equipment represented 9% of total imports. Plastics and rubber (HS Section 7) and iron and steel (HS Chapter 72) comprised 4.1% and 3.1%, respectively.

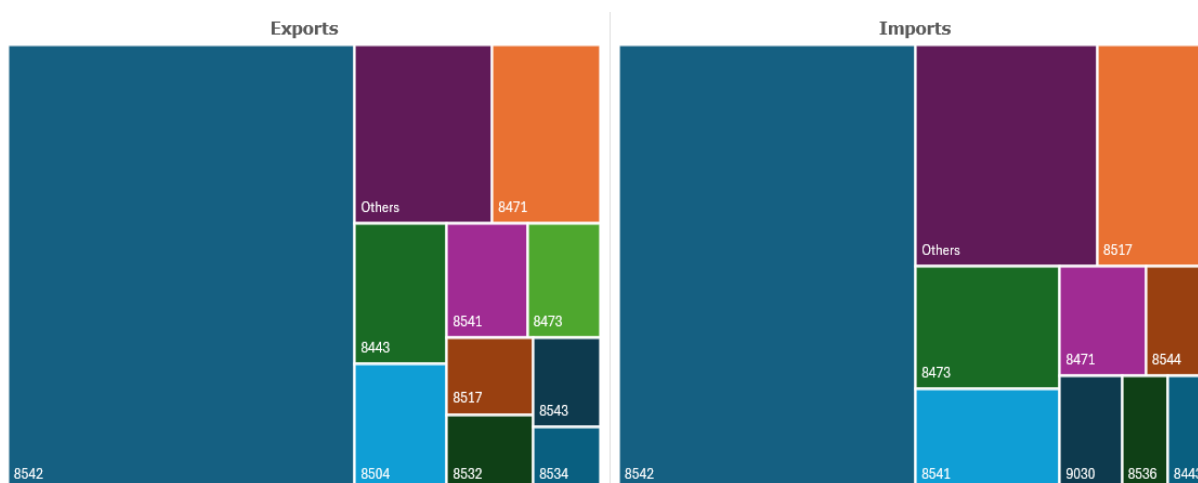
Chart 1.9 Merchandise trade by main HS Sections, 2018-2024



Source: WTO Secretariat calculations, based on UN Comtrade data.

1.33. Most of the electronic products traded by the Philippines are covered under the WTO Information Technology Agreement (ITA), in which the country participates. The Philippines has a comparative advantage in manufacturing data storage device including memory modules, hard drive discs, and solid state discs. During the review period, electronic integrated circuits (HS 8542) accounted for the largest share of ITA product trade, representing approximately 49% of imports and 58% of exports (Chart 1.10). Semiconductor devices and sensors (HS 8541) made up an additional 3.4% of ITA imports and 3.6% of exports. Meanwhile, memory media and parts and accessories of data processing machines (HS 8471 and HS 8473) accounted for 10.1% of imports and 10.8% of exports, respectively.

Chart 1.10 Main products covered under the ITA, by HS 4-digit level, 2018-2024

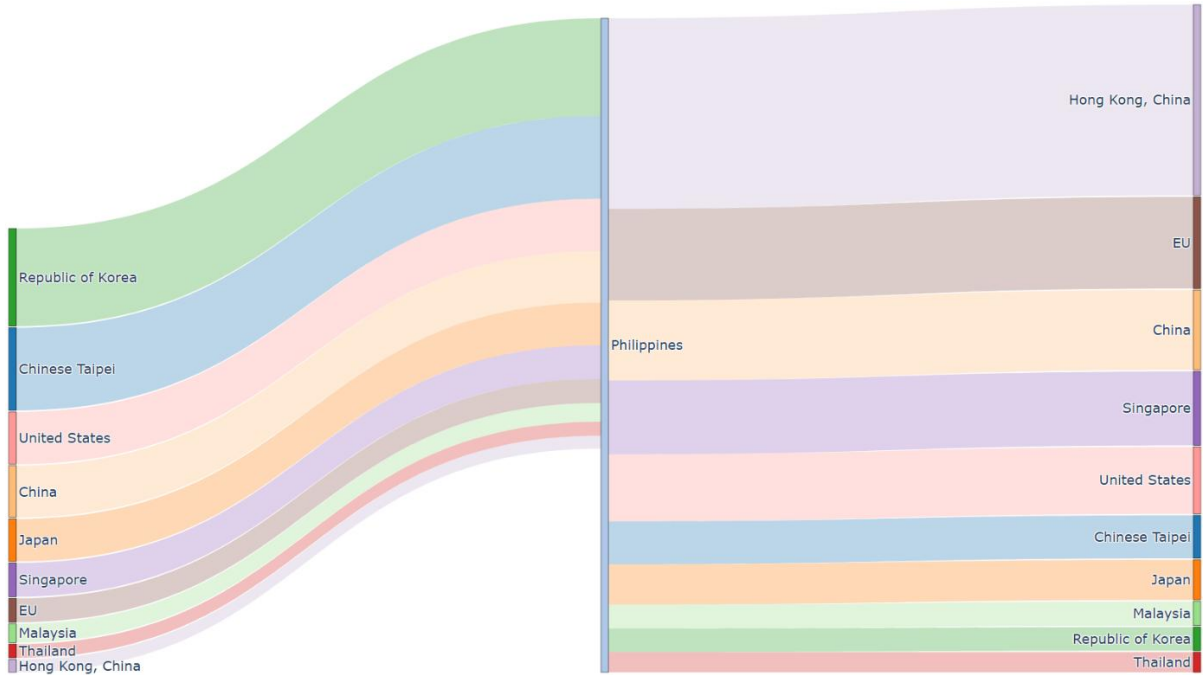


Source: WTO Secretariat calculations, based on UN Comtrade data.

1.34. The Philippine semiconductor industry specializes in the assembly, testing, and packaging (ATP) segment of the semiconductor value chain, accounting for approximately 10% of global ATP output. According to the authorities, a significant share of integrated circuit (IC) output consists of memory modules, such as DRAMs, which represented 16.8% of the industry's total exports in value terms in 2025. The Philippines also has a strong presence in the production of discrete, analogue, and other (DAO) chips. A market research report indicates that 27.2% of IC output in 2025 was used in the automotive industry. In addition, output of sensors and micro-electromechanical systems grew by 9.1% in 2025 (Mordor Intelligence, 2026).

1.35. The Philippine semiconductor industry participates in global value chains primarily through strong backward linkages (i.e. foreign contents embedded in the output). According to the authorities, about 80% of inputs used in the industry are imported. During the review period, the Republic of Korea was the largest supplier of these inputs, followed by Chinese Taipei, the United States, China, and Japan. On the export side, the main destinations for Philippine integrated circuit exports were Hong Kong, China; the European Union; China; Singapore; and the United States (Chart 1.11).

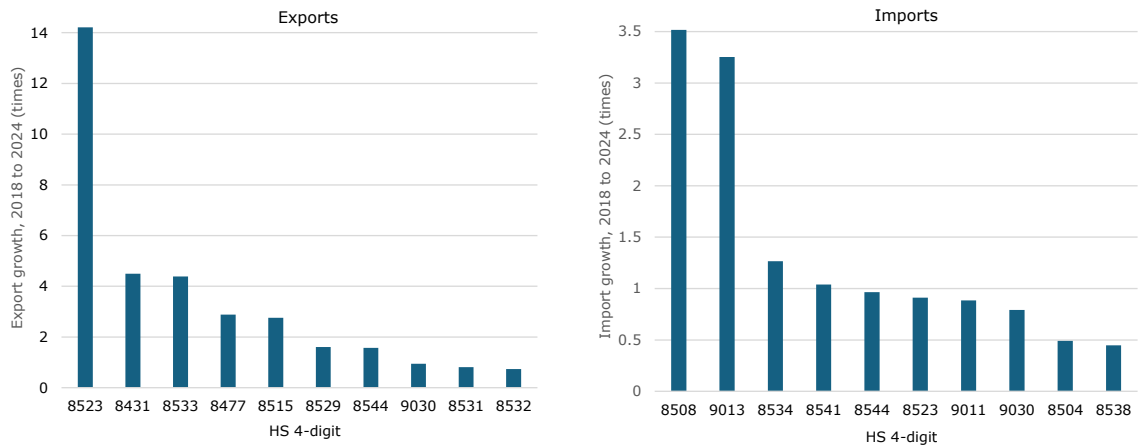
Chart 1.11 Top 10 traders of integrated circuit (HS 8542) with the Philippines, 2018-2024



Source: WTO Secretariat calculations, based on UN Comtrade database.

1.36. The Philippines manufactures around half of the world's 2.5-inch hard disk drives (HDDs) and about 10% of 3.5-inch HDDs (First Philippine Industrial Park, 2023). In addition to HDDs and integrated circuits (ICs), trade in other electrical and electronic products grew rapidly during the review period, although most of these products each accounted for less than 1% of total Philippine ITA trade (Chart 1.12). Despite storage devices (HS 8523), such as optical discs, solid-state storage devices, and smart cards, accounted for only 0.8% of total ITA product exports, their export value increased by 1,421% during the review period, potentially reflecting strong demand fuelled by artificial intelligence (AI) investment worldwide. Exports of machinery parts (HS 8431) and electrical resistors (HS 8533) both increased more than fourfold. Imports of specialized optical instruments (HS 9013) also rose by 325%.

Chart 1.12 Top 10 of the most growth ITA-covered products, 2018-2024

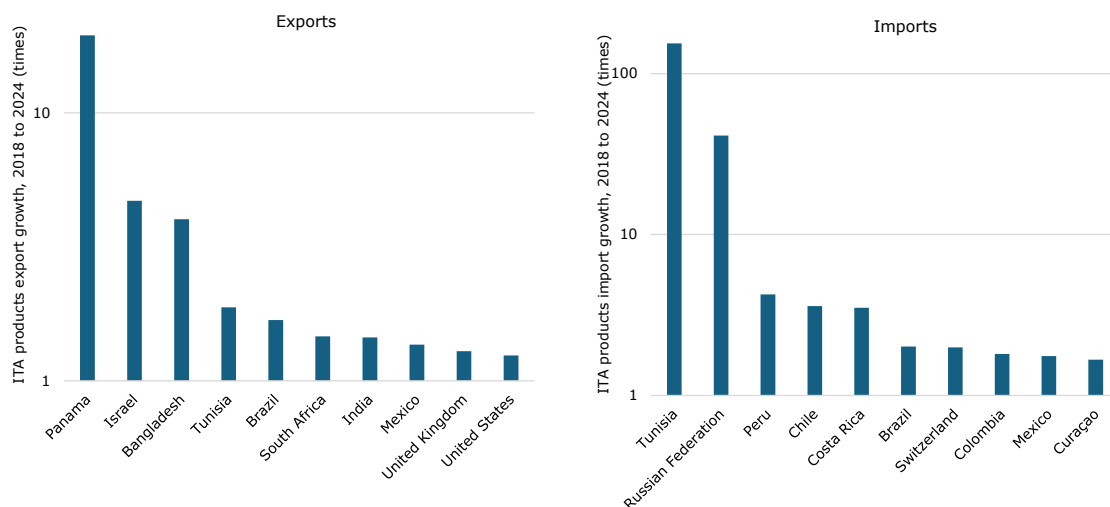


Source: WTO Secretariat calculations, based on UN Comtrade database.

1.37. Similarly, although the top five trading partners accounted for more than 60% of the Philippines' total imports and exports of ITA products, the country has begun to diversify its ITA

export markets. During the review period, ITA product exports to Israel increased by 469%, while exports to Panama expanded nearly twentyfold (Chart 1.13).

Chart 1.13 Top 10 of the most growth trading partners of ITA products, 2018-2024



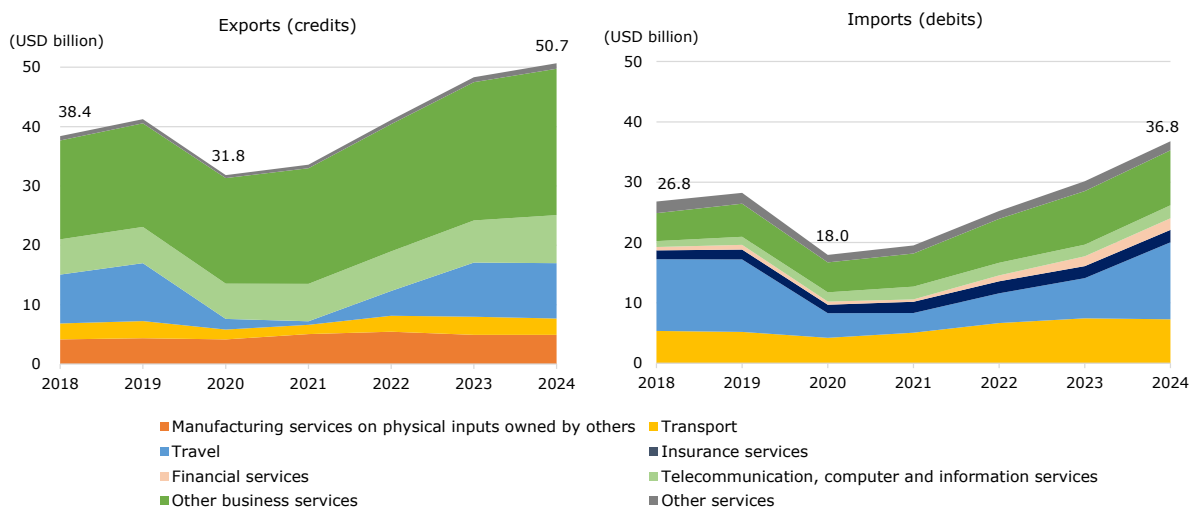
Source: WTO Secretariat calculations, based on UN Comtrade database.

1.3.1.2 Services trade

1.38. During the review period, the Philippines continued to maintain a surplus in services trade. The surplus increased remarkably by 57%, from USD 11.6 billion in 2018 to USD 18.2 billion in 2023. The surplus fell to around USD 14 billion in 2024.

1.39. In contrast to the slow growth of merchandise exports, services exports continued to expand, increasing by 32% during the review period. Services exports rose from USD 38.4 billion in 2018 to USD 50.7 billion in 2024. Services imports also increased, reaching USD 36.8 billion in 2024, up 37% from USD 26.8 billion in 2018 (Chart 1.14).

Chart 1.14 Trade in services, by sector, 2018-2024



Source: Bangko Sentral ng Pilipinas.

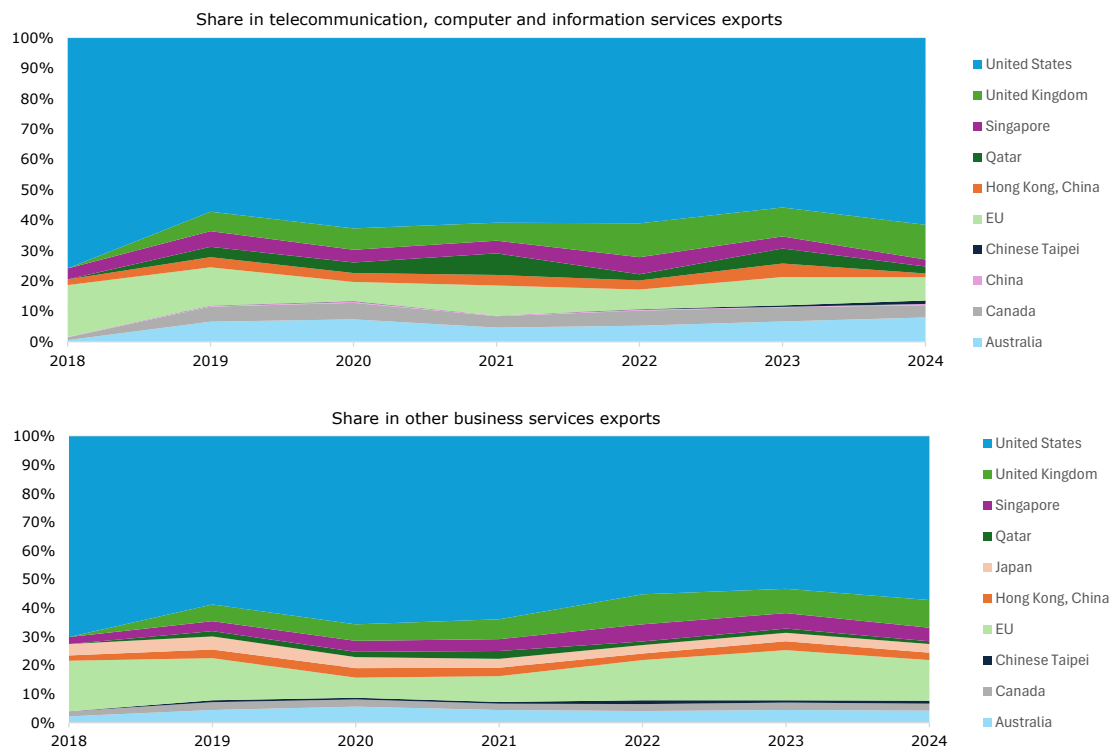
1.40. Travel services accounted for the largest share of Philippine services imports, representing 34% of total services imports in 2024 (Chart 1.14). Travel imports declined sharply by 72.5% during the COVID-19 pandemic, before gradually recovering to pre-pandemic levels in 2024. Technical services comprised 23.1% of total services imports, reflecting foreign direct investment in the

business process management sector, where the Philippines has a comparative advantage. Freight transport services accounted for 14.5% of total services imports.

1.41. On the export side, other business services were the largest contributor, accounting for 47.8% of total services exports in 2024 (Chart 1.14). Of this amount, approximately 99% consisted of technical, trade-related, and other business services. Technical services exports reached USD 24.4 billion in 2024, representing a 47.8% increase from USD 16.5 billion in 2018. Telecommunications, computer, and information services accounted for a further 15.7% of services exports. Computer services alone grew by 44% during the review period, reaching USD 7.6 billion in 2024, up from USD 5.3 billion in 2018. Travel services accounted for 18.1% of total services exports in 2024, ranking as the third-largest source of foreign exchange earnings and reflecting the country's diverse tourism offerings.

1.42. The strong export performance of other business services and telecommunications, computer, and information services reflects the continued growth of the business process management (BPM) sector (Box 1.1). The United States remained the dominant market for the Philippine BPM sector, accounting for about 60% of combined exports of technical and computer services during the review period (Chart 1.15). The EU ranked second, representing around 10% of BPM exports. However, exports of computer services to the EU declined during the pandemic and have not yet returned to pre-pandemic levels.

Chart 1.15 Top 10 markets of BPM services exports, 2018-2024



Source: Information provided by the authorities.

Box 1.1 The IT-BPM sector in the Philippines

The Information Technology and Business Process Management (IT-BPM) sector is a key driver of economic growth and services exports in the Philippines. The country accounts for an estimated 16–18% of the global IT-BPM market (Guo, 2025). In 2025, the sector directly employed around 1.9 million workers and generated approximately USD 40 billion in revenue, equivalent to about 8% of GDP.

The sector covers activities classified under information and communication services, as well as administrative and support services. In trade statistics, these activities are mainly recorded under "telecommunications, computer and information services" and "other business services".

The IT-BPM sector provides a wide range of voice and non-voice services supporting business operations, including accounting, customer service, human resources, healthcare information management, data

analytics, and software development. According to the Annual Survey of Philippine Business and Industry, customer relationship management accounted for the largest share of export revenue, representing around 50% of revenue from overseas clients.

Over the past decade, the sector has gradually diversified from lower value-added business process outsourcing (BPO) services towards higher value segments, including knowledge process outsourcing (KPO), global capability centres (GCCs), and health information management services (HIMS). As of the end of 2025, more than 150 GCCs operated in the Philippines, employing around 250,000 people and generating approximately USD 8 billion in revenue. The BPO segment accounted for about 55% of total sector output in 2024 and is projected to grow by around 5% annually through 2028. By contrast, higher value service segments are expected to grow at double-digit annual rates. Under the IT-BPM Industry Roadmap 2028 (IT-BPM LEAP), the sector aims to increase revenues to USD 59 billion and create 2.5 million jobs by 2028.

Artificial intelligence (AI) presents both risks and opportunities for the BPM sector. Estimates by the International Monetary Fund suggest that around 36% of jobs in the Philippines are highly exposed to AI-related disruption, with approximately 89% of BPM roles considered vulnerable to automation. At the same time, AI tools have increased labour productivity in the BPM sector by an estimated 13.8% per hour (IMF, 2024b). Firms are also investing in workforce upgrading to shift employment towards middle- and high-skilled roles.

According to a survey conducted by the IT and Business Process Association of the Philippines (IBPAP) in the fourth quarter of 2024, 8% of BPM firms reported a reduction in headcount due to AI adoption, while 13% reported employment gains linked to new roles such as AI fine-tuning, data annotation, and generative AI content creation (Caynila and Centeno, 2025). This suggests that AI is largely augmenting rather than replacing labour. For example, some call centres employ agentic AI systems that resolve 75–85% of routine customer interactions; human agents are primarily engaged in cases requiring empathy and complex problem-solving. As a result, AI-assisted systems have reduced response times by around 85%, increased customer satisfaction by 13 percentage points, and raised agent-led revenue by up to 150% (Technology Marketing Corporation, 2026).

Industry stakeholders attribute the sector's strong performance to high English proficiency, cost-competitive operations, and supportive government policies (The IT and Business Process Association of the Philippines, 2023). The Government provides tax and non-tax incentives, (Section 2.4 and Section 3.2.4). Industry representatives have also called for amendments to the Cybercrime Prevention Act of 2012 to strengthen the legal framework for protecting sensitive data (Go, 2026).

Beyond BPM services, creative digital industries such as animation and game development have also expanded rapidly. In 2025, these subsectors generated around USD 60 million in animation revenue and approximately USD 4.12 billion in game development outsourcing.

Source: WTO Secretariat.

1.43. In terms of modes of supply in services trade, the WTO estimates that approximately 64% of the Philippines' total services exports were delivered through cross-border supply (Mode 1 under the GATS) in 2022, the latest year available. This reflects the predominantly digital delivery model of the Philippine BPM sector. Consumption abroad (Mode 2) accounted for a further 22%, highlighting the country's strong tourism sector. On the import side, services were primarily supplied through commercial presence (Mode 3), which represented 45% of total services import value in 2022. The large share of Mode 3 imports is closely linked to foreign direct investment in the country.

1.44. The Philippines has traditionally been a major supplier of overseas workers across a wide range of skill levels, including domestic workers, seafarers, and nurses. Although revenues from services exports under the movement of natural persons (Mode 4) are often underestimated in trade statistics, cash remittances provide a useful proxy for assessing the scale of the Philippines' Mode 4 services exports.

1.45. During the review period, cash remittances from overseas Filipino workers increased by 23.2% (Table 1.2). In 2025, overseas Filipinos remitted USD 35.6 billion, up from USD 28.9 billion in 2018, equivalent to 7.3% of GDP. The United States was the largest source of remittances, accounting for 40% of the total in 2025, followed by Singapore (7.3%), the Kingdom of Saudi Arabia (6.6%), the European Union (5.7%), and Japan (5%). The Philippines is also the world's leading supplier of maritime professionals, providing approximately 25% of the global seafaring workforce (European Commission, 2024). Remittances from Filipino seafarers accounted for around 20% of total remittances. Overall, remittance inflows are the country's second-largest source of foreign exchange, often exceeding foreign direct investment (FDI).

Table 1.2 Overseas cash remittances, 2018-2025

	2018	2019	2020	2021	2022	2023	2024	2025
Total (USD billion)	28.9	30.1	29.9	31.4	32.5	33.5	34.5	35.6
By source as % of total								
Land based	78.8	78.3	78.8	79.2	79.4	79.5	79.9	80.0
Sea based	21.2	21.7	21.2	20.8	20.6	20.5	20.1	20.0
By origin as % of total								
United States	34.5	37.6	39.9	40.5	41.2	40.9	40.6	39.7
Singapore	6.4	6.3	7.2	7.0	7.0	7.1	7.2	7.3
Saudi Arabia, Kingdom of	7.7	7.0	6.1	5.8	6.0	6.2	6.4	6.6
EU-27	7.7	6.7	6.1	6.1	5.8	5.7	5.6	5.7
Japan	5.2	6.0	5.3	5.1	5.1	5.0	4.9	5.0
United Kingdom	5.2	5.2	4.6	4.7	4.7	4.7	4.7	4.6
United Arab Emirates	7.0	5.3	4.3	4.2	4.2	4.3	4.4	4.6
Canada	3.4	3.4	3.4	3.7	3.6	3.6	3.6	3.5
Qatar	3.5	2.5	2.7	2.6	2.8	2.8	2.8	2.9
Chinese Taipei	2.0	2.0	2.3	2.7	2.7	2.7	2.7	2.8
Hong Kong, China	2.9	2.7	2.7	2.3	2.3	2.3	2.3	2.5
Korea, Republic of	1.2	2.3	2.4	2.5	2.5	2.5	2.5	2.4

Source: Bangko Sentral ng Pilipinas, *Overseas Filipino Cash Remittances, by country, and by source*.

1.3.2 Trends and patterns in FDI

1.46. During the review period, foreign direct investment (FDI) inflows into the Philippines fluctuated but showed overall growth. Total FDI increased by 35.4%, rising from USD 6.6 billion in 2018 to USD 8.9 billion in 2024. Inflows declined sharply by 45% in 2020 due to the COVID-19 pandemic, followed by a strong rebound in 2021 (Table 1.3). This recovery reflected renewed business confidence, supported in part by the implementation of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act in April 2021 (Section 3.3.1). Meanwhile, the Philippines became a more active outward investor. FDI outflows increased by 274% over the period, reaching USD 2.88 billion in 2024, compared to USD 770 million in 2018.

Table 1.3 Foreign direct investment, 2018-2024

	2018	2019	2020	2021	2022	2023	2024
FDI inflows (USD million)	6,602	6,020	3,254	10,225	5,939	6,452	8,938
FDI inward stock (USD million)	82,997	87,993	100,091	108,049	109,622	118,856	125,533
FDI inward stock (% of GDP)	23.9	23.4	27.7	27.4	27.1	27.2	27.2
FDI outflows (USD million)	770	700	-6	493	308	1,052	2,880
FDI outward stock (USD million)	51,902	52,560	59,721	62,116	63,560	67,877	70,738
FDI outward stock (% of GDP)	15.0	13.9	16.5	15.8	15.7	15.5	15.3

Source: UNCTAD, World Investment Report 2025.

1.47. FDI has generated significant productivity gains for local firms in the Philippines through technology diffusion (Aldaba and Quejada, 2022).⁷ These gains have been particularly evident among firms operating in the same sector as foreign investors, as well as among downstream firms that are linked to them. However, further progress in attracting FDI inflows continues to be constrained by several factors, including inadequate infrastructure, high power and logistics costs, regulatory inconsistencies, and administrative inefficiencies.⁸ The authorities have been trying to address the latter including through the establishment of "Green Lanes" in public agencies (Section 2.4).

⁷ Rafaelita M. Aldaba and Angel Derrickvhel Quejada (2022), *FDI spillover effects: Evidence from the Philippines*, ERIA Discussion Paper Series No. 437, Economic Research Institute for ASEAN and East Asia, August 2022. Viewed at: <https://www.eria.org/uploads/media/discussion-papers/FY22/FDI-Spillover-Effects-Evidence-from-the-Philippines..pdf>.

⁸ US Department of State (2025), *2025 Philippines Investment Climate Statement*, Reports, September 2025. Viewed at: https://www.state.gov/wp-content/uploads/2025/09/638719_2_2025-Philippines-Investment-Climate-Statement.pdf.

1.48. According to investment commitments data⁹, foreign investment in the Philippines remains concentrated in a limited number of sectors (Table 1.4). During the review period, manufacturing has consistently been the interest of foreign investors, particularly in sub-sectors such as semiconductors, electronics assembly, and electro-optical components. Following the removal of foreign equity restrictions on energy infrastructure in 2022, the energy sector, including renewable energy emerged as an important investment destination. The business process management (BPM) sector also continued to attract significant foreign investment, particularly in information and communication, as well as administrative and support service activities.

Table 1.4 Approved foreign investment, by sector, 2018-2025

	2018	2019	2020	2021	2022	2023	2024	2025
Total (PHP million)	183,347	390,110	112,123	192,548	241,891	889,242	546,190	272,376
Total (USD million)	3,482	7,532	2,259	3,909	4,440	15,985	9,534	4,737
of which (% of total)								
Agriculture, forestry and fishing	0.1	0.1	0.1	0.1	0.5	0.1	0.0	1.0
Mining and quarrying	0.1	0.0	0.6	0.0	0.0	0.0	0.0	0.0
Manufacturing	46.4	15.8	33.5	13.8	15.6	12.5	23.1	29.9
Electricity, gas, steam and air conditioning supply	16.4	18.6	2.1	1.1	1.6	82.4	62.5	45.0
Water supply; sewerage, waste management and remediation activities	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.3
Construction	4.8	0.0	0.2	1.9	0.0	0.0	0.3	0.2
Wholesale and retail trade; repair of motor vehicles and motorcycles	3.0	0.7	2.0	0.2	0.2	0.1	0.1	0.3
Transportation and storage	2.1	1.0	33.4	0.2	6.0	0.3	2.7	2.5
Accommodation and food service activities	0.3	0.8	1.9	0.2	0.1	0.0	0.0	1.0
Information and communication	1.5	56.2	0.4	75.0	47.3	1.6	1.1	2.0
Financial and insurance activities	0.3	0.0	0.1	0.0	0.1	0.0	0.1	0.3
Real estate activities	10.9	2.2	9.6	3.6	23.6	0.9	3.2	9.7
Professional, scientific and technical activities	0.4	0.0	0.1	0.3	0.0	0.0	0.0	0.2
Administrative and support service activities	11.2	4.3	15.9	3.8	4.9	1.9	2.4	6.9
Education	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Arts, entertainment and recreation	2.4	0.1	0.0	0.0	0.0	0.0	3.7	0.6
Other services activities	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0

Source: Philippine Statistics Authority.

1.49. With regard to the source of approved foreign investment, investors from Singapore committed to invest PHP 560.8 billion, accounting for 19.8% of total approved investment over the period between 2018 and 2025, followed by the Netherlands (18%), Germany (14.3%), and Switzerland (10.4%) (Table 1.5). In terms of realized FDI, Singapore, Japan, and the United States were the three leading sources (**Error! Reference source not found.**).

Table 1.5 Approved foreign investment, by source, 2018-2025

	2018	2019	2020	2021	2022	2023	2024	2025
Total (PHP million)	183,347	390,110	112,123	192,548	241,891	889,242	546,190	272,376
Total (USD million)	3,482	7,532	2,259	3,909	4,440	15,985	9,534	4,737
of which (% of total)								
Australia	1.2	0.4	0.5	0.3	0.3	0.1	0.7	1.6
British Virgin Islands	8.8	0.2	0.3	0.4	1.3	0.4	0.4	0.9
Canada	0.3	0.2	0.2	0.2	0.0	0.0	0.0	0.1
Cayman Islands	0.1	0.0	0.4	0.7	0.1	1.3	1.7	6.1
China	27.6	22.7	13.9	1.1	0.6	0.8	0.4	3.8

⁹ The data is sourced from Philippine investment promotion agencies, and published by the Philippine Statistics Authority (PSA) as the Approved Foreign Investments data. The statistics in this data may not reflect the actual realized amount in a given period. The data are not based on the 10% ownership criterion under BPM6.

	2018	2019	2020	2021	2022	2023	2024	2025
Denmark	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
France	1.4	0.6	1.5	0.0	0.0	0.2	0.0	0.0
Germany	0.3	0.7	0.7	0.5	0.0	44.3	0.1	2.3
Hong Kong, China	1.0	0.3	0.3	0.1	0.3	0.1	0.6	2.0
India	0.3	0.2	0.9	0.0	0.7	0.1	0.1	0.2
Japan	10.8	5.1	8.4	12.7	21.5	6.5	5.2	12.5
Korea, Rep. of	1.0	10.6	3.7	1.7	2.0	0.2	17.8	7.5
Malaysia	8.0	0.1	0.6	0.3	0.0	0.1	1.8	0.5
Netherlands	2.2	3.7	6.1	14.0	8.5	39.4	9.2	13.2
Singapore	11.6	45.2	8.9	41.6	54.0	4.2	2.2	34.1
Switzerland	0.3	0.0	0.0	0.1	0.2	0.0	52.9	1.6
Chinese Taipei	2.3	0.7	5.7	0.6	0.4	0.5	0.5	0.8
Thailand	0.0	2.3	0.1	0.0	0.0	0.1	0.7	3.1
United Kingdom	2.1	0.7	11.7	6.9	4.7	0.5	0.6	0.5
United States	7.0	3.5	31.5	2.0	2.1	0.6	1.0	5.0
Others	13.8	2.8	4.6	16.6	3.2	0.8	4.1	4.4

Source: Philippine Statistics Authority.

2 TRADE AND INVESTMENT REGIMES

2.1 General framework

2.1. The Philippines is a unitary republic. The governance structure, as laid out in the 1987 Philippine Constitution, remains unchanged. Legislative power is vested in the bicameral Congress, composed of the Senate (the upper chamber) and the House of Representatives (the lower chamber).¹ Laws are enacted, as Republic Acts, following passage by both chambers of Congress and approval by the President. Bills on appropriation, revenue, or tariffs can be initiated only by the House of Representatives, while the Senate may review and amend such bills.² The President may veto a bill entirely or veto line-items on appropriations, revenue, or tariff bills. However, the veto may be overridden by a two-thirds majority vote in either chamber of Congress.

2.2. The Philippine Supreme Court is the highest court in the judiciary, serving as the court of last resort. It has both original and appellate jurisdiction. The Supreme Court may be called upon to adjudicate on the constitutionality of international trade and investment agreements, or the validity of domestic implementation law related to such agreements.³

2.3. The executive branch is headed by the President, who is elected by direct universal suffrage on a non-renewable term of six years. Members of the Cabinet are appointed by the President, subject to confirmation from the Commission on Appointment, an independent Congressional body.⁴

2.4. Negotiating and signing international trade and/or investment agreements falls under the authority of the executive branch. All international agreements must be concurred in by at least two-thirds of the Senate before ratification by the President⁵, except for agreements generally limited to technical, routine, or administrative matters, or those implementing an existing treaty or law but not introducing substantial new commitments or changes to national policy.⁶ The authorities indicate that the Philippine Government's usual practice is to ensure that enabling legislation (whether primary or secondary) for a trade or investment agreement is, or will be, in place before the President ratifies the agreement.

2.5. Trade and trade-related policies are implemented through primary legislation (i.e. Republic Acts) or secondary legislation (i.e. Executive Issuances). Unlike Republic Acts that are subject to a multi-stage process involving scrutiny and debate by Congress, Executive Issuances are rules and regulations created by the Executive under powers delegated by the Constitution or a Republic Act. All Executive Issuances are subject to a regulatory impact assessment (RIA) process, which includes public consultations with stakeholders.

2.6. The most frequently used types of Executive Issuances comprise Executive Orders (EOs) issued by the President, and Administrative Orders (AOs) issued by the President or relevant policy departments. Executive Issuances are subject to judicial review. In the exercise of its oversight function, Congress may subject an Executive Issuance to review, ensuring its consistency with the legislative intent. Pursuant to the Administrative Code, Executive Issuances of general application must be published in the Official Gazette before taking effect. All legislation is available to the public online on the Official Gazette website. Also, executive agencies must file in every rule they adopted with the Office of the National Administrative Register (ONAR) of the University of the Philippines Law Center for public references.

¹ Members of the Senate are elected nationwide, every six years, with a limit of two consecutive terms of office. Members of the House of Representatives are elected every three years, with a limit of three consecutive terms of office. Eighty percent of the House Representatives are elected from constituency districts, while the remaining are chosen through a party representation system. Article VI, the Philippines Constitution.

² Article VI, Section 24, the Philippines Constitution.

³ Article VIII, Section 5.2 (a), the Philippines Constitution.

⁴ Not all cabinet members are subject to confirmation. For example, when the Vice-President is appointed to the Cabinet, it does not require confirmation.

⁵ Article VII, Section 21, the Philippines Constitution.

⁶ Rulings by the Philippines Supreme Court on Cases *Bayan v. Executive Secretary* (2000) (G.R. No. 138570) and *Intellectual Property Association v. Director General of the Intellectual Property Office* (2016) (G.R. No 204605).

2.7. At subnational levels, local government units (LGUs) exercise certain devolved powers within their respective administrative boundaries. LGUs' powers are set out in the Local Government Code of 1991 (Republic Act No. 7160). As a unitary state, all powers remain with the Philippine central government except those specifically granted to local governments (The Philippine Senate, 2015). The national government possesses exclusive authority over, *inter alia*, defence, foreign policy, monetary policy, domestic single market and international trade, customs and tariff policy, and intellectual property rights. Implementation of international trade and investment agreements at subnational levels are coordinated by the national government to LGUs in the areas where the powers are shared with or devolved to LGUs, for example health and sanitary measures, and investment promotion.

2.8. While LGUs do not directly regulate international trade policy, they possess substantial competences in business licensing, local taxation, zoning, infrastructure development, and regulatory enforcement that significantly impact the free movement of goods, capital, and persons. The absence of a coordination framework in the exercise of LGUs' powers may create regulatory divergence across regions, thus imposing barriers to trade within the domestic market (Philippine Daily Inquirer, 2024). For instance, some local governments impose load limits on goods being transported through a province, while some maintain allegedly "unjust, excessive, oppressive" pass-through fees.

2.9. The Office of the Ombudsman is an independent constitutional body, investigating and prosecuting public officials for crimes such as graft and corruption. It may also impose administrative penalties on public officials and government employees.

2.2 Trade policy formulation and objectives

2.2.1 Trade policy formulation and implementation

2.10. Trade policy is developed under the ambit of the national socio-economic strategy, set out in the Philippine Development Plan (PDP). The PDP is the country's medium-term socio-economic planning over a six-year period that reflects the strategies and policy priorities of each administration, prepared by the Department of Economy, Planning and Development (DEPDev) under the guidance by the Economy and Development (ED) Council.⁷ The Council is chaired by the President.

2.11. An inter-agency Committee on Tariff and Related Matters (CTRM) advises the Economy and Development Council and the President on tariffs, trade and investment agreements, and shipping matters. CTRM also coordinates agency positions for trade negotiations and recommends tariff rationalization programmes. It operates through a Cabinet-level body and a Technical Committee supported by subcommittees on specific areas such as agriculture, services, and non-tariff measures.

2.12. The Department of Trade and Industry (DTI) leads on the implementation of trade policy within the Philippine Government. DTI works with other departments and bureaus across the Executive to meet its objectives, including the Bureau of Customs under the Department of Finance, the Food and Drug Authority under the Department of Health, and several bureaus under the Department of Agriculture.

2.13. The Export Development Council (EDC), chaired by the Secretary of Trade and Industry, is the policy-making body responsible for formulating the country's export strategy and targets. It comprises nine senior government officials and nine representatives from the private sector. During the review period, EDC shifted its focus towards digital upskilling and expanding support for micro, small, and medium-sized enterprises (MSMEs).

⁷ Following the enactment the Republic Act No. 12145 in April 2025, the National Economic and Development Authority (NEDA) was reorganized as the Department of Economy, Planning, and Development (DEPDev). Consequently, the original NEDA Board was replaced by the Economy and Development (ED) Council. Most committees originally under the NEDA Board remain functioning under the ED Council.

2.2.2 Trade policy objectives

2.14. The PDP 2023-2028 Midterm Update aims at creating an enabling environment to sustain "high levels of economic growth" at 6-7%, lower unemployment between 4 and 5%, and reduce poverty incidence to 8-9% by 2028, where trade and international investment play a substantial role for delivering economic growth and social transformation (Department of Economy, Planning, and Development, 2025). A recent policy research paper suggested that the Philippines can use trade policy to achieve other social policy objectives such as climate and labour (Coulibaly et al., 2024), which the authorities consider as an example demonstrating the Government's current approach to utilizing trade policy to advance competitiveness of firms and expand access to climate resilient technology.

2.15. The PDP 2023-2028 emphasizes restoring/strengthening the Philippines' "global position of export sectors", attracting foreign investments to boost trade and upgrade skills, and reducing trade costs that impede business competitiveness. The plan also links trade and investment policy to broader goals such as innovation, and moving up in global value chains.

2.16. Strategies to promote international trade and investment reflect the Philippines' continued efforts to open its economy and achieve export-oriented growth. The previous PDP 2017-2022 has delivered significant reforms, including enactment of the Rice Tariffication Act (Section 4.1) and the Philippine Innovation Act (Section 3.3.7) in 2019, and amendments to the Foreign Investment Act, Retail Trade Liberalization Act, and Public Service Act in 2022 (Section 2.4.).

2.17. In addition, the PDP clearly links export promotion to industry targets by integrating specific export value goals with industrial development strategies. In this regard, the Government updated the Philippine Export Development Plan (PEDP) 2023-2028, which targets total exports of goods and services worth USD 240.5 billion by 2028, up from USD 112.7 billion in 2022. The PEDP identified several key sectors (electronics, transport equipment, minerals, ICT services, and agri-processing) as main contributors to export growth and industry transformation.

2.18. To reduce trade costs, the PDP 2017-2022 prioritized trade facilitation measures such as continued deployment of the National Single Window and the streamlining of Customs procedures mandated under the Customs Modernization and Tariff Act (Section 3.1). The PDP 2023-2028 renews the emphasis on continued investment in connectivity infrastructure (both digital and physical) to reduce transport costs, thus boosting exports and growth. In this regard, the Public-Private Partnership Act entered into force on 23 December 2023 (Section 3.3.6). Furthermore, both PDPs included initiatives to reduce the regulatory burden, including measures of cutting red tape imposed by local governments.

2.19. Inclusiveness remains a cornerstone in the authorities' approach to promoting trade and investment, *i.e.* the Government adopted the "whole-of-government" strategy. Effective on 17 June 2018, the Ease of Doing Business and Efficient Government Service Delivery Act (Republic Act 11032) mandates simplified procedures and strict timelines for processing applications and permits by government entities, including LGUs and government-owned or controlled corporations. Also, Executive Order No. 18, issued on 23 February 2023, requires all government units including local governments to expedite permits and approvals, especially for strategic investments; the Order allows "simultaneous processing" of permit applications (Section 2.4).

2.3 Trade agreements and arrangements

2.3.1 WTO

2.20. The Philippines, a founding Member of the WTO, considers the rules-based multilateral trading system as "the bedrock of inclusive and sustainable growth", and called for Members working together to strengthen the foundation of the system.⁸ The Philippines accepted the WTO Agreement on Fisheries Subsidies on 27 February 2024, and it looks forward to bringing the Investment Facilitation for Development Agreement into the WTO legal framework. The Philippines participated

⁸ WTO document [WT/MIN\(22\)/ST/18](#), 12 June 2022.

in the Information Technology Agreement and its expansion, also it is an observer to the Committee on Government Procurement.

2.21. The Philippines supports reforms and modernization of the WTO, and welcomes new modalities and topics discussed in the WTO. It recognizes the need to address key issues such as the ability to conclude new agreements, improving compliance with the Members' obligations, and commencing work in new areas of interest among the Membership. During the 14th session of the Ministerial Conference, the Philippines states that it supports the efforts to strengthen and transform the organization, making it more agile to address contemporary global economic issues while ensuring that the interests of developing and least developed countries remain central to the WTO's foundational principles.⁹

2.22. Among the emerging topics, the Philippines urges Members to maintain the moratorium on imposing import duties on e-commerce transactions and advance ambitiously developing new rules on e-commerce. It also suggests that trade policy be used to address sustainability issues such as environmental conservation and tackling climate change. In the WTO, the Philippines sponsors joint statement initiatives (JSIs) on e-commerce, investment facilitation for development, and domestic regulation of trade in services; it participates in the Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade (DPP), the Trade and Environmental Sustainability Structured Discussions (TESSD), and the Informal Working Groups on Micro, Small and Medium-sized Enterprises (MSMEs) and on Trade and Gender.

2.23. The Philippine trade- and trade-related policies and practices have been reviewed six times at the WTO. The previous review took place in June 2019.

2.24. During the review period, the Philippines submitted more than 800 notifications to the WTO, covering most of its notification requirements. As of end-February 2026, notifications concerning agriculture since 2023 remained outstanding.

2.25. During the review period, the Philippines did not initiate any case as a complainant, nor was involved in any case as a respondent in the WTO Dispute Settlement Body (DSB). In the meantime, the Philippines joined three dispute settlement proceedings as a third party.¹⁰ The dispute over Thailand's customs and fiscal measures on cigarettes from the Philippines reached a comprehensive settlement on 7 June 2022 through the DSB's Facilitator-assisted discussions.¹¹ The Philippines fully supports the restoration of a two-tiered dispute settlement mechanism as the bedrock to a rules-based multilateral trading system¹², and shares the view that "urgent reform of the WTO dispute settlement system is vital to ensure fair treatment for all, especially for developing Members".¹³ In the absence of the Appellate Body, it participates in the Multi-Party Interim Appeal Arbitration Arrangement (MPIA).

2.3.2 Regional and preferential agreements

2.3.2.1 Overview

2.26. The Philippines considers that free trade agreements (FTAs) complement the rules-based multilateral trading system in providing predictability and an enabling environment for trade and investment. As set out in the national development plan, the Government intends to pursue "purposive, assertive, and forward-looking FTAs to expand markets, diversify sources of raw and intermediate materials, and increase the competitiveness of domestic industries" (Department of Economy, Planning, and Development, 2023). The authorities indicated that FTA negotiations are crucial for export market diversification, with an emphasis on removing non-tariff barriers.

2.27. As at the end of 2025, the Philippines is a signatory to a total of 12 RTAs, 10 of which have been notified and considered in the WTO Committee of Regional Trade Agreements (Table 2.1). Nine out of the 10 notified RTAs cover goods and services. The non-notified RTAs include

⁹ WTO document [WT/MIN\(26\)/ST/2](#), 26 March 2026.

¹⁰ WTO documents [WT/DS/526/3](#), 3 September 2018; [WT/DSB/M/419](#), 8 February 2019; and [WT/DS/562/9](#), 25 October 2019.

¹¹ WTO document [WT/DS/371/46](#), 5 July 2022.

¹² WTO documents [WT/MIN\(22\)/ST/18](#), 12 June 2022, [WT/MIN\(26\)/ST2](#), 26 March 2026.

¹³ WTO document [WT/MIN\(24\)/ST/17](#), 26 February 2024.

the Regional Comprehensive Economic Partnership Agreement (RCEP), and the bilateral RTA with the Republic of Korea.

Table 2.1 RTAs notified to the WTO, December 2025

Agreement	Coverage	Date of signature	Date of notification	Date of entry into force
ASEAN–Australia–New Zealand	Goods & Services	27/02/2009	08/04/2010	01/01/2010
ASEAN–China	Goods & Services	29/11/2004(G) 14/01/2007(S)	21/09/2005(G) 26/06/2008(S)	01/01/2005(G) 01/07/2007(S)
ASEAN–Hong Kong, China	Goods & Services	28/03/2018	10/02/2021	11/06/2019
ASEAN–India	Goods & Services	13/08/2009(G) 13/11/2014(S)	19/08/2010(G) 20/08/2015(S)	01/01/2010(G) 01/07/2015(S)
ASEAN–Japan	Goods & Services	26/03/2008(G) 27/02/2019(S)	23/11/2009(G) 11/11/2022(S)	01/12/2008(G) 01/08/2020(S)
ASEAN–Korea, Republic of	Goods & Services	24/08/2006(G) 21/11/2008(S)	08/07/2010	01/01/2010(G) 01/05/2009(S)
ASEAN Free Trade Area (AFTA)	Goods & Services	26/02/2009(G) 15/12/1995(S)	31/08/2021(G) 21/12/2022(S)	17/05/2010(G) 12/08/1998(S)
ASEAN Trade in Services Agreement (ATISA)	Services	07/10/2020	29/04/2024	05/04/2021
EFTA–Philippines	Goods & Services	28/04/2016	26/10/2018	01/06/2018
Japan–Philippines	Goods & Services	09/09/2006	11/12/2008	11/12/2008

Source: WTO Secretariat, based on the WTO Regional trade Agreement Database.

2.28. The Philippines considers the ASEAN Economic Community (AEC) as a corner stone for its trade policy. It coordinates trade policy with its ASEAN partners, pursuing a deeper economic integration within the region.¹⁴ In addition to negotiating bilateral trade agreements individually, the Philippines together with its ASEAN partners, negotiates collective RTAs with third countries. During the review period, the ASEAN Trade in Services Agreement (ATISA); the ASEAN Free Trade Agreement (FTA) with Hong Kong, China; the EFTA–Philippines FTA; the Philippines–Korea FTA; and the Regional Comprehensive Economic Partnership Agreement¹⁵ entered into force. Moreover, the ASEAN Comprehensive Economic Partnership Agreement with Japan was updated with the addition of services and investment chapters. The Philippines signed the Second Protocol to Amend the ASEAN–Australia–New Zealand FTA in March 2024.

2.29. The Comprehensive Economic Partnership Agreement (CEPA) between the Philippines and the United Arab Emirates was signed in January 2026. The Philippines is engaged in negotiations for "a comprehensive and modern FTA" with the European Union¹⁶, and negotiating a comprehensive economic partnership agreement with Chile. Bilaterally, and together with its ASEAN partners, the Philippines is in negotiations of free trade agreements with Canada.

2.3.2.2 Recent development

2.3.2.2.1 ASEAN RTAs

ASEAN Trade in Services Agreement (ATISA)

2.30. ATISA entered into force on 5 April 2021, and will supersede the ASEAN Framework Agreement on Services (AFAS) and all AFAS implementing protocols upon the completion of the party-specified transition period. The Philippine commitments under AFAS remain in effect until the implementation of ATISA. In contrast to the positive listing approach adopted in AFAS, ATISA adopts the negative-listing approach for preferential market access. The authorities note that the Philippines is in the process of transposing its AFAS commitments to ATISA-complied schedules of commitments.¹⁷

¹⁴ WTO document, [WT/TPR/S/368/Rev.1](#), 19 June 2018.

¹⁵ The signatories of the Regional Comprehensive Economic Partnership Agreement are Australia, Brunei Darussalam, Cambodia, China, Indonesia, Japan, the Republic of Korea, Laos, Malaysia, Myanmar, New Zealand, the Philippines, Singapore, Thailand, and Viet Nam.

¹⁶ European Commission (2024), [EU and the Philippines announce resumption of negotiations for a free trade agreement](#), Press Release, 18 March 2024.

¹⁷ WTO document, [WT/REG457/4](#), 21 March 2025.

2.31. Compared to AFAS, ATISA strengthens and clarifies regulatory provisions, with an aim at enhancing services market integration within the AEC framework. Specifically, there are more advanced provisions on domestic regulation, subsidies, and safeguards, which were absent in AFAS. Currently, AFAS commitments cover 155 subsectors under the WTO Services Sector Classification.¹⁸ Under AFAS and its implementing protocols, the Philippines maintains horizontal commitments similar to its MFN commitments under the GATS, except for financial services. Regarding sector-specific commitments, most limitations are applicable to supply through commercial presence (mode 3).¹⁹ As of end-March 2025, the Philippines have mutually recognized professional services qualifications from other AFAS parties for accountancy, architectural, dental, engineering, medical, nursing, surveying, and tourism.

ASEAN–Hong Kong, China Free Trade Agreement (AHKFTA)

2.32. The ASEAN–Hong Kong, China Free Trade Agreement (AHKFTA) entered into force in the Philippines on 12 May 2020. Under the Agreement, the Philippines will eliminate tariffs on around 82% of total lines for goods originating from Hong Kong, China by end-2028. Tariffs for semiconductors and electronics products, in particular inputs for the assembly, testing, and packaging (ATP) industry have been eliminated by 2024. Under its Highly Sensitive list, the Philippines maintains tariff protection at rates as high as 50% on certain manufactured goods, such as plastic products, steel and iron, and electrical components. Rice and sugar remain excluded from any tariff concessions.

2.33. Regarding services, the commitments by the Philippines were mostly similar to the Philippine GATS commitments.²⁰ One of the notable market access improvements for investors from Hong Kong, China (HKC) is the opening of shipbuilding services, without limitation on foreign ownership. Also, the Philippines relaxed restrictions on foreign equity and foreign participation in firms' management (board of directors) for the financial leasing sector. Moreover, some niche sectors that the Government deems to support Philippine digital and creative economies are open to HKC investors, including computer and related services, and speciality design services (ASEAN Secretariat, 2022).

Update of the ASEAN – Japan Comprehensive Economic Partnership Agreement (AJCEP)

2.34. Negotiations on updating the ASEAN – Japan Comprehensive Economic Partnership Agreement (AJCEP) were concluded in early 2019. The updated AJCEP includes provisions on trade in services and investment, whereas the original AJCEP covered only trade in goods. Regarding market access in services, the updated Agreement adopts a "positive listing" approach. Under the Agreement, Japan removes barriers for ASEAN services providers in the sectors of business services, distribution services, and health and social services, while the Philippines made commitments in the sectors of construction, banking and finance, telecommunications, maritime transport, and professional services. The market access opportunities for Japanese services providers in these sectors remained subject to caps on foreign equity. With regard to investment, both the Philippines and Japan adopt a "negative listing" approach (Section 2.4).

Update of the ASEAN–Australia–New Zealand FTA

2.35. The Philippines is in the process of ratifying the update of ASEAN–Australia–New Zealand FTA. The updated agreement improves the existing 13 chapters of the original agreement. Related to preference for goods, it now allows full cumulation among all 12 signatories. In terms of trade facilitation measures, parties committed to expedited release of goods from customs procedures, in particular, for perishable products it is committed to clearing within six hours. Compared with the original agreement, the updated agreement introduced three new chapters, covering micro, small, and medium enterprises (MSMEs), sustainable development, and government procurement.

¹⁸ WTO document, [MTN.GNS/W/120](#), 10 July 1991.

¹⁹ For a summary, WTO document, [WT/REG457/4](#), 21 March 2025.

²⁰ WTO document, [WT/REG448/1](#), 24 March 2023.

2.3.2.2.2 Bilateral RTAs

Philippines-EFTA Free Trade Agreement (PH-EFTA)

2.36. The free trade agreement between the Philippines and the European Free Trade Association (EFTA) states (PH-EFTA) entered into force on 1 June 2018.²¹ Under the agreement, EFTA states eliminated tariffs on all non-agricultural goods²² originating from the Philippines upon entry into force, while the Philippines adopted a phased tariff reduction and elimination approach with a ten-year timeline. By end-2027, almost all non-agricultural products originating from EFTA states will enter the Philippines duty-free, except for 97 tariff lines where the Philippines excludes from any tariff commitments.

2.37. Regarding commitments on trade in services under the PH-EFTA, the agreement adopts a "positive listing" approach. Most EFTA commitments for Philippine services providers mirror the respective GATS commitment, with a number of improvements. The Philippines included a number of new commitments for certain subsectors while commitments for other subsectors remained aligned with Philippine GATS commitments.²³ For instance, it expands the coverage for maritime transport, computer and related services, certain professional services, and some other business services, all of which are unbound under the GATS.

Philippines-Korea Free Trade Agreement (PH-KR FTA)

2.38. The bilateral FTA between the Philippines and the Republic of Korea (PH-KR FTA) entered into force on 31 December 2024. This Agreement provides improved market access for goods from both parties, compared to the ASEAN-Korea Free Trade Agreement (AKFTA). The PH-KR FTA has an accelerating tariff reduction schedule. By the end of the 15-year implementation period, 96.5% of all Philippine tariff lines will be duty-free for Korean-originating goods, while the Republic of Korea will eliminate tariff on 94.8% of all lines for goods from the Philippines. Moreover, the Agreement includes provisions for economic and technical cooperation on critical minerals processing, supply chains, creative industries and intellectual property protection for creative works, health industries, digital trade, artificial intelligence (AI), robotic and 5G technology, among others.

2.3.2.3 Market access summary

2.39. The Philippines offers significant tariff concessions to its RTA partners. Upon entry into force, the duty-free lines for its RTA partners may reach as high as 99% of total tariff lines, while the percentage of duty-free lines under MFN schedule ranged from 3.7% to 14.3% (Table 2.2). Most of the RTAs have staged implementation over several years with the longest implementation period extending until 2032. By the end of implementation, at least 78% of tariff lines will be duty free for its RTA partners.

Table 2.2 Duty-free tariff coverages for selected RTA partners

Agreement	Partner	% Duty-free in total tariff lines		
		MFN (year of entry into force)	RTA (year of entry into force)	RTA (year of implementation end)
ASEAN-Hong Kong, China	Hong Kong, China	13.89 (2020)	13.89 (2020)	82.09 (2032)
EFTA-Philippines	Switzerland Liechtenstein	12.56 (2018)	80.22 (2018)	91.42 (2027)
	Iceland		80.19 (2018)	89.91 (2027)
	Norway		78.80 (2018)	89.26 (2027)

²¹ The Agreement entered into force on 1 January 2020 in Iceland.

²² The definition of "agricultural products" in the Agreement is different as compared to the WTO. In particular, some fish products that are not considered to be "agricultural products" under the WTO, are considered to be "agricultural products" under the Agreement. WTO document, [WT/REG394/1](#), 3 September 2020.

²³ WTO document, [WT/REG394/1](#), 3 September 2020.

Agreement	Partner	% Duty-free in total tariff lines		
		MFN (year of entry into force)	RTA (year of entry into force)	RTA (year of implementation end)
ASEAN–Australia–New Zealand (AANZFTA)	Australia	3.76 (2010)	60.79 (2010)	95.49 (2020)
	New Zealand			
ASEAN–India	India	5.15 (2011)	5.15 (2011)	78.30 (2025)
ASEAN–Korea	Republic of Korea	3.76 (2010)	81.34 (2010)	90.91 (2016)
ASEAN–Japan	Japan	3.76 (2010)	58.25 (2010)	95.32 (2020)
Japan–Philippines (PJEPA)	Japan	3.70 (2008)	61.08 (2008)	98.61 (2018)
ASEAN Free Trade Area (AFTA)	Brunei Darussalam	14.28 (2021)	99.27 (2021)	99.27 (2021)
	Indonesia			
	Cambodia			
	Lao PDR			
	Myanmar			
	Malaysia			
	Singapore			
	Thailand			
	Viet Nam			

Source: WTO Secretariat.

2.40. The PDP 2017–2022 envisaged a database of FTA Utilization, which may be used to measure RTAs' impacts on merchandise trade. According to a survey carried out jointly by the Philippine Chamber of Commerce and Industry and Phil Export, the average FTA utilization rate stood at 55% for the 2012–2022 period. Researchers attributed the low FTA utilization to insufficient capacity of Philippine traders, including lack of awareness of FTAs, inadequate business networks, and limited resources to understand FTA rules and procedures (Alconcel, 2024).

2.41. According to a recent assessment, the Philippines has typically adopted a highly conservative approach to services trade liberalization across its various RTAs (Seráfica and Oren, 2022). Under the GATS, the Philippines partially committed 13 sectors (classified according to the Central Product Classification nomenclature) and retained 43 sectors fully without commitments. Nonetheless, the Philippines expanded its commitment coverage to some new sectors through RTAs. These included commitments to sectors where originally no commitments were made, or where the coverage were broader than the original commitments under GATS (Table 2.3).

Table 2.3 Commitments in the services sectors under GATS and RTAs

Sectors (CPC Classification)	GATS	AFAS	ASEAN-CHN	JPEPA	ASEAN-JPN	ASEAN-KOR	ASEAN-AANZFTA	EFTA-PHL	ASEAN-HKG
1. BUSINESS SERVICES									
A. Professional Services	---	New	---	New	New	---	New	New	---
B. Computer and Related Services	---	New	---	New	New	---	---	New	---
C. Research and Development Services	---	New	---	---	---	---	---	---	---
D. Real Estate Services	---	New	---	---	---	---	---	---	---
E. Rental/Leasing Services without Operators	Partial	>	---	=	=	=	---	=	---
F. Other Business Services	---	>	New	New	New	New	New	New	New
2. COMMUNICATION SERVICES									
A. Postal services	---	New	New	New	---	>	New	---	New
B. Courier services	Partial	=	Diff	<	<	<	=	=	<

Sectors (CPC Classification)	GATS	AFAS	ASEAN-CHN	JPEPA	ASEAN-JPN	ASEAN-KOR	ASEAN-AANZFTA	EFTA-PHL	ASEAN-HKG
C. Telecommunication services	Partial	≈	>; Some NS	>	≈	>	>	≈	>
D. Audiovisual services	---	New	---	New	---	---	---	---	---
E. Other	---	New	---	---	---	---	---	---	---
3. CONSTRUCTION AND RELATED ENGINEERING SERVICES	---	New	New	---	---	New	New	New	New
4. DISTRIBUTION SERVICES	---	New	---	New	---	---	---	New	---
5. EDUCATION SERVICES	---	New	---	New	---	---	New	---	---
6. ENVIRONMENTAL SERVICES	---	New	New	New	---	New	New	New	New
7. FINANCIAL SERVICES									
A. All insurance and insurance-related services	Partial	>	NS	=	>	>	>	>	>
B. Banking and other financial services	Partial	>	NS	>	≈	≈	>	>	≈
C. Other	---	---	---	---	---	---	---	---	---
8. HEALTH RELATED AND SOCIAL SERVICES									
9. TOURISM AND TRAVEL RELATED SERVICES									
A. Hotels and restaurants (including catering)	Partial	>	>	>	>	>	>	>	>
B. Travel agencies and tour operators' services	Partial	>	>	>	>	>	>	>	>
C. Tourist guides services	---	---	---	New	---	---	---	---	---
D. Other	Partial	New	>	NS	=	>	=	=	>
10. RECREATIONAL AND CULTURAL AND SPORTING SERVICES									
11. TRANSPORT SERVICES									
A. Maritime Transport Services	Partial	≈	NS	>	=	=	=	≈	>
B. Internal Waterways Transport	---	New	---	---	---	---	---	---	---
C. Air Transport Services	Partial	>	NS	New*	>	=	>	>	=
D. Space Transport	---	New	---	---	---	---	---	---	---
E. Rail Transport Services	Partial	>	NS	New*	=	=	NS	<	=
F. Road Transport Services	Partial	>	NS	<, but New	=	=	=	<	=
G. Pipeline Transport	---	New	---	New	New	New	---	New	---
H. Services auxiliary to all modes of transport	Partial	>	NS	New*	<	=	=	≈	>
I. Other Transport Services	---	New	---	---	---	---	---	---	---
12. OTHER SERVICES NOT INCLUDED ELSEWHERE									
	---	New	New	>	---	---	---	---	New

Notes:

- No commitments made.
> Commitments made in the RTA are broader than in GATS.
= Commitments made in the RTA are the same as under GATS.
≈ Commitments made in the RTA are similar to the ones under GATS.
< Lower coverage (as compared to GATS), including in cases where a whole sector or subsector is excluded.
New New subsectors are added.
NS No commitments made in the RTA but commitments made under GATS.
Diff Commitments made in the RTA different from the ones under GATS.
* One subsector not committed in the RTA but committed under GATS.

Source: WTO Secretariat, based on WTO documents [WT/REG457/4](#), [WT/REG279/1](#), [WT/REG257/1](#), [WT/REG277/4](#), [WT/REG287/1](#), [WT/REG284/1/Rev.1](#), [WT/REG394/1](#), and [WT/REG448/1](#).

2.42. All RTAs of which the Philippines is a party (except ATISA) adopted the "positive listing" approach. The positive lists cover the Philippine sectors of, *inter alia*, professional services (e.g. architectural, accounting, and legal), telecommunications, business and computer services, financial services, maritime transport, construction and related engineering services. These sectors align with the Philippines' comparative advantages (i.e. the BPO sector, and labour mobility) and national development strategies (i.e. infrastructure investment). Researchers see scope for more policy making attention to be allocated to further services trade liberalization, as it will help move the national agenda forward (Seráfica and Oren, 2022).

2.43. ATISA mandates its signatories to convert their AFAS commitments into a negative list. The Philippines' commitments under ATISA have not been fully transposed and publicly gazetted. The Philippines maintains a Foreign Investment Negative List (FINL), and this list was lately revised in June 2022 (Section 2.4).

2.4 Investment regime

2.44. During the review period, the Philippines reformed various aspects of its legal and institutional framework with a view to fostering, attracting, and facilitating investments, as well as improving the business climate.

2.45. The Philippines maintains various foreign investment restrictions, most of which are consolidated in a "regular foreign investment negative list" (FINL).²⁴ The current (twelfth) FINL reflects amendments made to the Public Service Act²⁵, the Retail Trade Liberalization Act²⁶, and the Foreign Investments Act²⁷ and entered into force in July 2022.²⁸ With the twelfth FINL, the Philippines eliminated or relaxed foreign investment restrictions in several sectors, including telecommunications (except critical infrastructure (Section 4.5.2)), transport and logistics, and retail trade. Foreign nationals were allowed to own micro, small, and medium-sized enterprises (MSMEs) with paid-in capital of USD 100,000 or more, provided they meet certain conditions.²⁹ In November 2022, following the issuance of a Department of Justice legal opinion, restrictions on foreign investment in most renewable energy resources were also eliminated.³⁰

2.46. The Board of Investments (BOI) remains the principal agency mandated to drive investment growth and industrial advancement in the Philippines. The BOI takes a leading role in the formulation of investment policy recommendations, the elaboration of industry studies and strategic roadmaps, and in most investment promotion activities. The BOI also provides counselling services to prospective investors, assistance in addressing recurring investor concerns (aftercare services), as well as training and capacity development programmes to investment promotion officers from Local Government Units (LGUs). Furthermore, like its 19 counterpart Philippine investment promotion agencies (IPAs), the BOI participates in the administration of investment incentives, encompassing the evaluation and registration of qualified enterprises and the monitoring of their ongoing compliance with relevant terms, conditions, and performance commitments.

2.47. The BOI chairs both the steering committee and the technical working group, and acts as the technical secretariat of the Philippine Investment Promotion Plan (PIPP), a coordination network of 20 Philippine IPAs.³¹ In addition, the BOI chairs and administers the Investments Facilitation Network (INFANet), a coordination mechanism among IPAs and relevant public entities on investment-related matters and business environment streamlining. The BOI is also a core member and serves as the secretariat of the Inter-Agency Investment Promotion Coordination Committee (IIPCC) established in 2022.³² The IIPCC's remit includes integrating and strengthening activities aimed at attracting foreign investments into the Philippines, as well as screening foreign investments in strategic industries that may pose threats to national safety, security, or the well-being of Filipinos.³³ Pursuant to its mandate, the IIPCC approved a long-term Foreign Investments Promotion and Marketing Plan (FIPMP) on 18 December 2024.

²⁴ The FINL does not reflect any foreign ownership restrictions in financial services businesses regulated by the Bangko Sentral ng Pilipinas and in professions governed by specific laws.

²⁵ Republic Act No. 11659, 21 March 2022.

²⁶ Republic Act No. 11595, 10 December 2021.

²⁷ Republic Act No. 11647, 2 March 2022.

²⁸ Twelfth Regular Foreign Investment Negative List, Executive Order No 175, 27 June 2022. Viewed at: <https://www.officialgazette.gov.ph/downloads/2022/06jun/20220627-EO-175-RRD.pdf> (18/12/2025).

²⁹ Prior to the Foreign Investments Act's amendment, ownership of MSMEs with paid-in capital of less than USD 200,000 had been reserved for Philippine nationals.

³⁰ Department of Energy, Department Circular No. 2022-11-0034, 15 November 2022. Viewed at: <https://boi.gov.ph/wp-content/uploads/2025/09/dc2022-11-0034.pdf> (18/12/2025).

³¹ Philippine Board of Investments. Viewed at: <https://boi.gov.ph/investments-promotion/philippine-investment-promotion-plan/> (11/12/2025).

³² Republic Act No. 11647, 2 March 2022.

³³ The investment screening mechanism applies to foreign investments in sensitive sectors or geographical areas critical to national security. The process begins with an initial risk assessment and, if necessary, proceeds to a full national security review. Depending on the review's findings, the IIPCC may recommend to the President that the investment transaction be blocked, suspended, or limited.

2.48. In the aftermath of the COVID-19 pandemic, the Philippines lowered the standard corporate income tax rate to 25% and implemented a harmonized fiscal incentives system for registered business enterprises (RBEs)³⁴ through the enactment of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act in 2021.³⁵ The CREATE Act also streamlined the eligibility criteria for RBE registration, notably by eliminating foreign equity and export turnover thresholds that had been in place for registration with the BOI, and instituted the formulation of a triennial Strategic Investment Priority Plan (SIPP) to govern the granting of fiscal incentives.³⁶ In 2024, the Philippines enacted the follow-up Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act with a view to enhancing the predictability and global competitiveness of its tax incentives system.³⁷

2.49. The first SIPP, incorporating investment policy priorities set out in the Philippine Development Plan became effective in June 2022.³⁸ It set out the terms and conditions for granting fiscal incentives for investment, including a matrix of eligible business activity tiers and geographical location criteria. The first SIPP was amended 14 times during its triennial period. The authorities indicate that non-fiscal incentives remain governed by IPA-specific legislation but may be harmonized in a future edition of the SIPP.

2.50. Businesses registered with any of the 20 Philippine IPAs qualify for a menu of fiscal incentives, including (i) an income tax holiday (ITH), (ii) a range of enhanced deductions (ED) from taxable income, (iii) import duty exemptions for capital equipment, raw materials, spare parts, or accessories, and (iv) an "RBE local tax" (up to 2% of gross income) in lieu of all local taxes, fees, and charges during the incentives entitlement period. In addition, RBEs whose export sales represent at least 70% of total turnover (called registered export enterprises (REEs)) and high-value domestic market enterprises (HVDMEs)³⁹ qualify for a VAT exemption of merchandise imports and VAT zero-rating of locally purchased goods and services directly linked to their business activity. REEs also have the option to swap the ED regime for a special corporate income tax (SCIT) rate (5%) applied in lieu of all national taxes and local taxes, fees and charges. Projects whose planned investment capital exceeds PHP 15 billion are approved by the Fiscal Incentives Review Board (FIRB) and granted incentives with longer durations (Table 2.4).

Table 2.4 Incentive entitlement periods, 2024

Description	IPAs	FIRB
Registered export enterprises	(i) 4-7 years of ITH, followed by 10 years of either ED or SCIT; or (ii) 14-17 years of either ED or SCIT	(i) 4-7 years of ITH, followed by 20 years of either ED or SCIT; or (ii) 24-27 years of either ED or SCIT
Domestic market enterprises and high-value domestic market enterprises	(i) 4-7 years of ITH, followed by 10 years of ED; or (ii) 14-17 years of ED	(i) 4-7 years of ITH, followed by 20 years of ED; or (ii) 24-27 years of ED
Extension of original entitlement period	5 years of either ED or SCIT	10 years of either ED or SCIT
Business expansion	8 years of either ED or SCIT	13 years of either ED or SCIT

Note: The period of entitlement to incentives is determined according to a matrix of industry tiers and geographical areas defined in the relevant Strategic Investment Priority Plan.

Source: Republic Acts No. 11534, 26 March 2021 and No. 12066, 8 November 2024.

³⁴ Since April 2021, an RBE is defined as any entity (except a service provider) organized and existing under Philippine law and registered with a Philippine IPA. IPAs can only accept registration applications for business activities listed in the Strategic Investment Priority Plan.

³⁵ Republic Act No. 11534, 26 March 2021.

³⁶ The SIPP is elaborated by the BOI in collaboration with the Fiscal Incentives Review Board, other Philippine IPAs, and private sector representatives, and is subject to presidential approval.

³⁷ Republic Act No. 12066, 8 November 2024.

³⁸ Philippine Board of Investments. Viewed at: <https://boi.gov.ph/strategic-investment-priority-plan/> (11/12/2025).

³⁹ To qualify as a HVDME, the business must either (i) have investment capital exceeding PHP 15 billion and be engaged in import-substituting activities, or (ii) have generated annual export revenue of at least USD 100 million in the previous year.

2.51. The President of the Philippines, acting upon FIRB recommendation, may grant incentives on more flexible terms, or approve a support package⁴⁰ for a "highly desirable project" or a specific industrial activity. Highly desirable projects must comply with a minimum threshold for either the invested capital (PHP 50 billion) or employment creation (10,000 jobs). The entitlement period for incentives granted through presidential powers shall not exceed 40 years. The authorities state that, to date, one project has been granted a presidential incentive package.

2.52. In 2023, with a view to expediting investments that would generate employment and enhance the economy's competitiveness, the Philippines implemented a system of green lane units across national government agencies (NGAs), government-owned and controlled corporations (GOCCs), quasi-judicial bodies, and LGUs. A One-Stop-Action-Centre for Strategic Investments (OSAC-SI) was established within the BOI to operationalize the system.⁴¹ Permits, licences, certifications, and authorizations for strategic investment projects are processed at relevant green lane units in parallel, rather than sequentially, thereby shortening project implementation timelines. The OSAC-SI is responsible for the identification, designation, endorsement, and monitoring of strategic investments, as well as the provision of post-investment assistance.⁴² The authorities indicate that 232 projects with a projected total investment value of PHP 6.11 trillion had been endorsed for green lane fast-tracking as of 31 December 2025.

⁴⁰ For this purpose, State support may be provided in the form of land use rights and/or a budgetary allocation under the annual General Appropriations Act.

⁴¹ Executive Order No. 18, 23 February 2023.

⁴² BOI Memorandum Circular No. 2025-008, 9 October 2025.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures directly affecting imports

3.1.1 Customs procedures, valuation, and requirements

3.1. The Customs Modernization and Tariff Act (CMTA) remains the Philippines' core legal framework for customs administration, and its implementation remains the remit of the Bureau of Customs (BOC).¹ Regular consultations between the BOC and the trading community were institutionalized with the launching of the Customs-Industry Consultative and Advisory Council (CICAC) in 2024.² CICAC is a multi-level coordination platform bringing together representatives of national industry associations, foreign chambers of commerce, compliant economic operators, and organizations active in local districts. The BOC is also involved in inter-agency coordination and stakeholder engagement activities through the Philippine Trade Facilitation Committee.

3.2. Importers and customs brokers must obtain accreditation from the Bureau of Customs (BOC) prior to importing goods for commercial purposes. The requisite supporting documentation includes a certificate of registration from the Bureau of Internal Revenue (BIR), a mayor's permit, and a clearance certificate from the National Bureau of Investigation.³ Although the accreditation procedure can be carried out electronically, new applicants and accredited importers seeking to update their business information must submit the relevant documentation in hard copy. Accreditations are valid for one year.

3.3. Although traders are allowed to lodge goods declarations themselves⁴, the BOC indicates that all import and export declarations lodged during 2018-2025 were processed by customs brokers. In January 2026, there were 2,873 licensed customs brokers in the Philippines. Customs brokerage fees are set by the BOC.⁵

3.4. Import clearance of bulk and break-bulk cargoes continues to require a load port survey (or, if unavailable, a discharge port survey) conducted by a BOC-accredited cargo surveying company. The survey's purpose is to verify the quantity, quality, classification, and valuation of the cargo.⁶ In 2024, the Philippines enacted legislation establishing a digital system for Pre-Border Technical Verification and Cross-Border Electronic Invoicing of Imports.⁷ The authorities indicate that, as of January 2026, the system had not yet been implemented.

3.5. Import declarations (single administrative documents) for goods valued at PHP 50,000 or more must be lodged electronically through the BOC's automated import and export declaration system (E2M).⁸ However, supporting documentation must be submitted in hard copy to the BOC for verification. During the review period, the BOC implemented automated system upgrades enabling the electronic processing of export declarations, advance rulings⁹, transit permits, ATA carnets, and payments.

3.6. The Philippines participates in the ASEAN Single Window initiative facilitating the secure electronic exchange of trade-related documents across the region. The authorities consider that a national single window has been established but acknowledge that only a few of the 77 Philippine trade regulatory and oversight agencies have been fully onboarded to date. Incomplete deployment

¹ Republic Act No. 10863, 30 May 2016.

² Customs Memorandum Order No. 02-2024, 2 February 2024.

³ Bureau of Customs. Viewed at: <https://customs.gov.ph/amos-corner/> (15/09/2025).

⁴ Supreme Court of the Philippines. Viewed at: <https://sc.judiciary.gov.ph/sc-signing-of-goods-declaration-no-longer-exclusive-to-customs-brokers/> (12/03/2026).

⁵ Customs Administrative Order No. 1-2001, 21 May 2001.

⁶ Administrative Order No. 243-A, 16 September 2009.

⁷ Administrative Order No. 23, 13 May 2024.

⁸ Commercial goods with an f.o.b. value below PHP 50,000 are cleared under simplified procedures, which are not yet incorporated into the automated electronic system.

⁹ The BOC issues advance rulings on valuation and origin, whereas advance rulings on the classification of goods are issued by the Tariff Commission.

remains a hurdle in the transition to automated, paperless processing of trade-related documentation.¹⁰

3.7. Shipments are assigned to one of four selectivity lanes: green (immediate release), yellow (documentary check), orange (x-ray scanning), and red (x-ray scanning and physical inspection). The risk assessment methodology is based on a matrix of indicators comprising the trader's and/or the customs broker's characteristics and prior record, as well as the consignment's nature and origin.

3.8. The BOC has been operating a super green lane (SGL) for expedited clearance of trusted traders' goods since 2000.¹¹ In 2017, the Philippines also launched a tiered authorized economic operator (AEO) programme.¹² As of December 2025, there were seven certified participants in the AEO programme, compared to 273 SGL trusted traders. The Philippines has signed agreements for the mutual recognition of AEO programmes with its ASEAN partners, as well as with China and Hong Kong, China.

3.9. The BOC carried out a time release study (TRS) at the Manila International Container Port in 2019, followed by TRSs with expanded geographic coverage in 2020, 2021, and 2022.¹³ The authorities indicate that a nation-wide TRS was launched in July 2025. According to the published findings of the 2022 TRS, the average release time for seaborne containerized import shipments ranged between seven and nine days, depending on the port of entry. For export shipments, the corresponding range was from one to eight days. The study specifies that customs processing represented approximately 30% and 18% of the overall average release times for imports and exports, respectively. Observed clearance delays were attributable to, *inter alia*, intermittent Internet connectivity, poor integration of the existing platforms and systems, incomplete onboarding of trade regulatory and oversight agencies, and inadequate staff training.

3.10. The dutiable value of imported goods is the sum of the purchase cost and all expenses incurred for freight and insurance up to the point of entry into the Philippines. Consignments can be released under bond prior to the final determination of duties. The Philippines applies the WTO Customs Valuation Agreement and uses the transaction value of goods as the primary valuation method (94% to 97% of all import declarations, annually).¹⁴ In 2020, the BOC incorporated an Enhanced Value Reference Information System (e-VRIS) into the E2M system with a view to better assessing imports' value-related risks.¹⁵ The Philippines submitted an updated checklist of issues to the Committee on Customs Valuation in 2023.¹⁶

3.11. In case of disagreement with BOC decisions, aggrieved parties may lodge a protest with the District Collector, whose decision can be reviewed by the Commissioner of Customs. Valuation and origin decisions may be appealed at the Court of Tax Appeals.

3.1.2 Rules of origin

3.12. The Philippines has not promulgated any legal acts, judicial decisions, or administrative rulings of general application related to non-preferential rules of origin.¹⁷

3.13. Preferential rules of origin are applied in the context of the Philippines' trade agreements (Section 2.3.2); eight of these agreements contain provisions on regional cumulation.¹⁸ Compliance with preferential rules of origin is ascertained by the BOC during customs clearance and post-clearance audits. A certificate of non-manipulation or a single transport document is generally required for the granting of preferential treatment, in case a consignment's route to the Philippines

¹⁰ Partial Time Release Study Report (2022). Viewed at: <https://customs.gov.ph/wp-content/uploads/2023/10/TRS-2022-Report-as-of-25-Sept-23-Final-v2.pdf> (30/10/2025).

¹¹ WTO document [WT/TPR/S/368/Rev.1](#), 19 June 2018.

¹² Bureau of Customs. Viewed at: <https://customs.gov.ph/aeos-corner/> (15/10/2025).

¹³ Bureau of Customs. Viewed at: <https://customs.gov.ph/time-release-study/> (30/10/2025).

¹⁴ WTO documents [G/VAL/N/1/PHL/1](#), 5 October 2001; and [G/VAL/N/1/PHL/2](#), 1 June 2023.

¹⁵ Customs Memorandum Order No. 16-2020, 6 July 2020 and WTO document [G/VAL/Q/PHL/4](#), 30 June 2025.

¹⁶ WTO document [G/VAL/N/2/PHL/2](#), 31 May 2023.

¹⁷ WTO document [G/RO/N/6](#), 19 December 1995.

¹⁸ WTO documents [G/RO/N/229](#), 16 November 2021, [G/RO/N/221](#), 29 April 2021, [G/RO/N/192](#), 20 January 2020, and [WT/TPR/S/368/Rev.1](#), 19 June 2018.

involved transit or transshipment. The Philippines exchanges electronic certificates of origin (e-COs) with all ASEAN Member States through the ASEAN Single Window.

3.1.3 Tariffs

3.1.3.1 Applied MFN tariff

3.14. All trading partners of the Philippines receive at least most-favoured nation (MFN) tariff treatment. The 2026 applied MFN customs tariff is entirely *ad valorem* and comprises 11,510 lines at the 11-digit level.¹⁹ There are no seasonal tariffs; variable tariffs on rice imports became effective on 1 January 2026 (see below). Some 18.6% of all tariff lines are duty-free, compared to 12.9% in 2017. The incidence of nuisance rates and domestic and international tariff peaks has decreased relative to 2017 (Table 3.1). Whereas the 2017 applied MFN tariff comprised 15 distinct rates ranging from zero to 65%, an additional rate (9%) is applied to six lines of the 2026 tariff schedule (Chart 3.1).

Table 3.1 Structure of the MFN tariff, 2017 and 2026

	2017	2026
Simple average rate	7.6	6.5
WTO agricultural products	10.3	10.1
WTO non-agricultural products	7.2	6.0
Duty free tariff lines (% of all tariff lines)	12.9	18.6
Simple average of dutiable lines only	8.7	8.0
Tariff quotas (% of all tariff lines)	0.7	0.8
Non-ad valorem tariffs (% of all tariff lines)	0.0	0.0
Domestic tariff "peaks" (% of all tariff lines) ^a	6.3	5.3
International tariff "peaks" (% of all tariff lines) ^b	8.5	5.3
Nuisance applied rates (% of all tariff lines) ^c	14.9	13.4
Coefficient of variation	1.1	1.1

a Domestic tariff peaks are defined as those exceeding three times the overall simple average applied rate.

b International tariff peaks are defined as those exceeding 15%.

c Nuisance rates are those greater than zero, but less than or equal to 2%.

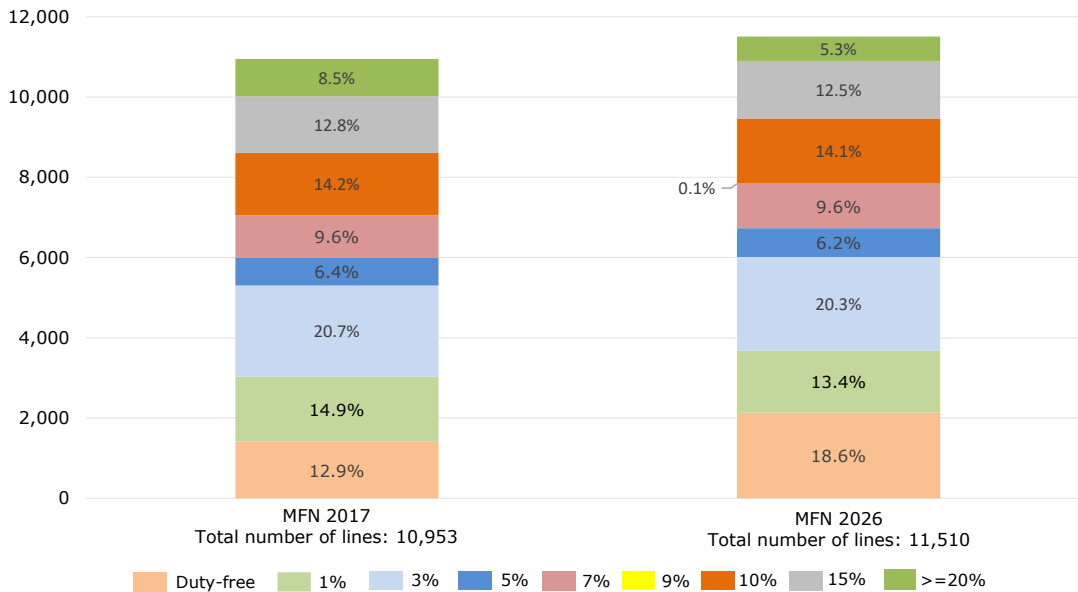
Note: The 2017 and 2026 tariff schedules are based on HS17 and HS22 nomenclatures, respectively. Calculations are based on the national tariff line level.

Source: WTO Secretariat calculations, based on data provided by the authorities.

¹⁹ The 2026 applied MFN tariff is based on the 2022 ASEAN Harmonized Tariff Nomenclature, which is aligned with HS22 at 6-digit level.

Chart 3.1 Frequency distribution of MFN tariff rates, 2017 and 2026

(Number of tariff lines)



Note: Figures in the stacked columns denote the share of the respective total number of tariff lines carrying the corresponding *ad valorem* rate. In-quota rates are excluded.

Source: WTO Secretariat calculations, based on data provided by the authorities.

3.15. Comparisons between the 2017 and 2026 Philippine applied tariffs are prone to imprecision due to the absence of a common nomenclature version. With this caveat, the simple average applied MFN rate declined by 1.1 percentage points relative to 2017, partly reflecting the higher incidence of duty-free lines. Likewise, the simple average rate for dutiable lines decreased from 8.7% in 2017 to 8% in 2026.

3.16. The average applied MFN rate on agricultural products (WTO definition) is 10.1% (down from 10.3% in 2017), whereas the corresponding average for non-agricultural products stands at 6% (down from 7.2% in 2017). Sugar (HS 1701) continues to benefit from the highest tariff protection, with out-of-quota rates of 65% and 50% applied to four and two tariff lines, respectively.

While average applied rates across most HS sections are lower than they were in 2017, significant liberalization took place in transport equipment and to a lesser extent in vegetable products, machinery, and precious stones (Table A1.1 Selected macroeconomic indicators, 2018-2025)

	2018	2019	2020	2021	2022	2023	2024	2025
Current GDP at market prices (PHP billion)	18,265.2	19,517.9	17,951.6	19,410.6	22,028.3	24,313.6	26,446.4	28,014.3
Current GDP at market prices (USD billion)	346.8	376.8	361.8	394.1	404.4	437.1	461.6	487.2
GDP per capita at current market price (USD)	3,279.7	3,512.3	3,312.7	3,580.0	3,644.8	3,905.3	4,089.3	4,278.5
Unemployment rate	5.3	5.1	10.3	7.8	5.9	4.4	3.8	4.2
Labour force participation rate	60.9	61.3	59.5	63.3	64.7	64.9	64.4	64.1
National accounts (% change)								
Real GDP	6.3	6.1	-9.5	5.7	7.6	5.5	5.7	4.4
Final consumption expenditure	6.8	6.3	-5.3	4.7	7.7	4.7	5.3	5.3
Household final consumption	5.8	5.9	-8.0	4.2	8.3	5.5	4.9	4.6
Public final consumption	13.4	9.1	10.5	7.2	5.1	0.3	7.3	9.1
Gross fixed capital formation	12.9	3.9	-27.3	9.8	9.8	8.2	6.3	0.5
Exports of goods and services	11.8	2.6	-16.1	8.0	11.0	1.3	3.3	8.1
Imports of goods and services	14.6	2.3	-21.6	12.8	14.0	1.0	4.2	5.1
Saving and investment balance (% of GDP)								
Gross national saving	24.6	25.6	20.6	19.6	20.2	20.6	19.7	19.1
Total investment	27.2	26.4	17.4	21.1	24.7	23.4	23.7	22.9
Money and interest rates								

	2018	2019	2020	2021	2022	2023	2024	2025
CPI (Headline inflation) (% change)	5.2	2.4	2.4	3.9	5.8	6.0	3.2	1.7
Overnight RRP rate (%)	3.625	4.408	2.733	2.000	3.071	6.161	6.327	5.228
Broad money (% change)	9.5	11.5	9.6	7.9	6.9	6.3	7.7	7.0
Fiscal account (% of GDP)								
Government revenue	15.6	16.1	15.9	15.5	16.1	15.7	16.7	15.9
Tax revenue	14.0	14.5	14.0	14.1	14.6	14.1	14.4	14.6
Government expenditure	18.7	19.5	23.5	24.1	23.4	21.9	22.4	21.5
Fiscal balance	-3.1	-3.4	-7.6	-8.6	-7.3	-6.2	-5.7	-5.6
Government debt	39.9	39.6	54.6	60.4	60.9	60.1	60.7	63.2
Domestic debt	26.2	26.3	37.3	42.1	41.8	41.2	41.3	43.3
External debt	13.8	13.3	17.3	18.3	19.1	18.9	19.4	20.0
External sector								
PHP/USD (annual average)	52.66	51.80	49.62	49.25	54.48	55.63	57.29	57.51
Current account balance (% of GDP)	-2.6	-0.8	3.2	-1.5	-4.5	-2.8	-4.0	-3.3
Trade in goods balance (% of GDP – BOP basis)	-14.7	-13.1	-9.3	-13.4	-17.2	-15.1	-14.9	-13.7
Exports	15.0	14.2	13.3	13.8	14.3	12.6	11.9	13.0
Imports	29.7	27.3	22.7	27.2	31.5	27.8	26.8	26.7
Trade in services balance (% of GDP)	3.3	3.5	3.8	3.6	3.9	4.2	3.0	2.7
Credit	11.1	11.0	8.8	8.5	10.2	11.1	11.0	10.6
Debit	7.7	7.5	5.0	5.0	6.2	6.9	8.0	7.8
Trade in merchandise goods balance (% of GDP -Comtrade)	-13.7	-12.3	-8.3	-12.6	-16.6	-13.9	-13.4	..
Exports	19.5	18.8	18.0	18.9	19.5	16.7	15.8	..
Imports	33.2	31.1	26.3	31.6	36.1	30.6	29.2	..
Trade-to-GDP ratio (services bop + merchandise goods comtrade)	71.4	68.4	58.1	64.0	72.0	65.2	64.0	..
FDI inflows (USD million)	6,602.5	6,020.3	3,253.8	10,225.3	5,939.2	6,452.4	8,938.1	..
% of GDP	1.9	1.6	0.9	2.6	1.5	1.5	1.9	..
FDI inward stock (USD million)	80,865.3	91,593.4	100,090.7	108,048.7	109,622.2	118,856.0	125,533.0	..
% of GDP	23.3	24.3	27.7	27.4	27.1	27.2	27.2	..
FDI outflows (USD million)	769.6	699.8	-6.3	493.1	308.3	1,052.4	2,879.9	..
% of GDP	0.2	0.2	0.0	0.1	0.1	0.2	0.6	..
FDI outward stock (USD million)	49,801.8	55,018.4	59,720.7	62,115.6	63,559.7	67,877.5	70,737.7	..
% of GDP	14.4	14.6	16.5	15.8	15.7	15.5	15.3	..
Gross international reserves (USD billion, end-period)	79.2	87.8	110.1	108.8	96.1	103.8	106.3	110.8
in months of retained imports	6.9	7.6	12.3	9.7	7.2	7.6	7.3	7.4
External debt (USD billion)	79.0	83.6	98.5	106.4	111.3	125.4	137.6	147.7
% of GDP	22.8	22.2	27.2	27.0	27.5	28.7	29.8	30.3

.. Not available.

Source: Philippine Statistics Authority, OpenSTAT. Viewed at: <https://openstat.psa.gov.ph>; Bangko Sentral ng Pilipinas. Viewed at: <https://www.bsp.gov.ph/SitePages/Statistics/Statistics.aspx>; and IMF data. Viewed at: <https://data.imf.org/>.

Table A1.2 Balance of payments, 2018-2025

(USD million)

	2018	2019	2020	2021	2022	2023	2024	2025
Current account balance	-8,877.0	-3,046.8	11,578.4	-5,942.7	-18,260.8	-12,386.7	-18,565.1	-16,290.6
Goods and services balance	-39,364.4	-36,272.2	-19,908.9	-38,767.0	-53,805.9	-47,852.9	-54,991.3	-53,423.6
Goods balance	-50,972.5	-49,311.5	-33,775.3	-52,805.8	-69,701.3	-66,035.8	-68,863.4	-66,670.1
Exports	51,976.7	53,476.9	48,211.5	54,227.9	57,710.2	55,256.6	55,056.5	63,411.4
Imports	102,949.2	102,788.5	81,986.8	107,033.7	127,411.6	121,292.5	123,919.9	130,081.5
Services balance	11,608.1	13,039.4	13,866.4	14,038.8	15,895.4	18,183.0	13,872.1	13,246.5
Exports	38,397.1	41,264.0	31,822.2	33,570.0	41,121.9	48,331.8	50,671.4	51,486.2
Imports	26,789.0	28,224.7	17,955.8	19,531.2	25,226.5	30,148.9	36,799.3	38,239.8
Primary income	3,668.9	5,276.2	4,101.4	3,323.0	4,948.7	4,341.8	4,739.3	4,451.4
Credit	11,999.2	13,401.6	11,593.5	11,832.0	13,024.3	16,367.2	17,553.1	17,681.6
Compensation of employees	8,287.8	8,826.9	8,549.0	8,825.3	9,066.9	9,289.5	9,473.6	9,784.4
Debit	8,330.2	8,125.4	7,492.1	8,509.0	8,075.6	12,025.4	12,813.8	13,230.1
Secondary income	26,818.4	27,949.1	27,385.9	29,501.3	30,596.4	31,124.4	31,686.9	32,681.5
Credit	27,606.7	28,746.2	28,240.1	30,451.7	31,377.8	32,216.8	32,876.5	33,835.9
Workers' remittances	24,756.9	25,613.1	25,563.8	26,996.3	28,029.9	28,889.1	29,822.7	30,814.6
Debit	788.3	797.1	854.2	950.4	781.4	1,092.4	1,189.6	1,154.3
Capital account	64.9	127.0	63.2	79.9	23.4	74.5	63.1	88.7
Financial account	-9,332.5	-8,034.2	-6,905.6	-6,433.2	-13,885.3	-13,606.4	-19,064.0	-10,886.8
Direct investment	-5,832.9	-5,320.4	-3,260.1	-9,732.2	-5,631.0	-5,400.0	-6,699.8	-6,189.2
Assets	4,115.7	3,350.9	3,562.0	2,251.1	3,861.3	3,525.1	2,698.6	1,602.2
Liabilities	9,948.6	8,671.4	6,822.1	11,983.4	9,492.2	8,925.1	9,398.3	7,791.3
Portfolio investment	1,447.8	-2,473.9	-1,679.7	10,237.1	-1,683.7	3,544.0	-3,527.7	1,297.4
Assets	4,740.2	2,402.2	6,566.6	7,809.3	-281.4	3,462.9	960.5	4,958.4
Liabilities	3,292.4	4,876.1	8,246.3	-2,427.8	1,402.3	-81.1	4,488.2	3,661.0
Financial derivatives	-53.4	-172.9	-199.1	49.0	-48.1	-115.1	-270.6	25.4
Other investment	-4,894.0	-67.0	-1,766.7	-6,987.1	-6,522.5	-11,635.3	-8,566.0	-6,020.4
Assets	-654.4	2,417.2	3,953.0	649.3	-414.8	-2,062.2	1,880.9	220.9
Liabilities	4,239.6	2,484.2	5,719.7	7,636.3	6,107.7	9,573.2	10,446.8	6,241.3
Net errors and omissions	-2,826.1	2,729.0	-2,525.6	774.2	-2,910.7	2,378.0	46.8	-346.4
Reserves and related items	-2,305.8	7,843.3	16,021.6	1,344.5	-7,262.8	3,672.2	608.8	-5,661.5

Source: Bangko Sentral NG Pilipinas. Viewed at:
<https://www.bsp.gov.ph/SitePages/Statistics/External.aspx?TabId=1>.

Table A1.3 Equity other than reinvestment of earnings, net – by partner, 2018-2025

	2018	2019	2020	2021	2022	2023	2024	2025
Total (USD million)	2,345.6	2,295.2	1,706.3	3,379.3	1,957.1	1,081.2	1,540.1	1,144.4
	(% of total)							
Australia	-4.5	-0.1	-0.1	-0.2	0.4	0.6	-0.0	0.3
British Virgin Islands	1.6	0.2	0.0	0.0	0.5	0.8	0.1	0.0
Canada	-0.3	-0.1	-0.2	-0.2	-0.4	-0.6	-0.4	-1.1
Cayman Islands	0.3	0.7	1.3	0.3	0.0	0.7	0.1	0.5
China	8.5	12.0	3.5	0.5	0.8	1.5	0.6	0.3
France	0.2	0.6	0.3	0.1	-0.1	0.1	-0.0	-2.3
Germany	2.5	1.8	0.8	1.1	3.4	13.9	0.3	0.8
Hong Kong, China	11.6	2.2	1.6	2.0	1.3	-5.2	-2.0	-0.6
India	0.0	-0.1	0.1	0.0	-0.2	-0.0	-0.1	-0.2
Japan	3.6	13.3	42.2	17.7	40.2	89.2	41.9	64.2
Korea, Republic of	2.6	7.6	0.6	0.3	1.0	2.0	1.4	9.5
Malaysia	-0.7	1.9	1.2	0.5	5.6	2.5	2.1	5.1
Luxembourg	4.0	0.3	0.0	0.0	0.1	0.7	-0.0	0.0
Netherlands	5.1	11.6	14.4	-5.4	-2.5	-43.1	-12.0	-10.4
Singapore	43.1	23.8	13.9	75.4	27.6	25.0	8.9	11.1
Sweden	0.6	0.0	0.2	0.2	0.3	1.1	0.8	-0.0
Switzerland	0.3	1.0	0.2	0.2	1.0	0.7	0.2	-0.5
Chinese Taipei	6.8	2.8	3.5	1.5	1.1	3.4	0.6	4.5
Thailand	3.0	3.0	1.9	0.1	0.9	1.1	0.2	0.1
United Kingdom	1.8	0.4	2.5	0.5	1.3	-0.8	49.6	-0.1
United States	7.9	12.9	9.5	4.5	12.8	3.9	7.2	15.2
Others	1.9	4.2	2.4	0.8	4.8	2.5	0.7	3.7

Note: Data of 2025 covers only from January through November.

Source: Bangko Sentral NG Pilipinas. Viewed at: <https://www.bsp.gov.ph/Pages/MediaAndResearch/PublicationsAndReports/MonthlySelectedPhilippineEconomicIndicators.aspx> (12/03/2026).

Table A3.1 Applied MFN tariff summary, 2026

	Number of lines	Simple average (%)	Tariff range (%)	Coefficient of variation	Share of duty-free lines (%)	Share of nuisance rates ^a (%)
Total	11,510	6.5	0-65	1.1	18.6	13.4
By WTO category^b						
WTO agricultural products	1,462	10.1	0-65	1.1	3.8	6.5
A. Live animals and meat	163	22.0	0-45	0.8	7.4	0.0
B. Dairy products	52	3.0	0-10	0.9	17.3	23.1
C. Fruits and vegetables	299	11.5	0-40	0.8	0.3	1.0
D. Coffee, tea, cocoa and spices	92	13.8	3-45	1.1	0.0	0.0
E. Cereals and food preparations	184	8.9	0-40	0.7	6.5	4.3
F. Oilseeds, fats and oils	211	8.3	0-15	0.7	1.4	8.5
G. Sugars and sugar confectionery	35	15.1	1-65	1.4	0.0	8.6
H. Beverages and tobacco	133	8.3	1-15	0.4	0.0	1.5
I. Cotton, silk and wool	25	2.0	1-3	0.5	0.0	52.0
J. Other agricultural products	268	4.7	0-35	1.1	6.7	13.4
WTO non-agricultural products	10,048	6.0	0-30	1.1	20.7	14.4
K. Fish and fish products	471	9.3	0-15	0.4	1.9	0.2
L. Minerals and metals	1,558	5.3	0-20	0.8	9.7	14.1
M. Petroleum	45	0.1	0-3	4.6	95.6	0.0
N. Chemicals	1,668	4.6	0-30	1.0	2.3	28.1
O. Wood, paper, furniture	627	6.8	0-30	0.8	8.6	16.3
P. Textiles	839	9.5	0-20	0.5	0.6	9.3
Q. Clothing	352	14.8	1-15	0.1	0.0	1.1
R. Rubber, leather and footwear	341	6.6	0-20	0.7	1.2	11.4
S. Mechanical, office and computing machinery	1,274	1.9	0-15	1.7	51.0	22.1
T. Electrical machinery and electronic equipment	951	3.4	0-30	1.4	46.5	12.7
U. Transport equipment	1,255	9.5	0-30	1.3	43.6	2.8
V. Other manufactures	667	4.6	0-15	1.0	20.7	14.2

Note: The 2025 tariff schedule is based on the HS22 nomenclature. The national tariff line level (11-digit) is the basis for the calculations.

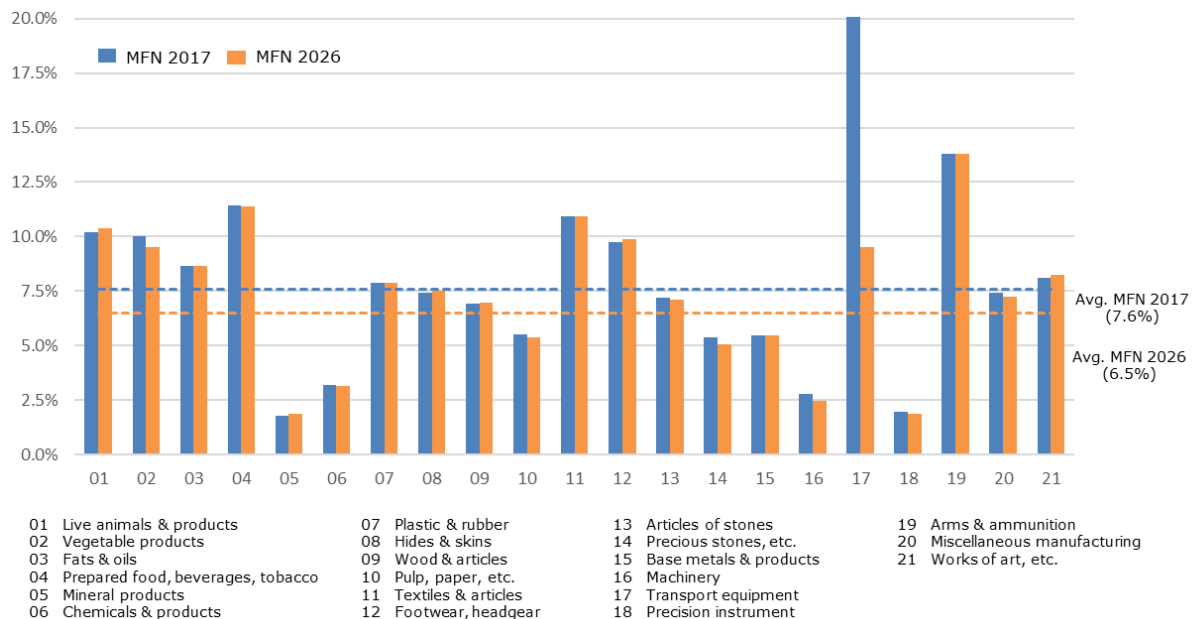
a Nuisance rates are those greater than zero, but less than or equal 2%.

b WTO Multilateral Trade Negotiations Categories (2023 version). Details are available at: <https://stats.wto.org/>.

Source: WTO Secretariat calculations, based on data provided by the authorities.

3.17. and Chart 3.2). Average tariffs on animals and animal products, footwear and headgear, mineral products, hides and skins, and works of art increased relative to 2017.

Chart 3.2 Average applied MFN tariff rates by HS Section, 2017 and 2026



Source: WTO Secretariat calculations, based on data provided by the authorities.

3.18. In 2019, the Philippines eliminated its long-standing quantitative restrictions on imports of rice.²⁰ The MFN tariff on imported rice, initially set at 50%, was reduced to 35% in June 2021 and to 15% in July 2024. As from January 2026, the MFN rate on rice shall be increased (decreased) by five percentage points for every five-percent decrease (increase) in international rice prices.²¹

3.19. Tariff quotas continue to apply solely to agricultural products. Due to line splitting in the latest commodity nomenclature version some 95 lines (0.8% of all tariff lines) remain subject to tariff quotas in 2026, compared to 82 lines (0.7% of all tariff lines) in 2017. For 53 of the 95 tariff lines the in-quota and out-of-quota rates are identical, and recourse to the quota allocation mechanism (Section 4.1.3.2) would only be necessary if a special safeguard (SSG) is applied on out-of-quota import volumes.

3.1.3.2 Bindings

3.20. The Philippines' most recent certified bound tariff schedule, based on the HS07 nomenclature, contains binding commitments on approximately 64% of all tariff lines. Whereas all tariffs on agricultural products (WTO definition) are bound, except for lines for rice, the binding coverage of non-agricultural lines stands at 58%. Other duties and charges are bound at zero.

3.21. The process of incorporating and certifying the changes to the schedule resulting from the introduction of nomenclature versions HS12, HS17 and HS22 has not been completed.²² As the bound and applied tariffs are based on different nomenclature versions (HS07 and HS22, respectively), comparisons between them should be regarded as approximate rather than exact. With that caveat, the simple average bound tariff rate (23.5%) is 17 percentage points higher than the 2026 average MFN rate (6.5%). The gap between average bound and applied rates for agricultural products (WTO definition) is considerably wider than the one for non-agricultural products (25.7 and 14.2 percentage points, respectively). Expanding the overall binding coverage and reducing the gap between bound and applied rates would enhance the predictability of the Philippines' trade regime.

3.1.3.3 Preferential tariffs

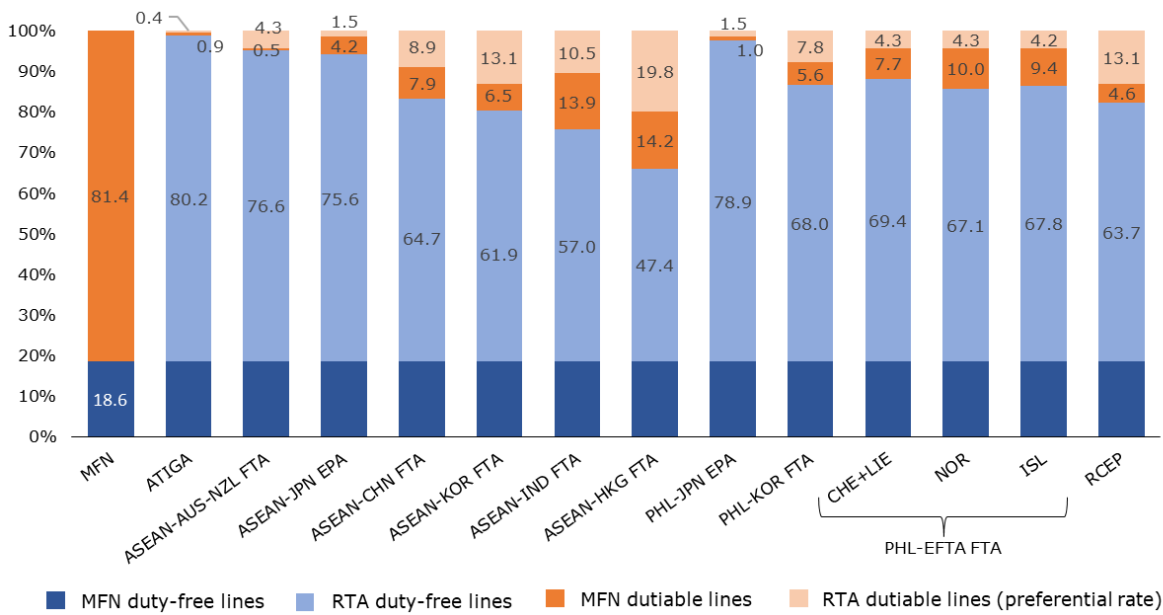
3.22. The Philippines grants tariff preferences under bilateral and regional trade agreements, which may overlap somewhat in terms of trading partners but differ in terms of product coverage and rules of origin (Chart 3.3 and Section 2.3.2). Preferences granted by the Philippines under ATIGA, RCEP, and PHL-EFTA FTA vary to some extent across the respective partner economies.

²⁰ Republic Act No. 11203, 14 February 2019.

²¹ Executive Order No. 105, 7 November 2025.

²² WTO document [G/MA/W/158/Rev.11](#), 24 September 2025.

Chart 3.3 Tariff preferences by trade agreement, 2026

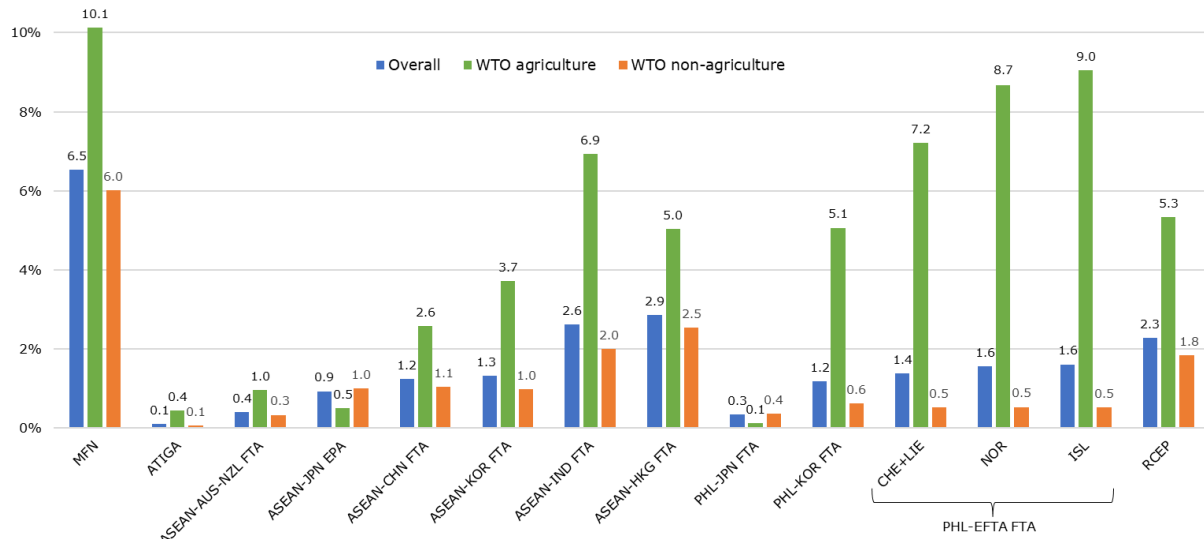


Note: For ATIGA and RCEP the displayed shares of "RTA dutiable lines", "MFN dutiable lines", and "RTA duty-free lines" are averages across individual member economies, given the limited variation observed.

Source: WTO Secretariat calculations, based on data provided by the authorities.

3.23. Simple average rates for the Philippines' preferential partners range from 0.1% to 2.9% (Chart 3.4). Preferential rates are higher, on average, for agricultural products (WTO definition) than for non-agricultural products, except for imports from Japan. The WTO Secretariat could not obtain data on preferential imports' aggregate share in the total import bill.

Chart 3.4 Average tariff rates under preferential agreements, 2026



Note: For ATIGA and RCEP the displayed average tariff rates are averages across individual member economies, given the limited variation observed.

Source: WTO Secretariat calculations, based on data provided by the authorities.

3.1.4 Other charges affecting imports

3.24. According to the fee structure for services rendered by the BOC, last updated in 2024, the lodging of an import declaration for consignments valued above PHP 10,000 is subject to an import processing fee, a customs documentary stamp tax, and a Bureau of Internal Revenue documentary stamp tax.²³

3.25. Excise tax is levied on certain locally manufactured or imported goods and on invasive cosmetic procedures (a non-essential service) performed in the Philippines. Excisable goods include alcoholic beverages, sweetened beverages, tobacco products, petroleum products, automobiles, mineral products, jewellery, perfumes and toilet waters, and pleasure boats. Excise tax rates may be specific, *ad valorem*, or a combination thereof, depending on the type of product; they are identical for imported and domestically produced goods. In general, domestically produced goods subject to *ad valorem* rates are taxed on their ex-factory price (excluding VAT); the tax base for imports is the c.i.f. value. Alternative valuation methods include the retail price net of excise and value-added taxes (certain alcoholic beverages), the actual market value (certain minerals), and the fair international market price (locally extracted petroleum).²⁴

3.26. Notable changes to the excise tax system during the review period include the expansion of coverage to invasive cosmetic procedures, heated tobacco products, and vapour products, as well as tax rate modifications for sweetened beverages, tobacco products, fermented liquor, and distilled spirits. In 2018, the Philippines implemented excise tax exemptions on pickup trucks (repealed on 1 July 2025) and pure electric automobiles, and a 50% excise tax reduction on hybrid vehicles.²⁵

3.27. The Philippines levies VAT on the supply of goods (including on their importation), intangible objects, and services. The standard VAT rate is 12%, unchanged since 2017. VAT is assessed on imports' c.i.f. value augmented with the applicable amounts of customs duty, excise tax, and other charges payable by the importer prior to the goods' release from customs custody. For domestically supplied goods and services, the tax base is gross sales or receipts, respectively.

3.28. Zero-rated supplies, eligible for refund of the VAT paid on inputs, include exports of goods and services, the sale of power or fuel generated from renewable energy sources, as well as the local purchases of certified export-oriented enterprises (Section 2.4). VAT-exempt supplies (whether domestic or imported) include agricultural and marine food products, livestock and poultry, agricultural inputs (seeds, fertilizers and feeds), books and periodicals, certain prescription drugs, as well as educational, medical, dental, veterinary, and certain financial intermediation services.²⁶

3.29. During 2018-2024, revenue collected by the BOC accounted for approximately a quarter of total annual tax revenue, with the largest contribution among taxes on imports consistently being attributable to VAT (Table 3.2). Annual receipts from excise tax on imports were on an upward trend, whereas those from import duties remained stable and relatively modest.

Table 3.2 Tax revenue by source, 2018-2024

	2018	2019	2020	2021	2022	2023	2024
Total tax revenue (PHP billion)	2,565.9	2,828.5	2,507.2	2,745.7	3,219.8	3,429.3	3,800.7
	(% of total tax revenue)						
Bureau of internal revenue (BIR)	76.1	76.9	77.8	75.7	72.5	73.4	75.0
Taxes on net income and profit	40.4	40.8	41.7	38.5	38.4	40.9	40.3
Excise tax	11.3	11.2	11.8	11.6	9.7	8.5	8.0
VAT	13.5	14.0	13.8	13.8	14.8	13.9	16.9
Other taxes	10.8	10.9	10.5	11.8	9.6	10.0	9.8
Bureau of customs (BOC)	23.1	22.3	21.4	23.4	26.8	25.8	24.1
Import duty	2.8	2.5	2.5	2.7	3.0	3.1	2.9
VAT	16.6	15.1	13.0	14.0	16.9	15.5	14.7
Excise tax	3.6	4.6	5.2	6.0	6.3	6.7	6.1

²³ Customs Administrative Order No. 02-2024, 19 March 2024, amended by Customs Administrative Order No. 02-2025, 10 April 2025.

²⁴ Bureau of Internal Revenue. Viewed at: <https://www.bir.gov.ph/excise-tax> (9/11/2025).

²⁵ Republic Acts No. 10963, 19 December 2017 and No. 12214, 29 May 2025.

²⁶ Bureau of Internal Revenue. Viewed at: <https://www.bir.gov.ph/value-addedtax> (9/11/2025).

	2018	2019	2020	2021	2022	2023	2024
Other taxes	0.0	0.1	0.7	0.7	0.5	0.5	0.5
Other collecting entities	0.8	0.8	0.7	0.9	0.7	0.8	0.9

Source: WTO Secretariat calculations, based on data provided by the authorities.

3.30. The Philippines continues to grant import duty and tax concessions under various initiatives aimed at promoting the development of specific industries or achieving social objectives. The granting of some concessions is conditional on the fulfilment of certain conditions (Table 3.3).

Table 3.3 Selected conditional duty and tax concessions, 2025

Product	Requirement
Aquatic products	Must be caught by a fishing vessel of Philippine registry and imported using the same vessel or attached craft. Must not have landed in foreign territory, unless for transshipment without being processed or improved.
Equipment to be used by foreign film producers in the Philippines	Must be imported for exclusive use on location in the Philippines. Security coverage equal to 100% of the ascertained duties must be provided.
Films exposed overseas	Principal talent and crew must be Philippine nationals, and proof that the films had been previously exported from the Philippines must be provided.
Educational, technical or cultural materials, and children's books	The educational, scientific, or cultural purposes must be certified by the Department of Education
Completely built units (CBUs)	Preferential tariff rates are based on equivalent foreign exchange earnings, as per the terms of the Motor Vehicle Development Programme
Inputs to be used by agriculture and fisheries enterprises	Items listed in Executive Order No. 376 of 2004 and certified by the Department of Agriculture
Capital equipment to be used by tourism establishments	Equipment for use in medical and spa facilities
Petroleum	A 50% refund of the duty paid.
Fuel to be used by domestic vessels engaged in trade	A 99% refund of the duties paid.
Trailer chassis (containerized cargo) to be used by shipping companies	Must be imported exclusively for handling containerized cargo and registered with the Land Transportation Office. A 12-month security bond equal to 100% of the ascertained duties must be posted. A customs supervision fee applies.
Imports in the interest of national economic development	Endorsement by the Department of Economy, Planning, and Development (DEPDev)

Source: Republic Acts No. 10863, 30 May 2016, No. 11534, 26 March 2021, and No. 12066, 8 November 2024.

3.31. The authorities indicate that customs duty and VAT concessions granted to merchandise imports resulted in forgone annual revenue in the range of PHP 179.1-PHP 305.1 billion over the 2018-2024 period (Table 3.4).

Table 3.4 Forgone tax revenue, 2018-2024

	2018	2019	2020	2021	2022	2023	2024
Total concessions on imports (PHP million)	225,517	239,273	179,137	217,413	292,148	302,401	305,082
Import duty	212,551	212,352	154,931	185,476	249,319	259,746	266,416
VAT	12,967	26,921	24,205	31,937	42,828	42,654	38,666
Memo							
Import concessions/total tax revenue (%)	8.8	8.5	7.1	7.9	9.1	8.8	8.0

Source: Bureau of Customs.

3.1.5 Import prohibitions, restrictions, and licensing

3.32. In the Philippines, the legal instruments governing import controls and prohibitions are not consolidated and the granting of licences, permits and approvals is administered by several line ministries and trade regulatory and oversight agencies. The Philippine National Trade Repository (PNTR), operational since August 2017, contains information at the tariff-line level on regulated

imports and exports, and the competent regulatory and oversight agencies.²⁷ The authorities indicate that the PNTR is being updated on a continuous basis. Regulated goods, subject to specific licensing or clearance requirements, represented approximately 33% of all tariff lines as of January 2026.

3.33. In general, the Philippines maintains import prohibitions on safety, health and moral grounds, and to comply with international conventions to which it is a party. The authorities state that no significant changes to import prohibitions took place during the review period. The Philippines suspended imports of regular milled and well-milled rice between 1 September and 31 December 2025 to facilitate the absorption of locally produced rice and stabilize domestic prices.²⁸

3.34. Import licensing requirements are primarily used for security, public safety, health, and environmental reasons. Pursuant to the Strategic Trade Management Act, a Strategic Trade Management Office (STMO) was established in 2019 under the DTI to serve as the central licensing authority for strategic goods of military importance.²⁹ Certain overlaps in the licensing competencies of the STMO and the Philippine National Police–Firearms and Explosives Office (PNP FEO) were eliminated in 2023.³⁰

3.35. The authorities state that, as of January 2026, imports classifiable under 2,870 tariff lines were subject to automatic licensing procedures, whereas non-automatic licensing requirements spanned 14 tariff lines. Import licensing competencies are vested in 54 distinct entities and multi-agency approval processes are in place for the granting of some licences. Import licences are non-transferrable. In principle, licence fees reflect the cost of the services rendered.

3.36. During the review period, the Philippines submitted several notifications regarding its import licensing requirements and provided updated replies to the Questionnaire on Import Licensing Procedures.³¹ New or amended licensing requirements were notified for colour reproduction machines, dangerous drugs and precursors, medical devices, regulated coin blanks, and tax- and duty-free importation of capital equipment, raw materials, spare parts, and accessories. For the latter, licences (certificates of authority to import) granted by Philippine IPAs (Section 2.4) are conditional on the absence of locally produced alternatives in sufficient quantity or of comparable quality.

3.1.6 Anti-dumping, countervailing, and safeguard measures

3.37. The Philippines' legal and institutional framework for anti-dumping (AD), countervailing (CV), and safeguard (SG) measures remains unchanged since its previous Review in 2018.³² Investigations (either *ex officio* or upon request from private sector representatives) and preliminary determinations remain the responsibility of the Department of Trade and Industry (for industrial goods) and the Department of Agriculture (for agricultural goods). Final determination regarding the particulars of contingency measures³³ remains the remit of the Tariff Commission, and their application is the responsibility of the BOC. As part of its mandate, the BOC would ascertain the origin of the targeted imports whenever necessary, despite the absence of non-preferential rules of origin (Section 3.1.2).

3.38. The Philippine legal framework does not prohibit the simultaneous imposition of AD, CV, and SG measures on the same product. For such an outcome, separate petitions for investigation would have to be lodged and investigations may be initiated and conducted concurrently. The Philippines imposed AD and SG measures simultaneously on imports of cement in 2022 and 2025.

²⁷ Philippine National Trade Repository. Viewed at: <https://www.pntr.gov.ph/browse-commodity/> (24/11/2025).

²⁸ Executive Orders No. 93, 29 August 2025 and No 102, 30 October 2025.

²⁹ Republic Act No. 10697, 27 July 2015 and its Implementing Rules and Regulations, 31 August 2017.

³⁰ National Security Council–Strategic Trade Management Committee Resolution No. 06, 24 May 2023.

³¹ WTO Notification Portal. Viewed at: <https://notifications.wto.org/en/status-by-member/philippines> (17/11/2025).

³² WTO document [WT/TPR/S/368/Rev.1](#), 19 June 2018.

³³ Decision-making regarding the application, suspension, modification, or extension of final measures is under the respective purviews of the Department of Trade and Industry and the Department of Agriculture.

3.39. Aggrieved parties in a trade remedy investigation may file a petition for review with the Court of Tax Appeals within 30 days of receiving the final ruling. The authorities indicate that the outcomes of one AD and six SG investigations were appealed during 2018-2025.

3.40. Agricultural products were not subject to any trade remedy investigations between January 2018 and end-February 2026. In the same period, the DTI initiated 2 AD and 13 SG investigations for industrial products (Table 3.5). Following affirmative determination by the Tariff Commission, two definitive AD and three definitive SG measures were imposed. No measures were imposed in 10 SG proceedings. No CV measures were applied in the Philippines during the same period. Three definitive AD measures and one definitive SG measure were in force at end-February 2026; of these, one AD measure had been in effect for more than five years.

Table 3.5 Trade remedy proceedings, 2018-2026

Measure	2018	2019	2020	2021	2022	2023	2024	2025	2026 ^a
AD investigations initiated	0	0	0	1	0	1	0	0	0
Provisional measures imposed	0	0	0	1	0	0	1	0	0
Definitive measures imposed	0	0	0	0	0	1	0	0	1
Expiry reviews of AD measures	0	1	0	0	0	1	0	0	0
Continuation of AD measures	0	0	1	0	0	0	1	0	0
SG investigations initiated	2	1	6	0	0	1	1	1	1
Provisional measures imposed	0	3	0	1	0	0	1	2	0
Definitive measures imposed	0	1	0	0	0	1	0	0	1
Mid-term/expiry reviews of SG measures	0	0	1	0	1	0	1	0	0
Continuation of SG measures	0	0	0	0	0	0	0	0	0
CV investigations initiated	0	0	0	0	0	0	0	0	0

Note: Depending on the start date and duration of trade remedy proceedings, successive milestones may not occur within the same calendar year.

a Data reported until 28 February 2026.

Source: Tariff Commission of the Republic of the Philippines and Department of Trade and Industry.

3.1.7 Other measures affecting imports

3.41. The authorities affirm that the Philippines does not maintain any TRIMs-inconsistent measures. During the review period, the Philippines did not participate in any countertrade or offsetting arrangements, or any arrangements seeking to influence the quantity or value of goods and services exported to the Philippines. The Philippines observes the trade sanctions established by Resolutions of the United Nations Security Council.

3.2 Measures directly affecting exports

3.2.1 Customs procedures and requirements

3.42. In 2019, the Philippines delegated exporter accreditation to special economic zone authorities, other IPAs, the Philippine Exporters Confederation, and customs bonded warehouse operators.³⁴ The authorities indicate that accrediting agencies set their own accreditation requirements.

3.43. Customs clearance procedures for exports are similar to those for imports (Section 3.1.1). Exporters are not obliged by law to use the services of customs brokers. The fees for lodging export and import declarations are identical. Exporters may keep abroad the totality of their export proceeds.

3.44. Exporters wishing to benefit from preferential access to foreign markets may obtain the necessary certificate of origin from the BOC.³⁵ Since December 2019, certificates of origin for ASEAN markets are issued and delivered electronically through a dedicated online platform.³⁶ The authorities state that the paperless system enables faster verification of origin, reduces border

³⁴ Customs Memorandum Orders No. 19-2019, 16 April 2019 and No. 26-2019, 7 June 2019.

³⁵ Certificates of origin for non-preferential purposes are issued by the Philippine Chamber of Commerce and Industry.

³⁶ Bureau of Customs. Viewed at: <https://eco.customs.gov.ph/>.

clearance delays, and strengthens regional economic integration. Electronic issuance is yet to be expanded to certificates of origin supporting claims for preferential treatment in other countries.

3.2.2 Taxes, charges, and levies

3.45. Apart from logs (40 tariff lines), which remain subject to an export duty (20% on the f.o.b. value)³⁷, all other goods are exported from the Philippines duty-free.

3.2.3 Export prohibitions, restrictions, and licensing

3.46. In general, the Philippines maintains export prohibitions and restrictions on national interest, security, public health, and food security grounds, and to comply with international conventions to which it is a party.

3.47. Prohibited exports include endangered wildlife and plant species, precious metals or alloys not carrying a quality marking, mangrove wood species, logs from naturally grown trees, lumber and semi-finished products from premium hardwood, raw rattan and rattan poles, and mature coconut (planting material).³⁸ Special licensing, registration, and/or prior approval requirements remain in place for a wide range of exports.

3.48. A consolidated list of prohibited and regulated merchandise exports is periodically approved by the Inter-Agency Committee on Executive Order No. 1016.³⁹ The authorities report that, since 2018, 17 prohibited and 23 regulated products have been added to the list. In January 2026, 17 distinct agencies had export licensing competencies; the fees for some export licences (e.g. CITES export permit (fauna)) are levied on *ad valorem* basis.

3.2.4 Export support and promotion

3.49. According to the notifications submitted to date by the Philippines to the Committee on Agriculture, no export subsidies were provided to agricultural products in calendar years 2018-2021.⁴⁰ In the context of the present Review, the authorities state that the Philippines did not grant or maintain any export subsidies during 2018-25.

3.50. During the review period, there were no significant changes to the institutional framework for export support and promotion. The DTI retains primary responsibility for steering policy formulation and executes export support and promotion activities through its subordinate agencies, including the Centre for International Trade Expositions and Missions (CITEM), the Export Marketing Bureau (EMB), and the Philippine Economic Zone Authority (PEZA). The Export Development Council (EDC) remains the apex body responsible for coordination, monitoring, and evaluation. Export support and promotion initiatives continue to be guided by five-year Philippine Export Development Plans (PEDPs) prepared by the DTI (in collaboration with relevant government agencies and the Philippine Exporters Confederation (PHILEXPORT)) and endorsed by the EDC.

3.51. The PEDP 2018–2022 focused on enhancing export competitiveness through market diversification, trade facilitation, and capacity-building for MSMEs, while prioritizing sectors such as electronics, agriculture, and services. The PEDP 2023–2028 introduced digital trade promotion and innovation-driven strategies and identified four priority clusters: (i) industrial, manufacturing and transport; (ii) technology, media, and telecommunication; (iii) health and life sciences; and (iv) "modern basic needs and resilient economy".⁴¹

³⁷ Executive Order No. 26, 1 July 1986.

³⁸ WTO document [G/MA/QR/N/PHL/4/Rev.1](#), 27 February 2025.

³⁹ Export Marketing Bureau. Viewed at: <https://tradelinphilippines.dti.gov.ph/web/tradeline-portal/prohibited-and-regulated-products> (16/03/2026).

⁴⁰ WTO documents [G/AG/N/PHL/61](#), 10 April 2019, [G/AG/N/PHL/73](#), 5 November 2020, [G/AG/N/PHL/76](#), 8 November 2021, and [G/AG/N/PHL/83](#), 29 July 2022.

⁴¹ Philippine Export Development Plan 2023–2028. Viewed at: https://www.dti.gov.ph/sdm_downloads/philippine-export-development-plan-2023-2028 (24/11/2025).

3.52. PEZA remains the main agency tasked with the creation, development, promotion, and monitoring of economic zones throughout the Philippines.⁴² All economic zones established under PEZA's authority are accorded the status of a separate customs territory. PEZA functions as the single interface for registration of zone operators and resident companies (registered business enterprises, RBEs), and administers the granting of fiscal and non-fiscal incentives.

3.53. The CREATE Act of 2021 harmonized the tax incentives for RBEs, regardless of the registering IPA (Section 2.4). Prior to its entry into force, only zone operators, exporting enterprises and businesses engaged in activities that support exports could qualify for PEZA incentives. As of 11 April 2021, all business activities listed in the Philippine Strategic Investment Priorities Plan became eligible for PEZA registration, although non-exporting enterprises would generally benefit from certain fiscal incentives for a shorter period.⁴³ RBEs that qualified for incentives prior to that date remain governed by grandfathering and transition rules.

3.54. Non-fiscal incentives remain IPA-specific. The non-fiscal incentives available at PEZA economic zones, unchanged since 2018, include (i) expedited regulatory and customs formalities, (ii) streamlined employment of foreign nationals in supervisory, technical or advisory positions, (iii) special multiple-entry visa privileges for qualified foreign investors and their immediate family members, and (iv) long-term land lease arrangements (up to 99 years).

3.55. As of 31 December 2025, PEZA oversaw 436 operational economic zones throughout the Philippines (Table 3.6). PEZA is the operator of four zones in operation, with the remainder being privately owned and operated. The authorities indicate that RBEs in economic zones overseen by PEZA tend to source inputs mostly from overseas and the bulk of their sales are also realized abroad.

Table 3.6 Philippine Economic Zone Authority portfolio, 31 December 2025

Economic Zone Type	Zones in Operation (count)	RBEs (count)	Investments (PHP million) 1995 – 2025	Export Sales (USD million) 1995 – 2025	Employment (count)
Manufacturing	82	2,637	3,234,506.935	969,091.327	681,301
PEZA-operated	4	545	312,781.967	186,952.009	97,538
Private	78	2,092	2,921,724.968	782,139.318	583,763
Agro-Industrial	24	61	127,727.587	17,764.111	57,075
IT Parks and Centres	310	1,608	1,063,393.022	193,848.312	1,055,448
IT Centres	247	954	497,382.674	89,820.555	474,502
IT Parks	63	654	566,010.348	104,027.756	580,946
KIST Parks ^a	0	0	550.000	-	2
Medical Tourism Parks and Centres	3	6	40,518.788	239.998	3,419
Medical Tourism Centres	2	4	20,740.632	239.933	3,381
Medical Tourism Park	1	2	19,778.156	0.065	38
Mixed-Use	0	0	10,900.000	n.a.	263
Retirement	0	0	58.943	n.a.	0
Tourism	17	76	347,219.742	4,499.209	42,035
Total	436	4,388	4,824,875.017	1,185,442.956	1,839,543

n.a. Not applicable.

a Knowledge, Innovation, Science and Technology Parks.

Source: Philippine Economic Zone Authority.

3.56. The CITEM continues to assist exporters with overseas publicity, market intelligence, participation in trade fairs and exhibitions, advice and training, quality and process certification, and facilitation of business negotiations. The EMB helps exporters navigate export formalities, participate in business matching events, and resolve disputes with foreign buyers. The EMB is also responsible

⁴² Other economic zone authorities include the Bases Conversion and Development Authority, the Clark Development Authority, and the Authority of the Freeport Area of Bataan.

⁴³ Philippine Economic Zone Authority. Viewed at: <https://www.peza.gov.ph/eligible-activities-and-incentives-category/eligible-activities> (24/11/2025).

for certifying export-oriented enterprises that are not registered with any IPA and are therefore only entitled to VAT incentives.⁴⁴ CITEM and EMB activities are essentially financed by budgetary outlays.

3.57. An exemption from paying the statutory travel tax remains in place for individuals travelling abroad for export-promotion activities, including participation in trade fairs, exhibitions, and business matching missions.⁴⁵ Exemption applications may be filed through CITEM, EMB or PHILEXPORT and must be endorsed by the Tourism Infrastructure and Enterprise Zone Authority.

3.2.5 Export finance, insurance, and guarantees

3.58. In 2018, the Philippines launched a consolidation of state guarantee operations scattered across five facilities and agencies into a single state-owned corporation, the Philippine Guarantee Corporation (PhilGuarantee), with a view to eliminating redundancies, lowering administrative costs, and improving oversight.⁴⁶ Since 31 August 2019, PhilGuarantee has been the sole provider of trade-related state guarantees in the Philippines.⁴⁷ The centralization brought about a standardized risk management framework and improved exporters' and MSMEs' access to financing, thereby strengthening the authorities' ability to support Philippine trade-related projects.

3.59. PhilGuarantee is financed by outlays from the state budget and by proceeds from own activities and financial operations. Exporters and businesses engaged in import substitution, among others, may qualify for credit guarantees under two main facilities: the MSME Credit Guarantee Facility (MCGF) and the Medium & Large Enterprises Credit Guarantee Facility (MLE-CGF).⁴⁸ The authorities indicate that eligibility for these facilities is not conditional on nationality, ownership or minimum local content criteria, provided that borrowers are organized and licensed to carry out business in the Philippines.

3.60. Between December 2020 and December 2025, both the portfolio of guaranteed loans and the total amount of guarantees issued annually by PhilGuarantee maintained an upward trajectory (Chart 3.5). Micro-enterprises represented 89.1% of the 71,288 borrowers that benefited from guarantee facilities in that period.

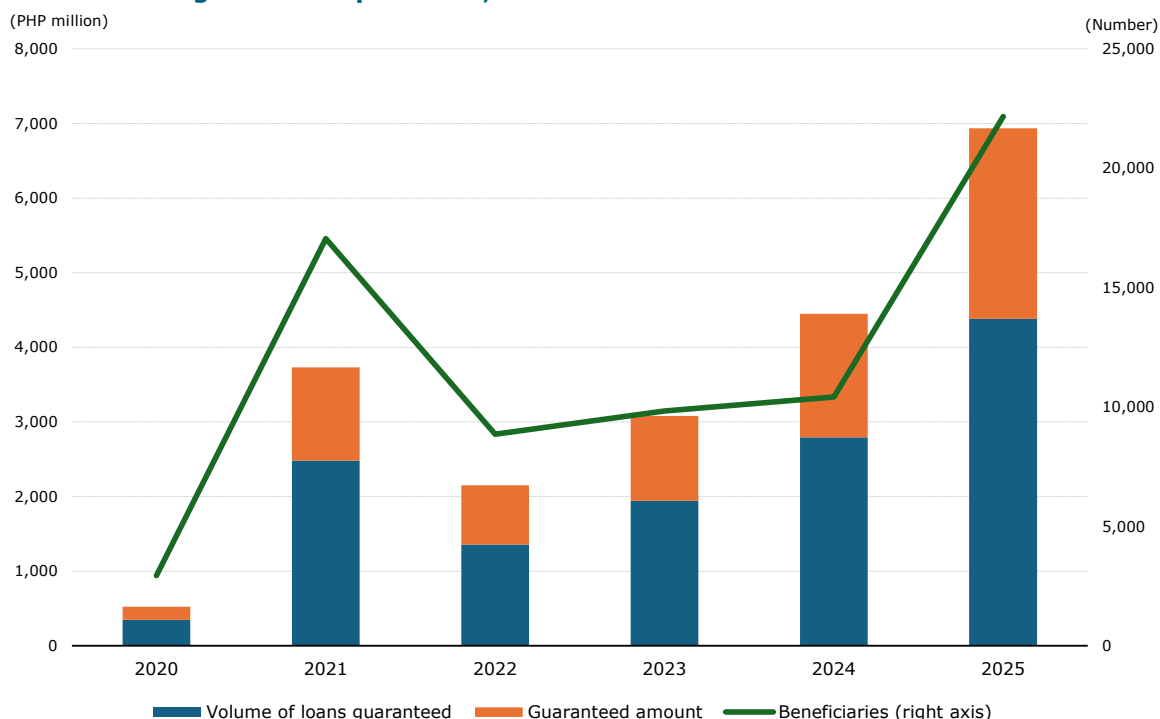
⁴⁴ EMB information. Viewed at: <https://tradelinephilippines.dti.gov.ph/web/tradeline-portal/certification-of-export-oriented-enterprises-under-the-create-more-act> (24/11/2025).

⁴⁵ Executive Order No. 589, 8 December 2006.

⁴⁶ The Philippine Guarantee Corporation is the surviving entity following the merger of the Home Guaranty Corporation (HGC) and the Philippine Export-Import Credit Agency (PhilEXIM). It also took over the guarantee-related functions and funds of the Small Business Corporation and the administration of the Agricultural Guarantee Fund Pool and the Industrial Guarantee and Loan Fund.

⁴⁷ Executive Order No. 58, 23 July 2018 and Department of Finance Memorandum Circular No. 001.2019, 3 September 2019.

⁴⁸ Philippine Guarantee Corporation. Viewed at: <https://www.philguarantee.gov.ph/programs/guarantee-programs/priority-sector-guarantee-programs/> (25/11/2025).

Chart 3.5 State guarantee operations, 2020-2025

Source: Philippine Guarantee Corporation.

3.61. Between October 2020 and October 2021, Philippine small and medium-sized exporters could apply for loans from a special facility intended to attenuate the impact of spiralling ocean freight rates during the COVID-19 pandemic. The lending facility was administered by the Small Business Corporation (SBCorp) as part of the PHP 8.08 billion Bayanihan 2 CARES interest-free and collateral-free financing programme.⁴⁹ The authorities report that 21 exporters accessed loans from SBCorp under this facility, with total disbursements amounting to PHP 5.3 million.

3.62. Several export credit facilities are offered by state-owned banks, particularly the Development Bank of the Philippines (DBP) and Land Bank. The authorities indicate that these facilities adhere to regulatory compliance and sound banking principles, and are also aligned with the government's development mandate. Land Bank's credit facilities are open to businesses with at least 50% Filipino ownership, that are duly registered and operating in the Philippines.

3.3 Measures affecting production and trade

3.3.1 Incentives

3.63. The Philippines' most recent notifications to the WTO Committee on Subsidies and Countervailing Measures cover the years 2018 through 2024.⁵⁰

3.64. In addition to the harmonized system of investment incentives established by the CREATE Act in 2021 and amended by the CREATE MORE Act in 2024 (Section 2.4), the Philippines maintains several sectoral and/or outcome-specific incentive schemes. Most initiatives aim at promoting entrepreneurship, technological and infrastructure upgrades, innovation, and energy efficiency.

3.65. Targeted support measures remain in place for the automotive, jewellery, mining, petroleum, coal, biofuels, electric power, and renewable energy industries, as well as for MSMEs, cooperative organizations, coconut farmers and fisherfolk. During the review period, incentives and assistance

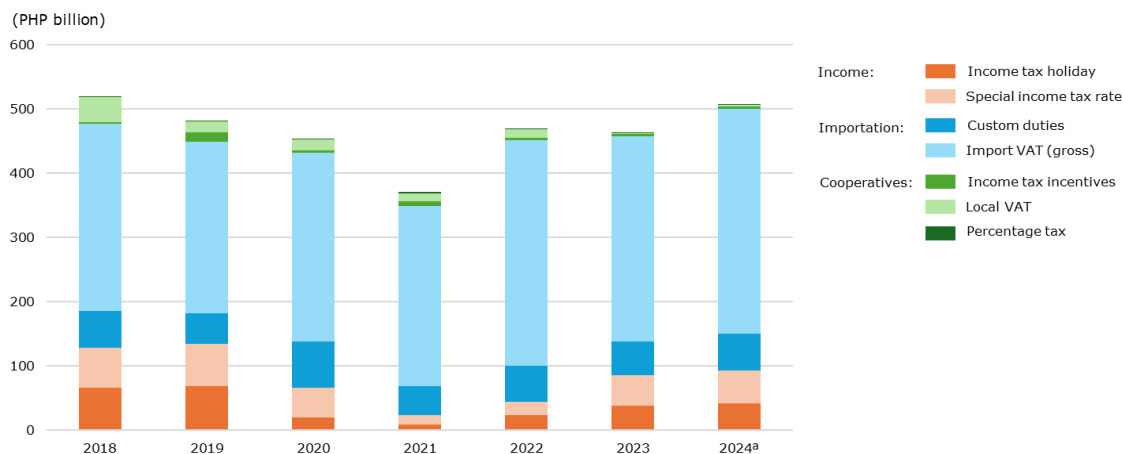
⁴⁹ Small Business Corporation. Viewed at: <https://sbcorp.gov.ph/programs-and-services/bayanihancares/#:~:text=BAYANIHAN%20CARES:%20FINANCING%20ASSISTANCE%20TO,a%204-year%20loan%20term> and <https://sbcorp.gov.ph/exportersloan/> (25/11/2025).

⁵⁰ WTO documents [G/SCM/N/343/PHL/Suppl.1](https://www.wto.org/press/pr/2019/190910.htm), 10 September 2019, [G/SCM/N/372/PHL](https://www.wto.org/press/pr/2021/210630.htm), 30 June 2021, [G/SCM/N/401/PHL](https://www.wto.org/press/pr/2023/230719.htm), 19 July 2023, and [G/SCM/N/430/PHL](https://www.wto.org/press/pr/2025/251204.htm), 4 December 2025.

to businesses were expanded or made available for the development of the Philippine natural gas and electric vehicle industries, as well as under the One town, One Product programme and the Self-Reliant Defence Posture programme.⁵¹ The authorities state that the elaboration of a triennial SIPP, instituted in 2021 (Section 2.4), has helped ensure coherence and transparency in the administration of incentives.

3.66. According to the Department of Budget and Management, tax incentives granted during 2018-2024 translated in forgone annual revenue ranging between PHP 370.7 billion and PHP 518.7 billion. VAT and duty concessions on imports accounted for the bulk of forgone revenue in that period (Chart 3.6).

Chart 3.6 Forgone tax revenue, 2018-2024



a Projections.

Note: The revenue forgone on tax incentives for cooperatives does not include data on importation incentives granted to cooperatives.

Source: Department of Budget and Management, Budget of Expenditures and Sources of Financing (FY2022 and FY2026). Viewed at: <https://www.dbm.gov.ph/index.php/budget> (11/03/2026).

3.67. Financial support and technical assistance to businesses, particularly MSMEs, is available under various facilities and programmes implemented by the Development Bank of the Philippines, the Land Bank of the Philippines, the Philippine Guarantee Corporation, the Small Business Corporation, the National Innovation Council, the Department of Science and Technology, the Cooperative Development Authority, and the Technical Education and Skills Development Authority. A consolidated repository of information on these facilities and programmes does not exist.

3.3.2 Standards and technical requirements

3.68. The institutional framework for standards remained largely unchanged during the review period. The Standards Law (Republic Act No. 4109), the Consumer Act (Republic Act No. 7394), and National Metrology Act (Republic Act No. 9236) laid out the legal architecture governing standards and quality infrastructure. Executive Order No. 93 provides the power to impose administrative remedies against infringement, including formal investigation, administrative penalties, cease-and-desist orders, and seizures in cases of violation. A National Quality Infrastructure (NQI) Development Act has been under consideration in Congress since 2022, and remained a legislative priority of the Government.

3.69. The Bureau of Philippine Standards (BPS), under the Department of Trade and Industry (DTI), is the national standards body, responsible for the development, promulgation, and implementation of the Philippine National Standards (PNS). BPS also serves as the national enquiry point and the national notification authority for the WTO Committee on Technical Barriers to Trade (TBT).

⁵¹ Republic Acts No. 12120, 8 January 2025, No. 11697, 15 April 2022, No. 11960, 24 August 2023, No. 12024, 8 October 2024.

3.70. During the review period, the Philippines submitted 242 notifications to the WTO on standards and conformity assessment procedures. These notifications cover, *inter alia*, household appliances, electric equipment and machinery, tobacco products and vaping devices, automobiles and electric vehicles, pharmaceutical products, medicine and medical equipment, and toys. Notifications usually specify a comment period and a proposed date of adoption after the expiry of the comment period. During the review period, the Philippines also submitted addenda, providing additional information on the adoption, entry into force, and content of the final text of the previously notified measures. In March 2025, the Republic of Korea raised concerns in the WTO TBT Committee about the Philippine measure of energy labelling for washing machines.⁵²

3.71. A Philippine National Standard is voluntary, unless it is adopted as reference standard in a technical regulation. The PNS referenced in a technical regulation is mandatory. As of end-2024, there have been 12,052 Philippine National Standards, 98% of which were directly adopted from international standards, according to the authorities. BPS maintains an online catalogue of all PNS⁵³, available to the public consultation.

3.72. During the review period, a total of 114 products were subject to the BSP's mandatory certification requirements (i.e. mandatory standards), compared with 43 products previously. These products include household appliances, consumer electronics, lighting and wiring devices, steel products, plastic and ceramic products, cement and other construction materials, chemicals, automotive-related products, and other consumer goods.

3.73. Products subject to mandatory certification, whether produced domestically or imported, must carry conformity marks before they can be freely circulated in the Philippine market. Two conformity mark schemes apply: (i) the Philippine Standard (PS) Quality and/or Safety Certification Mark Licensing Scheme, and (ii) the Import Commodity Clearance (ICC) Certification Scheme.

3.74. The PS Scheme is a licence granted to a Philippine or foreign manufacturer whose factory and products meet the relevant PNS requirements, including PNS ISO 9001:2015 and other applicable technical regulations and product standards. Licensed manufacturers may affix the PS Mark to their products. A PS licence is valid for three years and is subject to annual on-site audits by the BPS. The licence may be renewed. The ICC Scheme, by contrast, is a shipment-specific certificate for imported goods that meet PNS requirements but are not covered by a PS licence. Under this scheme, products are subject to inspection and sampling at the port, followed by testing by the BPS Testing Laboratory or BPS-recognized laboratories. Once compliance is confirmed, an ICC sticker must be affixed to each product in the shipment. The BPS publishes online lists of PS licence holders and ICC-certified importers.

3.75. In addition, importers of cement, steel, and plywood must obtain a Statement of Confirmation (SOC) from DTI⁵⁴, even if such products are sourced from a foreign manufacturer holding a valid PS licence. The SOC is a document confirming that the imported cement, steel, plywood, ceramic tiles, or ceramic plumbing fixtures are sourced from a manufacturer with a valid PS licence and meet the relevant technical requirements. Importers of ceramic tiles and ceramic plumbing fixtures may apply for either an ICC certificate or an SOC. According to the authorities, these measures are intended to ensure safety and consumer protection, given the Philippines' vulnerability to natural disasters.

3.76. During the review period, BPS modernized its system for product certification. The Product Certification Information Management System (PCIMS) is an online facility for processing PS and ICC applications, where manufacturers and importers submit data digitally, and the system tracks the status of audits and tests. The authorities state that the PCIMS reduces the discretion and delays associated with manual paper processing.⁵⁵ Since 2022, using the PCIMS has been compulsory for all applications for energy-consuming products and construction materials.

3.77. The Philippines Accreditation Bureau (PAB) is the national accreditation body. It accredits testing laboratories and certification bodies that produce testing reports and conformity certificates for BPS recognition. PAB is a member of the International Laboratory Accreditation Cooperation

⁵² WTO document [G/TBT/M/92](#), 24 May 2024.

⁵³ Bureau of Philippine Standards, Standards and conformance portal.

⁵⁴ WTO document [G/LIC/N/3/PHL/17](#), 19 August 2025.

⁵⁵ BPS. Viewed at: <https://bps.dti.gov.ph/index.php/product-certification/product-certification-information-management-system-pcims> (10/12/2025).

(ILAC) and International Accreditation Forum (IAF). As of mid-December 2025, there were 98 BPS-recognized laboratories, among which 53 were foreign laboratories located outside the Philippines. Testing and inspection reports by foreign accredited laboratories are acceptable for certification process. Certificates of conformity issued by foreign accredited laboratories are also accepted for products imported into the Philippines.

3.78. The Fair Trade Enforcement Bureau (FTEB), under DTI, is the competent authority responsible for carrying out market surveillance activities, including physical inspection of retail establishments for compliance with PS and ICC marks. FTEB also adjudicates complaints regarding violations of the Consumer Act and Standards Laws. During the review period, FTEB intensified its market surveillance activities, resulting in the seizure of thousands of uncertified products.⁵⁶ In addition, an ICC Verification Mobile App has been introduced, allowing enforcement officers and consumers to scan ICC stickers in real-time to verify their authenticity.

3.3.3 Sanitary and phytosanitary requirements

3.79. Though the institutional framework for sanitary and phytosanitary (SPS) measures remained largely unchanged during the review period, the system has been further finetuned through a few regulatory consolidations which aimed at enhancing regulatory efficiency. The principal legislation pertaining to SPS measures include: the Food Safety Act of 2013 (Republic Act No. 10611), the Agriculture and Fisheries Modernization Act of 1997 (Republic Act No. 8435), the Meat Inspection Code of 2004 (Republic Act No. 9296), the Animal Welfare Act of 1998 (Republic Act No. 8485), and the Plant Quarantine Law of 1978 (Presidential Decree No. 1433). The competent authorities implementing SPS measures remain the agencies under the Department of Agriculture, and the Food and Drug Administration under the Department of Health.

3.80. The Department of Agriculture (DA) remains the notification authority and national enquiry points for the WTO Committee on SPS measures. During the review period, the Philippines submitted to the WTO around 130 notifications, among which 109 were communicated as emergency notifications. The regular notifications covered, *inter alia*, amendment to rules and regulations pertaining to importation of agricultural and fisheries products, terms and conditions for importation of live animals, food safety standards for rice, standards for processed food, and maximum residue limits of pesticides. The Philippines also submitted addenda, providing additional information to the notified regular and emergency measures. Since January 2018, six Members have raised trade concerns about the Philippines' certain restrictive measures on importing meats⁵⁷, while the Philippines has expressed concerns on Indonesian measure affecting horticultural products⁵⁸, and supported concerns on other Members' SPS measures.⁵⁹

3.3.3.1 Recent development

Procedural refinement

3.81. On 22 June 2022, DA issued an Administrative Circular (AC No. 6/2022), revising its "rules and regulations for importing agricultural and fish and fishery/aquatic products; animal feeds, feed ingredients and feed additives; and fertilizers, pesticides and other agricultural chemical products". The revision of rules was part of the efforts to harmonize regulatory policies and practices, streamline processing, thus, to enhance transparency and facilitate trade. The authorities maintain that

⁵⁶ FTEB. Viewed at: <https://fairtrade.dti.gov.ph/resources/media/updates/> (15/12/2025).

⁵⁷ WTO documents [G/SPS/R/97/Rev.1](#), 25 February 2020, [G/SPS/R/99](#), 11 August 2020, [G/SPS/R/100](#), 21 December 2020, [G/SPS/R/101](#), 19 May 2021, [G/SPS/R/102](#), 17 September 2021, [G/SPS/R/104](#), 17 December 2021, [G/SPS/R/105](#), 18 May 2022, [G/SPS/R/107](#), 26 September 2022, [G/SPS/R/108](#), 16 December 2022, [G/SPS/R/109](#), 5 May 2023, [G/SPS/R/110](#), 13 September 2023, [G/SPS/R/111](#), 18 December 2023, [G/SPS/R/112](#), 23 May 2024, [G/SPS/R/G/SPS/R/114](#), 2 August 2024, [G/SPS/R/115](#), 17 December 2024, [G/SPS/R/116](#), 22 April 2025, [G/SPS/R/117](#), 8 September 2025, and [G/SPS/R/118](#), 12 December 2025.

⁵⁸ WTO documents [G/SPS/R/94](#), 27 June 2019, [G/SPS/R/95](#), 12 September 2019, and [G/SPS/R/101](#), 19 May 2021.

⁵⁹ WTO documents, [G/SPS/R/93](#), 11 February 2019, [G/SPS/R/100](#), 21 December 2020, [G/SPS/R/101](#), 19 May 2021, [G/SPS/R/102](#), 17 September 2021, [G/SPS/R/104](#), 17 December 2021, and [G/SPS/R/112](#), 23 May 2024.

the Circular does not introduce new substantive SPS measures or quantitative import restrictions, but enhances regulatory coherence, transparency, and efficiency in SPS administration.

3.82. The revised rules and regulations update the requirements for SPS Import Clearance (SPSIC), an import permit introduced since 2010. Importers of animals, animal products, feeds, fertilizers, pesticides, plants, and plant products are required to obtain an SPSIC issued by competent DA agency prior to shipment. An SPSIC is shipment specific, containing information on validity period, "must-ship-out" rules, and documentary requirements. The authorities note that the updated guidelines place stronger emphasis on risk-based evaluation, consistency of submitted information, and verification through integrated electronic systems, thereby enhancing regulatory rigor and predictability. The revised SPSIC regime brings the administration of SPS conditions more tightly to import licensing (Section 3.1.5).

Documentation digitalization

3.83. The Department of Agriculture introduced a DA Trade System in 2010, providing electronic processing of SPSIC applications and Request for Inspection to DA agencies such as the Bureau of Animal Industry (BAI), Bureau of Fisheries and Aquatic Resources (BFAR), and Bureau of Plant Industry (BPI). The DA Trade System became fully operational in phases. Full integration of the DA Trade System into the Philippine National Single Window remains evolving.

3.84. On 19 October 2022, the National ePhyto System for plant products was connected to the DA Trade System, allowing Philippine exporters to apply for phytosanitary certificates online. The ePhyto system also enable the Philippines to electronically exchange phytosanitary certificates with trading partners, through bilateral agreements, the ASEAN Single Window, and the IPPC Hub managed by the International Plant Protection Convention (IPPC). As at the end of 2025, the Philippines can exchange electronic phytosanitary certificates with Australia, Argentina, Chile, Denmark, France, Indonesia, New Zealand, Panama, and Thailand.

Standard-based technical regulations

3.85. In 2023, DA issued a Department Order establishing rules and procedures for DA Food Safety Regulatory Agencies (FSRAs) to adopt food-safety-related Philippine National Standards (PNS) developed by DA-BAFS as the basis for their technical regulations. This order operationalizes a more systematic pipeline from PNS to binding technical regulations for primary and post-harvest foods, strengthening the legal connection between SPS-type standards and DA's regulatory measures applied to imported products.

Regulatory power adjustments

3.86. During the review period, there were several regulatory re-arrangements, with an aim at enhancing regulatory certainty. The Animal Industry Development and Competitiveness Act (Republic Act No. 12308) entered into force on 10 October 2025. The Act removes some regulatory powers previously exercised by the Food and Drug Administration under the Department of Health (DOH-FDA), and reassigns them to agencies under the Department of Agriculture. Provided by the Act, BAI has the regulatory authority on veterinary drugs, products, biologics, and other animal health, while the National Dairy Authority (NDA) has full regulatory competence over the dairy industry. Following the Fertilizer and Pesticide Authority (FPA) Memorandum Circular No. 11/2021, registration of pesticides and agricultural chemicals for animal facilities has been transferred from BAI to FPA.

3.87. The Organic Agriculture Amendments (Republic Act No. 11511) entered into force on 6 January 2021, amending the Organic Agriculture Act (Republic Act No. 10068). The amended Organic Agriculture Act strengthens the regulatory power of the Bureau of Agriculture and Fisheries Standards (BAFS) under the Department of Agriculture over development of organic agriculture sector.

3.3.3.2 SPS regimes for importation

Food

3.88. Under the Food Safety Act, the Food and Drug Administration under the Department of Health (DOH-FDA) is the competent authority for regulating processed and pre-packaged foods, while agencies under the Department of Agriculture are responsible for food safety matters in the "primary production" and "post-harvest" stages. The regulatory powers under DA cover fresh agricultural crops, livestock, and fisheries.

3.89. Processed and pre-packaged foods are required to be registered with the DOH-FDA before importation, manufacture, sale, or distribution. The registrant must obtain a licence to operate (as a manufacturer, importer, or distributor) from the DOH-FDA, or relevant DA agency depending on the food category. Importation of agricultural and food products in primary production and post-harvest stages requires an SPS Import Clearance (SPSIC) from the competent DA agency prior to shipment.

3.90. On 22 November 2024, the Department of Health issued an Administrative Order No. 2024-0015. This order expands the definition of food business operators, explicitly including e-commerce platforms, logistics providers, and re-packers.

Animals and animal products

3.91. Importation of animal and animal products including meats requires an SPSIC issued by BAI. The SPSIC is shipment specific. The validity of SPSIC for imported meats has been extended to 90 days since 2021, up from 60 days before.

3.92. Only importers licensed by the National Meat Inspection Service (NMIS) may apply for an SPSIC for importing meat and meat products. NMIS is also mandated to evaluate and accredit foreign meat establishments intending to export to the Philippines. Hence, meat imports to the Philippines must be sourced from NMIS-accredited establishments. The list of accredited establishments is published on the NMIS website, and updated annually.

3.93. BAI, as the competent authority for animal health and animal well-being development, inspects imports of animals and animal products at the first point of entry through the BAI veterinary quarantine stations. These stations are responsible for quarantine measures for live animals, verification of veterinary health certificates and import clearances, and domestic movement controls. All shipments are subject to veterinary quarantine by the BAI at the border and inspection by NMIS officers at NMIS-licensed cold storage warehouses.

3.94. The maximum residue limits (MRLs) for hormone and pesticides are set as technical regulations (Section 3.3.2). The authorities maintain that MRLs applied in the Philippines are adopted directly from international standards, developed by international standard bodies such as the Codex Alimentarius Commission. In the absence of the Codex Alimentarius MRLs, the Philippines adopts ASEAN MRLs.

Plant and plant products

3.95. BPI is the competent authority for the phytosanitary aspects of plant health, quarantine, pest management, and related functions. BPI is responsible for issuing SPSICs for plants and plant products. Also, BPI carries out inspection, document verification, and treatment (if necessary), for importation of plants and plant products at the point of entry through BPI plant quarantine stations.

3.96. All importers must be registered with BPI and be part of the DA Trade System.

The rapid alert system

3.97. The Philippine Rapid Alert System for Food and Feed (PhilRASFF) was launched in March 2017, allowing Philippine food safety authorities to rapidly exchange information about health risks related to food and animal feed. PhilRASFF was upgraded in November 2023, with an enhanced interoperability between agencies. The enhancement includes real-time information exchange

between the DOH-FDA and DA agencies, and standardized notifications. During the review period, PhilRASFF reported 545 non-compliances found by official inspections, of which 96 were classified as border rejections.

3.98. PhilRASFF also connects with WHO INFOSAN, ASEAN RASFF, and the EU RASFF, enabling rapid exchange of food safety information and coordinated responses to food safety incidents affecting international trade. DOH-FDA has attended the ASEAN RASFF meetings since 2018. In addition, the Philippines takes a leadership role in developing Guidelines for Reporting of Food and Feed Safety Non-Conformances for the ASEAN RASFF.

3.3.4 Competition policy and price controls

3.3.4.1 Competition policy

3.99. During 2015-2016, the Philippines laid the foundations of a comprehensive framework for the promotion and protection of competition with the enactment of the Philippine Competition Act (PCA) and the relevant implementing rules and regulations, and the establishment of the Philippine Competition Commission (PCC).⁶⁰ A two-year transitional period for adjustment to the new framework expired on 8 August 2017. Thereafter, the provisions of the PCA became fully enforceable.

3.100. The PCC and the Department of Economic Development and Planning (DEPDev) have shared competence for the formulation of the National Competition Policy (NCP), whose implementation rests with the PCC.⁶¹ The PCC's remit also includes investigating and penalizing violations of the PCA, carrying out *ex officio* market-wide studies, the *ex ante* control of economic concentrations, and competition advocacy.

3.101. The PCC may initiate investigations *ex officio* or upon receipt of either a verified complaint by any person or a referral by another regulatory agency. Injured parties may resort to private litigation in court only after the PCC has completed its preliminary inquiry, except for criminal liability cases. PCC decisions are appealable to the Court of Appeals. While the PCC and Philippine sectoral regulators have complementary competencies in regulated sectors, the PCC has original and primary jurisdiction over all competition-related matters.

3.102. During the review period, the PCC adjusted the applicable merger notification thresholds and issued guidelines pertaining to several aspects of merger review.⁶² A leniency programme granting cartel whistle-blowers immunity or fine reductions was adopted in December 2018.⁶³ Procedural improvements were also made in the areas of transparency, digitalization, automated bid-rigging screening, consent orders (voluntary settlements), and administrative search and inspection (dawn raids). In addition to participating in the Anti Agricultural Economic Sabotage Council (Section 3.3.4.2) and the Fiscal Incentives Review Board, the PCC has been proactively engaged in inter-agency coordination initiatives and has signed technical cooperation memoranda with various national bodies.⁶⁴

3.103. The PCA does not apply to export-oriented anti-competitive practices (including cartels) that only have effects on overseas markets. The provision of public aid or any preferential tax treatment by public authorities also remains outside its scope. Horizontal agreements involving price fixing, market allocation, or bid rigging are prohibited *per se* and are subject to administrative as well as criminal sanctions. Beyond such *per se* infringements, the PCC follows a rule-of-reason (i.e. effects-based assessment) approach in the consideration of economic concentrations and

⁶⁰ Republic Act No. 10667 of 21 July 2015.

⁶¹ The National Competition Policy mandates all public-sector entities to promote market efficiency and competitive neutrality (Joint Memorandum Circular No. 01-2020, 30 July 2020 and Administrative Order No. 44, 20 October 2021).

⁶² In response to the COVID-19 pandemic, merger notification thresholds were relaxed and the PCC's power to *ex officio* review non-notifiable mergers was suspended during 2020-2022. Details regarding merger notification thresholds can be viewed at: <https://www.phcc.gov.ph/mergers-and-acquisitions/computing-merger-thresholds> (16/01/2026).

⁶³ Philippine Competition Commission. Viewed at: <https://www.phcc.gov.ph/enforcement/leniency-program> (16/01/2026).

⁶⁴ PCC. Viewed at: <https://www.phcc.gov.ph/resource-category/partnerships> (21/01/2026).

anti-competitive practices. Compulsory licensing of intellectual property rights may be used as a remedy for conditional clearance of mergers or as a penalty for anti-competitive conduct.

3.104. The PCC may order an offender to cease or rectify its unlawful conduct and impose administrative fines of up to PHP 275 million.⁶⁵ Infringement of *per se* prohibitions entails criminal liability, with the case being referred to the Office for Competition under the Department of Justice. Criminal penalties include imprisonment for two to seven years and a fine ranging from PHP 50 million to PHP 250 million. Whenever juridical persons are involved in *per se* prohibited agreements, the penalties are imposed on the corporate officers holding managerial positions who knowingly and wilfully engaged in such acts.

3.105. Merger control was a major component of the PCC's enforcement activity during the review period, as shown by the number of closed cases (Table 3.7). The authorities indicate that financial and insurance markets were most frequently the focus of antitrust investigations, followed by energy supply, transportation and storage, and wholesale and retail trade.

Table 3.7 Antitrust enforcement activity, 2018-2025

Description	2018	2019	2020	2021	2022	2023	2024	2025
Cases opened	146	191	89	56	59	111	105	143
Merger notification filing	47	40	17	4	5	27	28	52
<i>Ex officio</i> merger review	1	1	2	0	2	1	1	0
Complaint	5	5	9	7	8	6	6	4
<i>Ex officio</i> investigation	5	2	7	5	5	6	3	4
Market-wide study	5	10	8	11	9	8	6	5
Request for opinion	83	143	54	40	39	71	67	87
Leniency application	0	0	0	0	0	0	0	0
Cases concluded	50	41	22	10	12	29	31	53
Merger	48	41	19	4	7	28	29	52
Cleared unconditionally	48	40	19	4	7	28	29	52
Cleared with remedies	2	0	0	0	1	1	1	1
Blocked	0	1	0	0	0	0	0	0
Non-merger cases ^a	2	1	3	6	6	1	2	2
Abuse of dominance	2	1	2	1	2	0	1	1
Restrictive practice	2	0	3	5	3	1	1	2
Concerted action (cartel)	2	0	3	4	4	0	1	2
Bid-rigging	0	0	0	0	0	0	0	0
Settlement ^b	0	0	0	0	0	4	12	2
Total PCC fines (PHP billion)	31,744.3	64,404.5	4,154.9	1,675.0	5.0	13,743.5	2,785.1	1,351.5
Appeals	0	0	0	0	0	0	0	0

a Cases may be prosecuted under one or more provisions of the Philippine Competition Act and therefore may appear in more than one of the sub-categories indicated below.

b Consent orders and non-adversarial remedies (binding rulings, show cause orders, etc.). Statistics are reported on a per-party basis, rather than per proceeding.

Source: Philippine Competition Commission.

3.106. The Philippines makes continuous efforts to strengthen and formalize its cooperation arrangements on competition policy. During 2018-2025, the PCC concluded technical cooperation instruments with the competition authorities of Australia; Cambodia; China; Hong Kong, China; Malaysia; Singapore; and Thailand.⁶⁶ In general, these cooperation instruments contain provisions on exchange of best practices and cross-border enforcement mechanisms. The Philippines is also an active participant in global or regional fora on competition policy, including the International Competition Network, the ASEAN Experts Group on Competition, the East Asia Top Officials Group, and the APEC Competition Policy and Law Group.

3.3.4.2 Price controls

3.107. The Philippines maintains a framework for imposing price controls on "basic necessities and prime commodities" in emergency situations, established by the Price Act of 1992.⁶⁷ The National

⁶⁵ The PCA mandates the PCC to carry out an upward adjustment of administrative fines every five years. In February 2026, the PCC began public consultations on updating the fines.

⁶⁶ PCC. Viewed at: <https://www.phcc.gov.ph/resource-category/partnerships> (21/01/2026).

⁶⁷ Republic Act No. 7581, 27 May 1992.

Price Coordinating Council (NPCC), an advisory body chaired by the DTI, remains responsible for formulating price stabilization strategies, and monitoring market conditions.

3.108. Pursuant to the Price Act, a price freeze is automatically imposed on basic necessities whenever a state of calamity or emergency is declared by the President. A price ceiling may be imposed by the President, upon recommendation by the NPCC, whenever the prevailing prices of basic necessities or prime commodities are deemed to have risen to unreasonable levels.⁶⁸ In December 2020, the DTI issued guidelines for the conduct of price and supply monitoring activities, clarifying the basis for application of a suggested retail price, a price freeze, or a price ceiling.⁶⁹

3.109. In August 2023, the Philippines imposed nationwide price ceilings on regular milled rice and well-milled rice, that remained in effect until 4 October 2023.⁷⁰

3.110. In September 2024, the Philippines reinforced its framework targeting unscrupulous traders and importers of agricultural and fishery products with the enactment of the Anti-Agricultural Economic Sabotage Act (Section 4.1.2). A newly created Anti-Agricultural Economic Sabotage Council was tasked with establishing a comprehensive oversight system for agricultural commodity value chains and directing the speedy investigation and prosecution of all crimes punishable under the Act. Despite significant overlaps, the Price Act and the Anti-Agricultural Economic Sabotage Act differ in terms of prohibited conduct, product coverage, enforcement mechanisms, and penalty provisions.

3.111. As part of its mandate to maintain a buffer stock sourced exclusively from local farmers, the National Food Authority purchases rice on a nationwide scale at administered prices (Section 4.1).

3.3.5 State trading and state-owned enterprises

3.112. The Philippines indicated the existence of one state trading enterprise, the National Food Authority (NFA), in its WTO notifications for the 2018-2021 period.⁷¹ The latest notification provides details regarding the NFA's amended remit following the entry into force of the Rice Tariffication Act (Section 4.1).

3.113. The central Government retains full or partial ownership interests in a wide range of enterprises. Some of these companies have non-commercial operations and are funded by budget appropriations.⁷² Government-owned and controlled corporations (GOCCs) remain active in various sectors of the Philippine economy, including financial intermediation, trade, tourism, education, energy, mining, agriculture, fisheries, food processing, transport, utilities, broadcasting, postal services, healthcare, and real estate. Some GOCCs are minority shareholders in various private companies. Data on the evolution of GOCCs' aggregate shares of GDP and employment during the review period are not available.

3.114. Some 130 GOCCs (including 3 companies slated for privatization) were operational in September 2025, compared to 137 companies in April 2017.⁷³ Two new GOCCs, Davao International Airport Authority and Maharlika Investment Corporation, were established in 2018 and 2023, respectively. A total of 66 GOCCs have been chartered under specific legal acts that govern their respective operations.

⁶⁸ Basic necessities are defined as goods vital for consumers' sustenance and existence in an emergency, whereas prime commodities are goods deemed essential to consumers in an emergency.

⁶⁹ Department Order No. 20-86, 11 December 2020.

⁷⁰ Executive Order No. 39, 31 August 2023.

⁷¹ WTO documents [G/STR/N/17/PHL](#) and [G/STR/N/18/PHL](#), 16 December 2020, and [G/STR/N/19/PHL](#), 5 September 2023.

⁷² The authorities indicate that no enterprise with LGU ownership has been established to date. In 2022, the Commission on Audit classified 78 GOCCs as commercial public sector entities and 31 as non-commercial ones (COA Circular No. 2022-003, 24 January 2022). Based on a categorization adopted in 2025 (Executive Order No. 95, 16 September 2025), 23 GOCCs were classified as self-sustaining through commercial activities that directly compete with the private sector.

⁷³ Governance Commission for Government Owned and Controlled corporations. Viewed at: <https://icrs.gcg.gov.ph/gocc-classification/> (26/01/2026).

3.115. GOCCs remain legally required to remit at least 50% of their annual net earnings to the State. The authorities indicate that the number of profitable GOCCs increased from 50 in 2018 to 54 in 2024. During 2018-2025, state support in the form of capital infusion, subsidy, exemption from dividend payment, or a combination thereof was provided to 43 GOCCs. Subsidies were the most frequently used form of support in that period, with combined annual amounts ranging between PHP 118.4 billion and PHP 209.8 billion.

3.116. The Governance Commission for GOCCs (GCG), attached to the Office of the President, retains primary responsibility to (i) formulate and implement policies regarding the management of GOCCs, (ii) oversee GOCC performance, and (iii) recommend to the President any restructuring or divestment actions. The authorities report that, during 2019-2022, the GCG conducted reviews of 118 GOCCs to assess whether they competed on a level playing field with private firms. The GCG did not recommend remedial actions for any of the companies reviewed in that period.

3.117. The Privatization Council (PrC) continues to oversee the national privatization programme⁷⁴ whose implementation remains the remit of the Privatization and Management Office (PMO).⁷⁵ A minimum of 10% of the sale of assets in corporate form remain reserved for small local investors.⁷⁶ During the review period, the PMO issued revised privatization guidelines⁷⁷ and enhanced transparency and accessibility through the online publication of bidding opportunities. The authorities state that the new guidelines (i) streamlined and clarified the appraisal and divestment processes, (ii) expanded divestment options, and (iii) introduced strengthened provisions on transparency, competition, accountability, and stakeholder participation.

3.118. In the first quarter of 2025 the PMO's registry contained approximately 29,000 idle, non-performing, or underutilized assets that were being evaluated for potential privatization in close coordination with relevant agencies. During 2018-2025, the PMO disposed of 33 state assets, including landholdings, buildings, and equity in various corporations. The total proceeds from these transactions amounted to some PHP 6.17 billion, which were remitted to the National Treasury. Notable transactions included the sale of equity in the North Luzon Expressway project and the divestment of Casacnan Hydroelectric Power Plant's power generation facilities.

3.3.6 Government procurement

3.119. During the review period, the legal framework for government procurement has been overhauled. The New Government Procurement Act (NGPA) (Republic Act No. 12009) took effect on 13 August 2024, repealing the Government Procurement Reform Act (GPRA) of 2003 (Republic Act No. 9184). The Implementing Rules and Regulations of the NGPA became effective on 25 February 2025. The Philippines became an observer to the WTO Agreement to Government Procurement on 26 June 2019.

3.120. The Government Procurement Policy Board (GPPB), an inter-agency body composed of senior government officials, is responsible for setting the strategic direction and making policy decisions on all matters related to public procurement. Its responsibilities include: formulating and amending secondary legislation, guidelines, and procurement manuals; overseeing procurement activities through a procurement monitoring programme; and promoting reforms and ensuring compliance. In addition, GPPB will establish the professionalization programme, providing training to public procurement practitioners. GPPB is supported by its own Technical Support Office (TSO), which is an agency attached to the Department of Budget and Management (DBM).

3.121. The NGPA provides for a three-year transitory period during which the NGPA is implemented in parallel with the GPRA.⁷⁸ The Standard Procurement Forms issued under the GPRA continued to be used until 21 September 2025, when the new Standard Procurement Forms under the NGPA

⁷⁴ Presidential Proclamation No. 50, 8 December 1986.

⁷⁵ Executive Order No. 323, 6 December 2000.

⁷⁶ Republic Act No. 7886, 20 February 1995 and Executive Order No. 323, 6 December 2000.

⁷⁷ PrC Guidelines on the Privatization and Disposition of Government Assets, 27 February 2025.

Viewed at: <https://www.pmo.gov.ph/announcements/296-guidelines-on-the-privatization-and-disposition-of-government-assets> (26/01/2026).

⁷⁸ Government Procurement Policy Board (GPPB), *Important Update: Effectivity and Transitory Periods under RA 12009*. Viewed at: <https://www.gppb.gov.ph/important-update-effectivity-and-transitory-periods-under-ra-12009/> (20/01/2026).

came into effect. Procurements conducted using the previous standard procurement forms may remain valid during the transitory period, for up to three years, until 14 May 2028 at the latest.⁷⁹ The authorities noted that this dual-system arrangement ensures continuity in the implementation of ongoing programmes, activities, and projects.

3.3.6.1 Recent policy development

3.122. The enactment of the NGPA reflected a change in policy objectives of public procurements. The authorities view public procurement as a strategic tool for national development, aiming to achieve value for money, and to promote environment sustainability through transparent and efficient procurement. Also, the NGPA is expected to modernize the procurement processes with the use of emerging technologies and solutions, and enhance accountability.

3.123. The NGPA no longer relies solely on the "lowest calculated responsive bid" (LCRB) criterion for contract awards. Instead, it introduces the "most economically advantageous responsive bid" (MEARB) criterion, reflecting the objective of achieving value for money. Under the MEARB approach, a weighted scoring system is applied in the evaluation of bids for goods and infrastructure projects. The procuring entity is required to specify, in the invitation to bid, the respective weights assigned to the technical and financial components. The Act stipulates that the price component carries a weight of 15% to 40%, while the technical or quality component accounts for 60% to 85% of the total evaluation score.⁸⁰ The contract is awarded to the bidder achieving the highest combined score based on the prescribed quality-price ratio. This shift in evaluation priority, under which quality may outweigh price, enables procuring entities to avoid selecting low-priced but substandard offers.⁸¹ The MEARB criterion takes into account the lifecycle cost of bids, ensuring that procurement is fit for purpose. However, it introduces a greater degree of subjectivity, thereby underscoring the need for the strict professionalization standards set out in the Act's objectives.

3.124. The NGPA mandates the adoption of a Green Public Procurement Strategy, under which environmental criteria must be integrated into the design and technical specifications of procurement projects. The policy objective is to reduce the environmental impact of government operations by prioritizing energy-efficient, recyclable, and sustainably sourced products. Through the mandatory inclusion of environmental specifications, the government seeks to incentivize the adoption of environmentally sustainable production methods in the private sector as a condition for participation in public procurement, thereby promoting a broader transition toward sustainability across the economy.

3.125. Preferences are granted to Philippine goods and services in government procurement. Domestic suppliers are given a preference margin that allows them to compete with the lowest foreign bid. Under the NGPA, this margin has been increased to 25%, compared with 15% under the previous regime.

3.126. In addition, pursuant to the Tatak Pinoy (Proudly Filipino) Act (Republic Act No. 11981), domestic priority and preferences in government procurement are provided to Philippine suppliers in nine priority sectors identified by the Tatak Pinoy Council in the Tatak Pinoy Strategy.⁸² The authorities indicate that for these nine sectors, a preference margin of up to 100% may be granted for a period of 10 years (2025-2035), while the 25% margin under the NGPA applies to other sectors. According to the authorities, the detailed implementing rules for the Tatak Pinoy Strategy are still under development.

⁷⁹ GPPB Resolution No. 05-2025, 18 September 2025. Viewed at: <https://www.gppb.gov.ph/wp-content/uploads/2025/10/GPPB-Resolution-No.-05-2025.pdf> (20/01/2026).

⁸⁰ Section 61, the New Government Procurement Act.

⁸¹ Sonny Angara (2024), *Addressing the gaps on government procurement*, Opinion, Manila Bulletin, 9 March. Viewed at: <https://mb.com.ph/2024/3/9/addressing-the-gaps-on-government-procurement> (21/01/2026).

⁸² The nine priority sectors identified in the Tatak Pinoy Strategy are: (i) information technology and business process management (IT-BPM); (ii) food and agro-processing; (iii) cement, steel, and construction materials; (iv) semiconductors; (v) electronics and electrical devices; (vi) automotive, electric vehicles (EVs), and automotive components; (vii) pharmaceuticals, diagnostics, and health products; (viii) defence manufacturing; and (ix) chemicals and industrial inputs.

3.3.6.2 The regime for government procurements

3.127. The NGPA, like its predecessor, applies to all public procurements undertaken by all branches and instrumentalities of the government. Covered procuring entities include not only governmental institutions (e.g. national government departments, local government units), but also non-governmental institutions such as state universities and colleges, government-owned or -controlled enterprises, and government financial institutions. The NGPA likewise applies to foreign-funded projects, unless a treaty, international or executive agreement expressly provides for a different procurement rule.

3.128. Under the old GPRA regime, "competitive bidding" was the default procurement mode, with recourse to alternatives modes permitted only on exceptional basis. The authorities note that The uniform adoption of competitive bidding under RA 9184 has strengthened transparency and accountability in public procurement, but it has also produced notable efficiency challenges such as one-size fits all application of competitive bidding mode even in even small-value, urgent, or highly specialized procurements where market competition is limited or where speed and flexibility are essential.

3.129. By contrast, the NGPA allows procuring entities to use any of the 11 procurement modes specified in the Act, as long as the statutory conditions are met.⁸³ Notably, several of these modes constitute novel modalities not recognized under the prior regime, namely (i) competitive dialogue⁸⁴, (ii) unsolicited offer with bid matching⁸⁵, (iii) direct procurement for science, technology, and innovation⁸⁶, (iv) direct sales⁸⁷, and (v) direct acquisition.⁸⁸ The authorities note that this increased flexibility mitigates the complexity mismatches inherent in the former regime, and enhances the system's capacity to accommodate technological innovations.⁸⁹

3.130. Competitive dialogue is a procurement mode applied to complex purchases such as acquisition of sophisticated products or the implementation of major ICT projects that require innovative design or solutions. It is also used where the procuring entity is unable to sufficiently establish or precisely define the technical specification, or require prior discussions with potential suppliers because of specific circumstances related to the nature, complexity, legal or financial issues, or risks attached to the procurement. The competitive dialogue process consists of two stages. First, a dialogue is undertaken with pre-selected bidders to identify and develop suitable solutions. Second, bidders are invited to submit final tenders based on the solutions developed during the dialogue stage.

3.131. Under the former regime of the GPRA, unsolicited proposals were prohibited. The NGPA introduced unsolicited offer with bid matching, as a new procurement mode for goods and consulting services, allowing the consideration of unsolicited proposals that offer new concepts or technologies. Under this mode, a potential supplier may submit a proposal⁹⁰, which, if accepted, is subject to a comparative or competitive bidding process where other bidders may submit more advantageous offer. The original proponent is granted the right to match the most competitive offer in order to be awarded the contract.⁹¹ The authorities maintain that this mechanism establishes a formal channel

⁸³ The Implementation Rules and Regulations (IRR) of the New Government Procurement Act provides the detailed terms and conditions for using each of the 11 procuring modes.

⁸⁴ Section 29, the New Government Procurement Act.

⁸⁵ Section 30, the New Government Procurement Act.

⁸⁶ Section 37, the New Government Procurement Act.

⁸⁷ Section 36, the New Government Procurement Act.

⁸⁸ Section 32, the New Government Procurement Act.

⁸⁹ GPPB, *Fit-for-Purpose Procurement Modalities under RA 12009*. Viewed at: <https://www.gppb.gov.ph/fit-for-purpose-procurement-modalities-under-ra-12009/> (21/01/2026).

⁹⁰ As set out in the IRR, a concept or technology deemed new by the Head of the procuring entity must pass any of the following tests: (i) whether it offers a substantial improvement to existing solutions, demonstrated through verifiable data, proof of concept, or technical studies; (ii) whether it incorporates features promoting emerging technology and sustainable solutions; (iii) whether it involves state-of-the-art technology, as certified by a recognized independent agency with expertise in the field; or (iv) whether it provides significant benefits to the procuring entity in terms of efficiency, cost, or outcome.

⁹¹ GPPB, *Transforming Government Procurement with Innovation through Unsolicited Offer with Bid Matching under 12009*. Viewed at: <https://www.gppb.gov.ph/transforming-government-procurement-with-innovation-through-unsolicited-offer-with-bid-matching-under-12009/> (21/01/2026).

through which private sector innovation may be introduced into government procurement in the absence of a prior government request.

3.132. Four criteria may be used to evaluate bids for contract awards: the "Lowest Calculated Responsive Bid" (LCRB), the "Most Economically Advantageous Responsive Bid" (MEARB), the "Most Advantageous Responsive Bid" (MARB), and the "Highest Rated Responsive Bid" (HRRB). Among these, MEARB and MARB are new criteria introduced by the NGPA. The Bids and Awards Committee of the procuring entity must decide which bid evaluation criteria to be used before the publication of the invitation to bid. LCRB, MEARB, and MARB are applied in the procurement of goods and infrastructure projects, while HRRB is used for the procurement of consulting services. Where bidders are eligible and their submissions meet the technical requirements, the contract is awarded as follows: to the bidder with the lowest financial bid under LCRB; to the bidder offering the best price-quality ratio under MEARB; and to the bidder with the highest quality component under MARB.⁹²

3.133. The NGPA requires all government procurements to be conducted through electronic means. The Philippine Government Electronic Procurement System (PhilGEPS), originally launched in early 2003 primarily as an electronic bulletin board to promote transparency, has since been enhanced into an end-to-end electronic procurement platform designed to improve efficiency, with data integration spanning the entire procurement cycle from planning to payment.⁹³ Key features of PhilGEPS include the establishment of an electronic bidding (e-Bidding) as the standard procurement modality, and the application of data analytics to detect and prevent procurement irregularities.

3.134. The mechanism for procurement integrity has been further strengthened. The NGPA addresses the issues of procurement corruption such as collusive bidding or bid rigging, by requiring a mandatory information disclosure of beneficial ownership of bidders, which shall be accessible to the public.⁹⁴ GPPB will establish an online registry of all bidders' beneficial ownership information. To ensure the accuracy of ownership information, the registry on PhilGEPS is expected to be interconnected with the database of the Securities and Exchange Commission (SEC).⁹⁵

3.3.7 Intellectual property rights

3.3.7.1 Recent policy development

3.135. On 6 August 2019, both the Philippine Innovation Act (Republic Act No. 11293), the Innovative Startup Act (Republic Act No. 11337) entered into force. These two pieces of primary legislation, together with the Technology Transfer Act (Republic Act No. 10055), comprise the legal framework for innovation and research policy in the Philippines. Provided by the Philippine Innovation Act, the National Innovation Council (NIC), chaired by the President, was established. The Council is composed of 15 Department Secretaries (heads of national government departments) and 7 Executive Members from the private sector, academe, and scientific community.

3.136. The Philippine Government considers innovation as key to sustaining long-term economic growth, with a focus on improving total factor productivity rather than relying solely on factor accumulation. As outlined in the latest Philippine Development Plan (PDP) 2023-2028, the Government aims to promote the commercialization of research and development (R&D) outputs and to strengthen the domestic innovation and entrepreneurship ecosystem.

3.137. During the review period, the Philippines improved its ranking in the World Intellectual Property Organization (WIPO) Global Innovation Index (GII), reaching 50th in 2025, up from 73rd in 2017. According to the GII, WIPO has recognized the Philippines as an "Innovation Overperformer" for seven consecutive years (2019-2025), indicating that the country produces more innovation outputs than expected given its GDP per capita. Notably, the Philippine innovation strength was closely linked to international trade: it ranked 1st in high-tech exports as a share of total trade, and 4th in high-tech imports, reflecting the buoyant ICT manufacturing sector where most products are covered under the ITA of the WTO.

⁹² Section 49.2, the IRR of the NGPA.

⁹³ Section 20, the New Government Procurement Act.

⁹⁴ Section 82, the New Government Procurement Act.

⁹⁵ Section 23, the New Government Procurement Act.

3.138. Despite the achievements, the Government has identified shortfalls in areas such as the gap between research and commercialization, as well as insufficient human and financial capital, which pose challenges to further innovation advancement.

3.139. To address these challenges, NIC had its first meeting on 21 February 2023. As a result, the Philippines published National Innovation Agenda and Strategy Document (NIASD) 2023-2032 on 27 September 2023. The NIASD outlines the country's long-term goals for innovation and serves as a roadmap for implementing the policies and reforms set out in the PDP 2023-2028.

3.140. Pursuant to the Philippine Innovation Act, NIC also administers the Innovation Fund which had an initial amount of PHP 1 billion (approximately USD 16.8 million). According to the authorities, the Fund aims to strengthen entrepreneurship and support enterprises developing innovative solutions that benefit the poorest segments of the population. The Fund received PHP 200 million (about USD 3.4 million) from the 2021 budget and has subsequently been allocated PHP 100 million annually from 2023 to 2026. By the end of 2025, the Innovation Fund had approved PHP 309.6 million (around USD 5.2 million) in grant financing for a total of 59 projects across the 10 priority sectors identified in the NIASD 2023–2032. In addition, the Act mandates the establishment of an innovation development credit and financing programme. The authorities note that the implementation details for this programme remain under development.

3.3.7.2 IPR regimes

3.141. During the review period, the institutional framework for intellectual property rights (IPRs) protection remained largely unchanged. The principal legislation was the Intellectual Property Code, as amended in 2013. The Intellectual Property Office of the Philippines (IPOP) is the lead agency for enforcing the IP Code.

3.142. On 18 March 2019, the Philippines joined the Marrakesh Treaty to Facilitate Access to Published Works for Persons who are Blind, Visually Impaired or Otherwise Print Disabled. On 22 November 2024, the Philippines signed the Riyadh Design Law Treaty. As of end-2025, the Philippines has participated 10 international IPR conventions and treaties administered by WIPO (Table 3.8). In addition, the Philippines is actively engaged in acceding the WIPO Treaty on Intellectual Property, Genetic Resources and Associated Traditional Knowledge (GRATK Treaty).

Table 3.8 Membership in WIPO conventions and treaties, 2025

Convention/Treaty	Date of Entry into Force
Berne Convention for the Protection of Literary and Artistic Works (1886)	1 August 1951
Paris Convention on the Protection of Industrial Property (1883)	27 September 1965
Convention establishing WIPO (1967)	14 July 1980
Budapest Treaty on the International Recognition of the Deposit of Microorganism for Purposes of Patent Procedure (1977)	21 October 1981
Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (1961)	25 September 1984
Patent Cooperation Treaty (1970)	17 August 2001
WIPO Copyright Treaty	4 October 2002
WIPO Performers and Phonograms Treaty	4 October 2002
Marrakesh Treaty to Facilitate Access to Published Works for Persons who are Blind, Visually Impaired or Otherwise Print Disabled	18 March 2019
Beijing Treaty on Audiovisual Performances	28 July 2021

Source: WIPO Lex.

3.3.7.2.1 Industrial properties

Patents

3.143. The IP Code defines a patentable invention as "any technical solution of a problem in any field of human activity which is new, involves an inventive step and is industrially applicable". The term of a patent protection is 20 years from the filing date, non-renewable. Patent owners have the

right to conclude contract to license the patent, and to exclusively use the patented good or process.⁹⁶

3.144. Compulsory licensing may be granted without the patent owner's agreement on the grounds of, *inter alia*, national emergency, public interest, national security, nutrition, or health; or where a judicial or administrative body has determined that the patent owner is exploiting the patent in an anti-competitive manner. In the case of health emergency, the Universally Accessible Cheaper and Quality Medicines Act (Republic Act No. 9502) provides a special compulsory licence for the importation of patented drugs and medicines. This special compulsory licence is granted to import medications primarily for domestic consumption, and subject to adequate remuneration payment to the patent owner. It also contains terms and conditions for the licensee to strictly follow and prevent re-exportation of such products imported. There have been no compulsory licenses or special compulsory licenses granted since 2018.

Utility models, industrial designs, and layout designs

3.145. A utility model is protected for a non-renewable period of seven years from the filing date. To qualify for protection, a utility model must be new and industrially applicable. An industrial design that is new and original is granted an initial protection period of five years from the filing date. Protection for an industrial design may be extended to a maximum of 15 years through renewal for two consecutive five-year periods. Protection for a layout design lasts for 10 years and is non-renewable. The term of protection commences from the date the design was first commercially exploited anywhere in the world or from the filing date, whichever is earlier.

Trademarks

3.146. Trademarks are protected for a period of 10 years, renewable indefinitely. Well-known marks are protected in the Philippines, regardless of whether they have been registered. If a well-known mark has not been registered, protection is limited to identical or similar goods. However, if the mark is registered, protection extends to dissimilar goods or services as well.

3.147. On 28 April 2025, the Rules and Regulations for the Declaration and Creation of the Register of Well-Known Marks (IPOPHEL Memorandum Circular No. 2025-009) came into effect. These rules establish a non-adversarial administrative process where brand owners can apply to have their marks officially recognized as "well-known". The criteria for determining a well-known mark include the duration and geographical extent of its use, market share in the Philippines and abroad, the inherent distinctiveness of the mark, and the extent of its registration and use worldwide, among others.

3.148. Trademark protection in the Philippines follows the first-to-file principle. However, trademark holders must file a Declaration of Actual Use (DAU) with IPOPHEL in the third, fifth, and tenth years following the filing or renewal date. Actual use refers to genuine commercial use of the mark in the ordinary course of trade in the Philippines. A registered mark is considered abandoned for non-use if the owner fails to submit a DAU at the required intervals. Additionally, a third party may petition for cancellation if the mark has not been used for three consecutive years without legitimate reasons.

Geographical indications

3.149. Geographical Indications (GIs) were traditionally protected as collective or certification marks under trademark protection in the IP Code. On 20 November 2022, the Rules and Regulations on Geographical Indications (IPOPHEL Memorandum Circular No. 2022-022) came into effect. These rules establish a specific mechanism for GI registration, with the goal of strengthening GI protection. As of end-2025, there were eight GIs registered in the Philippines, among which five were foreign GIs.

Plant varieties

3.150. Protection of plant varieties is provided by the Philippine Plant Variety Protection Act (Republic Act No. 9168). New plant varieties may qualify for protection if they have not been

⁹⁶ However, the IP Code places some limitations on the patent rights, and confers prior user right.

exploited in the Philippines for more than one year prior to the filing of an application to the Bureau of Plant Industry under the Department of Agriculture, or if they have not been exploited in another country (where an application has been filed) for more than four years, or, in the case of trees and vines, more than six years prior to the filing date. Protection is granted for a period of 25 years for trees and vines, and 20 years for all other plant varieties.

Industrial property registration

3.151. During the review period, registrations of industrial intellectual property increased significantly (Table 3.9). Most applications were filed by foreign right holders seeking protection in the Philippines. The majority of utility model applications were submitted by Filipino applicants, although the number of registrations generally declined. By contrast, patent applications filed by domestic inventors doubled over the review period, partly reflecting the implementation of the national innovation strategy.

Table 3.9 Applications and registration of industrial properties, 2018-2025

	2018	2019	2020	2021	2022	2023	2024	2025
Patent applications								
Resident	471	436	420	453	496	723	805	999
Non-resident (Patent Cooperation Treaty)	2,956	3,235	2,981	3,369	3,680	3,598	3,137	3,268
Non-resident (direct)	568	368	271	225	231	208	199	210
Utility model applications								
Resident	2,111	2,189	1,287	1,596	1,474	1,788	1,533	1,800
Non-resident	70	91	90	52	71	101	57	70
Industrial design applications								
Resident	879	1,020	646	647	562	834	1,084	1,578
Non-resident	643	611	618	618	679	654	895	989
Trademark applications								
Resident (direct)	21,657	23,526	21,129	24,006	25,302	25,567	26,430	26,194
Non-resident (direct)	7,612	7,907	6,854	7,785	8,222	8,820	9,639	10,784
Non-resident (Madrid system)	6,699	7,666	7,328	8,043	7,889	7,622	8,478	5,885
Geographical indication application								
Resident	n.a.	n.a.	n.a.	n.a.	n.a.	5	3	3
Non-resident	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0

n.a. Not applicable.

Source: Information provided by the authorities.

3.3.7.2.2 Copyright and related rights

3.152. Copyright protection covers original literary and artistic works, including books and other writings, music, plays, works of visual art, designs, technical drawings, photographs, audiovisual and cinematographic works, advertisements, computer programs, and other literary, scholarly, scientific, and artistic works. Works derived from original works – such as adaptations and other alterations – as well as collections of works and compilations of data, are also protected by copyright. Performances, sound recordings, and broadcasting organizations are granted neighbouring or related rights.

3.153. Protection for literary and artistic works generally lasts for the life of the author or co-authors plus 50 years from the death of the last surviving author. The duration of protection may vary depending on the type of work.

3.154. Under the IP Code copyright and related rights are protected for works that have a clear connection to the Philippines. This includes works by Filipino authors or performers, works first published or produced in the Philippines, and works that are performed, fixed, or broadcast in the country. Certain foreign works and performances are also protected if they are published, performed, or transmitted in the Philippines or produced by Filipino organizations. National treatment is provided to performers, producers of sound recordings, and broadcasting organizations, by virtue of international conventions to which the Philippines is a party.

3.155. There are currently no specific provisions governing the use of copyrighted materials for artificial intelligence (AI) training. The Bureau of Copyright and Related Rights is reviewing the legal

and practical implications of AI on copyright ownership and enforcement. The authorities indicate that IPOPHL is developing an AI strategy aligned with the Philippine National Artificial Intelligence Strategy approved in July 2024.

3.3.7.3 IPR enforcement

3.156. IPR enforcement was coordinated by the National Committee on Intellectual Property Rights (NCIPR), an inter-agency body established in 2008. NCIPR is composed of 15 member agencies, and chaired by DTI. IPOPHL is the Vice-Chair of NCIPR, serving as the administrative enforcement arm. It may receive complaints, issue warnings, and inspect businesses reported for IPR violations.

3.157. During the review period, the Philippine authorities have exercised 3,262 search warrants, inspected 15,804 establishments, and seized infringed goods valued PHP 187 billion (Table 3.10). The majority of infringed goods were seized by BOC at the border. The authorities note that the seized goods are mostly counterfeit.

Table 3.10 IPR administrative enforcement, 2018-2025

	2018	2019	2020	2021	2022	2023	2024	2025
Inspection	2,644	2,571	1,203	0	2,389	2,345	938	3,714
Search warrant	539	572	102	324	573	273	543	336
Seized goods (PHP billion)	23.55	22.13	9.79	24.91	9.49	26.86	40.97	29.31

Source: NCIPR Statistics.

3.158. Also, the Philippines ramped up its IPR enforcement efforts in the online business environment. The Internet Transaction Act of 2023 (Republic Act 11967) took effect on 20 June 2025. Under this Act, e-retailers and online merchants must ensure that products are delivered in the exact condition, quantity, and quality as advertised. In this regard, IPOPHL signed a Memorandum of Understanding (MoU) with e-commerce platforms, brand owners, industry associations and chambers of commerce, establishing a code of practice to fight counterfeit and pirated goods sold over the Internet.⁹⁷ The MoU created a notice-and-takedown mechanism for right owners to swiftly block sales of infringed goods on the e-commerce platforms. As of end-January 2026, there were 112 signatories to the MoU.

3.159. The Special Commercial Courts in the Philippine judicial system hear and adjudicate both civil and criminal cases involving IPR violations. During the review period, 1,212 cases were referred to criminal proceedings.⁹⁸ On 16 November 2020, the Philippine Supreme Court issued the 2020 Revised Rules of Procedure for Intellectual Property Rights Cases (A.M. No. 10-3-10-SC), which aims to streamline court-based enforcement procedural rules for litigating IP-related civil and criminal cases under Special Commercial Courts. The authorities are of a view that the revised rules make IPR litigation faster, more efficient and more attuned to the needs of IP enforcement. Also, on 16 July 2024, the Department of Justice, through the Department Circular No. 15/2024, established rules on preliminary investigation and inquest proceedings. Under the new rules, prosecutors work alongside law enforcement agents, providing guidance on appropriate steps not only in filing administrative actions but also in pursuing criminal cases.

3.160. Alternative dispute resolution mechanisms for IPR disputes exist. These alternatives include: (i) the mandatory mediation under IPOPHL, and (ii) mediation outside of litigation, which formally extends IPOPHL's mediation services to resolve IP-related disputes and avoid protracted and costly litigation.

3.161. In 2020, IPOPHL amended Rules of Procedures for alternative dispute resolution mechanisms, through issuance of Memorandum Circulars (MCs) 2020-047 and 2020-048. These MCs waived the WIPO Option payments of USD 100, and reduced the cost of mediators' fees to PHP 4,000 (matching IPOPHL's mediation fee) for cross-border IP disputes, which facilitate MSMEs and foreign IPR holders to have access to alternative options for resolving IP disputes. On 21 May 2024, IPOPHL issued Memorandum Circular (MC) No. 2024-007, amending the Philippine mediation rules to improve the efficiency of mediation. The MC primarily expands the coverage of IP-related cases for

⁹⁷ IPOPHL, Memorandum of Understanding (MOU) on eCommerce between Platforms and Brand Owners, Industry Associations and Chambers of Commerce.

⁹⁸ Statistics covers the period from January 2018 through September 2025.

mandatory mediation for administrative complaints for IPR violation, Inter Partes Cases (IPC), disputes involving technology transfer payments and disputes relating to the terms of a licence. This allows speedier resolution of IP-related disputes. Some outside observers considered that IPOPHL's efforts to promote mediation in resolving IP disputes emerged as best practices and have the potential for adaptation in other jurisdictions.⁹⁹

3.162. In addition, IPOPHL provides capacity building in IPR areas for other government entities. Notably, it published Intellectual Property Adjudication in the Philippines, which serves as a practical judicial guide on managing IP cases in the Philippines, with particular emphasis on procedural aspects and good practices across trademarks, patents, copyrights, and related rights.

⁹⁹ IPOPHI (2024), *IPOPHL's active mediation push gets spotlight in IP Key's Southeast Asian Mediation Conference*, Press release, 18 November. Viewed at: <https://www.ipophil.gov.ph/news/ipophls-active-mediation-push-gets-spotlight-in-ip-keys-southeast-asian-mediation-conference/> (03/01/2026).

4 TRADE POLICIES BY SECTOR

4.1 Agriculture

4.1.1 Overview

4.1. In 2025, agriculture, forestry and fishing accounted for an estimated 8.6% of GDP (Chart 1.1) and employed 20.6% of the country's 50.8 million labour force.¹ Despite its continued economic and social importance, the sector's performance remains constrained by structural factors, including fragmented landholdings, limited availability of arable land, and frequent exposure to natural disasters.² Damage and losses in the agriculture sector reached approximately PHP 58 billion in 2024, with rice accounting for about PHP 22 billion, followed by high-value crops at PHP 15 billion. In 2025, estimated losses declined to around PHP 40 billion, partly reflecting improvements in risk management and disaster response mechanisms. Nevertheless, agricultural production remains vulnerable to recurring natural hazards such as typhoons, extreme weather events, volcanic activity, drought, and outbreaks of pests and diseases.

4.2. The number of farms grew from 5.56 million in 2012 to 7.43 million in 2022, while total farm area decreased from 7.27 to 6.16 million hectares, reducing the average farm size by 37% (from 1.31 to 0.83 hectares). This fragmentation has constrained productivity and economies of scale (Briones, 2021). To address these issues, the Government is promoting farm consolidation through cooperatives and associations to expand access to support programmes, modern technologies, and shared infrastructure (Department of Agriculture, 2024). The Philippines does not operate a single national agricultural land-lease framework. Although, land leasing, including of agrarian reform lands, is permitted under rules administered by the Department of Agrarian Reform and is used to enable operational consolidation of small and fragmented landholdings, helping address farmland fragmentation without transferring ownership.

4.3. Between 2018 and 2024, Philippine agricultural production remained dominated by palay (rice), maize, bananas, coconuts, sugarcane, and livestock and poultry, which together accounted for the bulk of both output value and volume. Total crop production fluctuated over the period, with palay volumes broadly stable at around 19-20 million tonnes, peaking in 2023 before easing in 2024, while its production value increased markedly, reflecting higher prices rather than volume growth. Maize production showed a gradual upward trend in both value and volume through 2023, while banana and coconut output remained relatively stable in volume but exhibited volatility in value, partly due to weather conditions and market prices. Sugarcane production declined in volume after 2021 despite rising values in 2022-2023, suggesting yield and price effects. Livestock and poultry production expanded steadily in value terms, driven mainly by growth in chicken meat and eggs, which recorded consistent increases in both volume and value, offsetting weaker performance in hog production following disease outbreaks. Overall, the data point to continued reliance on a narrow set of traditional commodities, with value growth often outpacing changes in physical output.

Table 4.1 Production of major agricultural products, 2018-2024

(PHP million and '000 tonnes)

		2018	2019	2020	2021	2022	2023	2024
Crops	Value	977,945	983,758	1,062,915	1,076,989	1,108,767	1,233,388	..
	Volume	87,499	83,327	87,127	90,222	87,226	85,830	..
Palay (rice in the husk)	Value	385,009	314,446	318,756	332,769	344,723	400,874	..
	Volume	19,066	18,815	19,295	19,960	19,756	20,060	19,087
Maize (corn)	Value	109,162	106,354	100,624	117,948	143,441	160,089	..
	Volume	7,772	7,979	8,119	8,287	8,256	8,405	8,138
Banana	Value	158,297	207,394	235,012	217,817	172,119	186,821	..
	Volume	9,359	9,158	9,056	9,091	9,013	9,019	8,690

¹ Philippine Statistics Authority. Databases: Labor and Employment. Viewed at: [https://openstat.psa.gov.ph/Database/Labor-and-Employment\(10/12/2025\)](https://openstat.psa.gov.ph/Database/Labor-and-Employment(10/12/2025)); and Department of Finance (2025). *Recto: PH job market recorded unprecedented progress with an average unemployment rate of 3.8% in 2024 — the lowest level on record; quality jobs for Filipinos on the rise*. Viewed at: <https://www.dof.gov.ph/recto-ph-job-market-recorded-unprecedented-progress-with-an-average-unemployment-rate-of-3-8-in-2024-the-lowest-level-on-record-quality-jobs-for-filipinos-on-the-rise> (15/09/2025).

² World Bank. *Climate-Resilient Agriculture in the Philippines – Country Profile* (2019). Viewed at: https://climateknowledgeportal.worldbank.org/sites/default/files/2019-06/CRA_Profile_Philippines.pdf (11/11/2025).

		2018	2019	2020	2021	2022	2023	2024
Coconut (with husk)	Value	91,768	103,440	109,832	123,672	133,071	123,159	..
	Volume	14,726	14,765	14,491	14,717	14,931	14,893	14,500
Sugarcane	Value	40,763	38,858	42,886	45,748	63,602	69,854	..
	Volume	24,731	20,719	24,399	26,277	23,455	21,651	18,695
Pineapples	Value	30,512	38,679	58,494	40,104	44,937	50,885	..
	Volume	2,731	2,748	2,703	2,860	2,914	2,944	2,920
Livestock and poultry	Value	563,075	546,355	562,280	616,738	709,299	743,622	..
	Volume	5,275	5,389	5,086	4,647	4,862	5,017	5,110
Pigs	Value	277,532	247,484	245,072	271,203	302,657	302,251	..
	Volume	2,320	2,297	2,143	1,696	1,737	1,794	1,704
Chicken	Value	170,724	171,302	179,624	193,048	234,889	250,686	..
	Volume	1,837	1,927	1,810	1,745	1,867	1,947	2,080
Chicken eggs	Value	53,356	62,792	73,521	77,344	87,092	100,723	..
	Volume	534	583	606	661	708	731	783

.. Not available.

Source: Philippines Statistics Authority, Philippine Statistical Yearbook (various issues). Viewed at: <https://psa.gov.ph/philippine-statistical-yearbook> (05/12/2025), and PSA OpenSTAT. Viewed at: <https://openstat.psa.gov.ph/Database/Agriculture-Forestry-Fisheries> (05/12/2025).

4.1.2 Trade

4.4. The Philippines, a participant in the Cairns Group of agricultural exporters, continues to play an important role in global agricultural markets. Between 2018 and 2024, the Philippines' agricultural trade expanded in both exports and imports, though the economy remained a net importer of agricultural products. Agricultural exports rose from USD 5.2 billion in 2018 to USD 7.0 billion in 2024, increasing their share of total exports from 7.7% to 9.5% (Table 4.2). The main export products were coconut oil (31.5% of agricultural exports in 2024), bananas (17.8%), and pineapples (6.2%), along with preserved fruits, juices, tobacco, and vegetable extracts. By contrast, imports reached USD 20.4 billion in 2024, up from USD 13.0 billion in 2018, and accounted for 15.1% of total imports. Key import items included rice (12.4% of agricultural imports in 2024), wheat (10.0%), soybean oilcake (7.8%), palm oil (5.0%), and meat products (notably bovine and swine). This trade structure reflects the economy's dependence on imports of staple grains and feed inputs, alongside its strong export performance in tropical fruits and coconut-based products (Table 4.2).

Table 4.2 Trade in agricultural products, 2018-2024

	2018	2019	2020	2021	2022	2023	2024
Exports^a (USD million)	5,180.4	5,861.8	5,512.4	6,018.6	6,798.6	5,659.4	6,951.8
% of total exports	7.7	8.3	8.5	8.1	8.6	7.8	9.5
Main exports at HS 4-digit level (% of total agriculture exports)							
1513 Coconut (copra), palm kernel or babassu oil and their fractions, not chemically modified	20.4	15.0	14.9	22.9	31.2	20.8	31.5
151311 Coconut (copra) oil and its fractions, crude	12.4	9.9	9.9	16.4	21.5	14.4	17.8
151319 Coconut (copra) oil and its fractions, other than crude	7.9	5.0	4.9	6.5	9.4	6.3	13.6
0803 Bananas, including plantains, fresh or dried	29.0	33.3	29.8	18.7	16.1	21.6	17.8
080390 Bananas, other than plantains, fresh or dried	29.0	33.3	29.8	18.7	16.1	21.5	17.7
0804 Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens; fresh or dried	4.9	6.7	7.0	5.7	5.6	7.3	6.8
080430 Pineapples, fresh or dried	3.7	5.6	5.7	4.7	4.9	6.3	6.2
2008 Fruit, nuts and other edible parts of plants; prepared or preserved	6.4	6.1	7.9	8.8	6.5	7.0	6.2
2009 Fruit or nut juices and vegetable juices, unfermented, not containing added spirit	2.2	4.1	5.1	5.5	5.0	5.5	4.6

	2018	2019	2020	2021	2022	2023	2024
0801 Nuts, edible; coconuts, Brazil nuts and cashew nuts, fresh or dried	5.5	4.4	4.8	6.6	5.5	4.4	4.4
080111 Coconuts, desiccated	5.5	4.4	4.7	6.6	5.4	4.4	4.3
2402 Cigars, cheroots, cigarillos and cigarettes; of tobacco or of tobacco substitutes	4.7	4.6	5.0	4.3	3.5	5.3	3.5
240220 Cigarettes containing tobacco	4.6	4.5	5.0	4.3	3.4	5.3	3.5
Imports^a (USD million)	12,977.2	14,116.9	13,204.1	16,507.2	20,467.3	18,703.7	20,379.5
% of total imports	11.3	12.0	13.9	13.3	14.0	14.0	15.1
Main imports at HS 4-digit level (% of total agriculture imports)							
1006 Rice	5.7	8.1	7.0	7.3	6.2	8.7	12.4
100630 Semi-milled or wholly milled	5.4	7.8	6.1	6.6	5.8	8.0	11.1
1001 Wheat and meslin	13.0	13.1	12.3	11.8	12.6	10.7	10.0
100199 Cereals; wheat and meslin, other than durum wheat and seed	12.9	13.1	12.3	11.8	12.6	10.7	10.0
2304 Oil-cake and other solid residues; resulting from the extraction of soya-bean oil	8.7	8.3	7.7	8.3	9.4	8.9	7.8
2106 Food preparations n.e.s.	5.5	5.8	6.2	5.7	5.1	5.5	5.8
1511 Palm oil and its fractions, not chemically modified	1.4	0.2	0.4	3.6	6.5	4.7	5.0
151190 Vegetable oils; palm oil and its fractions, other than crude, whether or not refined, but not chemically modified	1.4	0.2	0.4	3.6	6.5	4.7	5.0
0202 Meat of bovine animals; frozen	3.4	2.9	2.9	3.2	3.1	2.5	3.1
0402 Milk and cream; concentrated or containing added sugar or other sweetening matter	3.3	3.8	4.3	3.3	3.8	2.9	3.0
Trade balance (USD million)							
Agriculture ^a	-7,796.8	-8,255.1	-7,691.7	-10,488.7	-13,668.7	-13,044.3	-13,427.6
Food ^b	-6,989.8	-6,449.9	-7,066.8	-9,738.1	-13,044.7	-12,463.0	-12,778.3
Animal feed ^c	-1,572.2	-1,722.9	-1,514.8	-1,970.4	-2,705.9	-2,331.5	-2,291.1
Fertilizers ^d	-592.5	-682.3	-683.9	-842.3	-1,231.3	-962.7	-834.9

a WTO definition: HS Chapters 01-24 less fish and fishery products (HS 03, 0508, 051191, 150410, 150420, 1603-1605 and 230120), plus some selected products (HS 290543-290545, 3301, 3501-3505, 380910, 3823, 382460, 4101-4103, 4301, 5001-5003, 5101-5103, 5201-5203, and 5301-5302).

b HS Chapters 1-23 (excluding Chapters 5, 6, 13, and 14, headings 1108, 1109, 1201-1209, 1520, and sub-headings 121130, 121140, 121150, 121221, 121229, 220710, and 220720) and heading 3823, and subheadings 350211 and 350219.

c HS Chapters 23 and headings 1213 and 1214.

d HS Chapter 31.

Note: Main agricultural exports and imports by HS 4-digit are sorted by the year 2024.

Source: WTO Secretariat calculations, based on trade figures from UN Comtrade database.

4.5. During the review period, the Philippines strengthened its administration of agricultural product imports. The Anti-Agricultural Sabotage Act (Republic Act No. 12022) entered into force on 26 September 2024, repealing the Anti-Agricultural Smuggling Act (Republic Act No. 10845). The new Act elevates agricultural smuggling, hoarding, profiteering, and cartel activities to the status of "economic sabotage", tightening the criminal liabilities for such offences. The new Act also expands its scope of application, covering rice, corn, beef and other ruminants, pork, poultry, garlic, onions, carrots, other vegetables, fruits, fish, salt, and tobacco, regardless that they are raw or processed. Under the new Act, it is a criminal offence if importing agricultural and fishery products "without the required import clearance from regulatory agencies", or using other persons' import clearance.

4.6. On the other hand, the authorities pursue a policy of administrative simplification to reduce non-tariff barriers such as slow issuance of import clearances. On 18 April 2024, the Government issued President Administrative Order No. 20/2024, directing DA to streamline procedures for all agricultural products, expanding beyond the rice/fish focus of the previous AO No. 13/2018. Under the AO No. 20/2024, if a DA regulatory agency fails to act on an SPSIC application within the period prescribed in the agency's Citizen Charter, the application is deemed automatically approved.

4.1.3 Market access

4.1.3.1 Applied MFN tariffs

4.7. Applied MFN tariffs on agricultural products (WTO definition) averaged 10.1% in 2025, with rates ranging from zero to 65%. The highest out-of-quota tariff of 65% applies to raw and refined cane sugar (Section 3.1.3.1).

4.1.3.2 Tariff quotas

4.8. The Philippines maintains 14 tariff rate quota (TRQ) commitments for agricultural products, which have been regularly notified to the Committee on Agriculture, most recently for calendar year 2024.³ Administration continues to rely primarily on licensing based on past import performance, combined with a systematic allocation procedure and first-come-first-served distribution when quotas remain underutilized.

4.9. Fill rates varied considerably across products and years during 2020-2024. Quotas for rice, coffee, sugar, and potatoes consistently recorded full utilization, while pork, poultry meat, and corn generally showed high usage rates. By contrast, quotas for live poultry, live goats, and goat meat were frequently underutilized. In 2024, full utilization was recorded for potatoes, rice, sugar, cattle, and coffee. Corn (85.06%), pork (94.50%), poultry meat (99.70%), and goat meat (51.79%) approached their quota limits, whereas utilization remained negligible for live goats, live poultry, live swine, and horses.

4.10. The tariff quota year runs from February to January of the following year, with allocations issued twice annually. Priority is granted to licensees meeting utilization thresholds and to qualified new entrants. A separate regime previously applied to rice imports; however, following the enactment of Republic Act No. 11203 on an Act Liberalizing the Importation, Exportation and Trading of Rice, and for Other Purposes of 2019, the tariff quota for rice was abolished. This change has been reflected in subsequent WTO notifications (Section 4.1.5).⁴

4.1.3.3 Special safeguard

4.11. The Philippines has regularly submitted SSG notifications (Table MA:5) covering calendar years up to 2021. During 2018-2021, the price-based SSG was invoked annually on a broad range of products including live cattle, frozen bovine cuts, poultry meat, sausages, prepared meats, and various coffee products and was applied consistently each year.⁵

4.12. By contrast, the volume-based SSG was not invoked during the period under review. The notifications indicate that the SSG mechanism has been triggered primarily through price-based safeguards, which continue to be reinstated annually, while the volume-based SSG has not been used in recent years. Between 2022 and 2023, the price-based SSG applied to 21 agricultural products, with the coverage narrowing to 18 products in 2024.

³ WTO documents [G/AG/N/PHL/54](#), 26 March 2019; [G/AG/N/PHL/55](#), 26 March 2019; [G/AG/N/PHL/56](#), 26 March 2019; [G/AG/N/PHL/70/Corr.2](#), 7 February 2023; [G/AG/N/PHL/79/Corr.1](#), 16 March 2023; and [G/AG/N/PHL/82/Corr.1](#), 16 March 2023.

⁴ WTO documents [G/AG/N/PHL/54](#), 26 March 2019; [G/AG/N/PHL/55](#), 26 March 2019; [G/AG/N/PHL/56](#), 26 March 2019; and [G/AG/N/PHL/70/Corr.2](#), 7 February 2023.

⁵ WTO documents [G/AG/N/PHL/53](#), 30 April 2018; [G/AG/N/PHL/72](#), 4 November 2020; [G/AG/N/PHL/80](#), 1 December 2021; and [G/AG/N/PHL/81](#), 29 July 2022

4.1.3.4 Domestic support

4.13. Between 2018 and 2024, the Philippines' food security policy gradually shifted from a strong focus on rice self-sufficiency and farm-level production support towards a more market-oriented and resilience-focused framework aimed at balancing competitiveness, affordability, and inclusiveness. In the earlier phase (2018-2019), policy efforts concentrated on strengthening domestic production through investments in rural infrastructure, mechanization, irrigation, and credit access, accompanied by regulatory reforms in the rice sector. From 2019 to 2022, reforms such as the Rice Tariffication Law of 2019 (Republic Act No. 11203), together with related food security and resilience initiatives, supported agricultural modernization, value-chain development, and the use of trade policy instruments to stabilize supply and prices, particularly during the COVID-19 pandemic.⁶

4.14. Building on these reforms, from 2022 onwards food security was further integrated into the country's broader development strategy. It became a central pillar of the Philippine Development Plan 2023-2028, aligned with the National Agriculture and Fisheries Modernization and Industrialization Plan (NAFMIP) 2021-2030. Implementation is carried out through the Department of Agriculture's Four-Year Plan, Para sa Masaganang Bagong Pilipinas (2024-2028), which aims to: (i) strengthen food security by increasing agricultural production and ensuring access to affordable and nutritious food; and (ii) transform agriculture and fisheries into more productive and profitable sectors, particularly for smallholder farmers and fisherfolk. Priority measures include mechanization, digitalization, farm clustering and consolidation, climate resilience initiatives, improved logistics and cold chain infrastructure, and targeted support programmes for producers and consumers.

4.15. The principal agricultural support instruments remain unchanged and include price support, input subsidies, insurance programmes, credit schemes, buffer stocks, and Green Box-type general services. The Philippines does not maintain a bound total Aggregate Measurement of Support (AMS) commitment; domestic support is therefore subject to the 10% *de minimis* ceiling. Recent notifications indicate that market price support has been confined to rice, with product-specific AMS levels remaining below the *de minimis* threshold (3.5% of the value of production in 2019; 2.0% in 2020; 1.6% in 2021; 1.09% in 2022; 0.28% in 2023; and 1.86% in 2024). Support for corn was notified at zero, reflecting the absence of government procurement operations.

4.16. Green Box measures expanded during the review period, particularly in infrastructure, extension services, research, inspection, and pest control. Expenditures amounted to PHP 47.3 billion in 2018, PHP 46.2 billion in 2019, PHP 110.1 billion in 2020, PHP 90.1 billion in 2021, PHP 91.5 billion in 2022, PHP 100.7 billion in 2023, and PHP 118.3 billion in 2024. Public stockholding for food security purposes was maintained at PHP 7 billion annually until 2022 and increased to PHP 9 billion in both 2023 and 2024, while crop insurance support ranged between PHP 3.5 billion and PHP 4.5 billion. Additional measures notified under Article 6.2 included investment subsidies (PHP 12.9 billion in 2018; PHP 11.6 billion in 2019; PHP 8.6 billion in 2020; PHP 9.0 billion in 2021; PHP 13.6 billion in 2022; PHP 18.1 billion in 2023; and PHP 18.9 billion in 2024) and input subsidies for low-income or resource-poor producers, which increased from PHP 8.5 billion in 2018 to PHP 14.2 billion in 2020 and 2021, PHP 13.6 billion in 2022, PHP 27.0 billion in 2023, and PHP 28.6 billion in 2024.⁷

4.1.3.4.1 Crop insurance

4.17. The Philippine Crop Insurance Corporation (PCIC), under the Department of Agriculture (DA), implements the Government's Agricultural Insurance Program (AIP), which covers rice, corn, high-value crops, livestock, fisheries, non-crop agricultural assets, and credit and life. The programme provides protection against losses arising from natural disasters, infestations, and diseases, with expenditures notified as Green Box payments for relief from natural disasters. The AIP is administered through two modalities: a regular programme for farmers and fisherfolk who can pay the full premium, and a fully subsidized programme in which premiums for subsistence farmers and fisherfolk are 100% covered. Government support is channelled through the Government

⁶ The Food Resiliency for All (FRA) strategy is a Philippine government initiative launched in 2020, during the COVID-19 pandemic, to ensure the availability, affordability, and stability of food supplies amid disruptions to production, logistics, and international trade. The strategy was spearheaded by Department of Agriculture as part of a whole-of-government response to heightened food-security risks.

⁷ WTO documents [G/AG/N/PHL/67](#), 3 September 2019; [G/AG/N/PHL/69](#), 3 September 2019; [G/AG/N/PHL/75](#), 16 November 2020; [G/AG/N/PHL/78](#), 8 November 2021; and [G/AG/N/PHL/85](#), 29 July 2022.

Premium Subsidy (GPS), financed via the annual budget allocation to the PCIC. Notifications indicate that crop insurance support amounted to PHP 3.5 billion annually from 2018 to 2021, rising from PHP 1.6 billion in 2016 and PHP 2.9 billion in 2017.⁸ More recent budget data indicate that appropriations for the GPS increased to PHP 4.5 billion annually from 2022 to 2025.⁹

4.1.3.4.2 Agricultural credit

4.18. The Agricultural Credit Policy Council (ACPC), an attached agency of the DA, administers several credit and financing facilities aimed at improving access to affordable credit for small farmers, fisherfolk, and agrarian reform beneficiaries (ARBs). These include ongoing programmes under the Agro-Industry Modernization Credit and Financing Programme (AMCFP) – such as the Production Loan Easy Access (PLEA)/Programme for Unified Lending in Agriculture (PUNLA), the Survival and Recovery (SURE) Assistance Programme, the Land Bank of the Philippines (LBP) Agri-Financing Programme, the People's Credit and Finance Corporation (PCFC) Agri-Microfinance Programme II, the Cooperative Banks Agri-Lending Programme (CBAP) II, the Sikat Saka Programme (SSP), the Value Chain Financing Programme (VCFP), and the Agrarian Production Credit Programme (APCP). In recent years, the ACPC has also launched four flagship credit programmes: the Agri-Negosyo Loan Program (ANYO), the Survival and Recovery (SURE) Assistance Program, the Kapital Access for Young Agripreneurs (KAYA) Program, and the Accessible Loans for Empowered, Resilient, and Transformed Agrarian Reform Beneficiary Organizations (ALERT ARBOs) Program. According to the authorities, the PLEA/PUNLA addresses the financing needs of marginal and small farmers and fisherfolk by offering non-collateralized loans at an annual interest rate of 6% in areas underserved by banks. These interventions are complemented by financial literacy training, technical assistance, and institutional development support to enhance borrower capacity and ensure the sustainability of agricultural-fishery enterprises. Domestic support notifications record these credit and financing programmes under Article 6.2 as development measures, with investment subsidies ranging from PHP 12.9 billion in 2018 to PHP 8.9 billion in 2021, and input subsidies for low-income or resource-poor producers ranging from PHP 8.5 billion in 2018 to PHP 14.2 billion in 2021.¹⁰

4.1.4 Export subsidies

4.19. The Philippines has notified the Committee on Agriculture that it has not provided export subsidies to agricultural products since 2016, with its most recent notifications for 2019-2021 confirming zero use of such measures.¹¹

4.20. In line with its "significant exporter" status for fruit¹², the Philippines has continued to notify annual export volumes of its major products. In 2018, notified exports included 880,000 tonnes of coconut oil and 3.8 million tonnes of bananas and pineapples combined; in 2019, 818,500 tonnes of coconut oil and 5.0 million tonnes of bananas and pineapples; in 2020, 3.7 million tonnes of coconut oil and 4.8 million tonnes of pineapples; and in 2021, 902,000 tonnes of coconut oil and nearly 3 million tonnes of bananas and pineapples.¹³

4.1.5 Rice

4.21. The Philippines is among the world's largest producers of rice, with paddy output averaging 19–20 million tonnes annually since 2018.¹⁴ At the same time, it remains a major rice importer.

⁸ WTO documents [G/AG/N/PHL/67](#), 3 September 2019; [G/AG/N/PHL/69](#), 3 September 2019; [G/AG/N/PHL/75](#), 16 November 2020; [G/AG/N/PHL/78](#), 8 November 2021; and [G/AG/N/PHL/85](#), 29 July 2022.

⁹ Financial Protection Forum. *Reforming Agricultural Insurance in the Philippines – Policy Note*. Viewed at: https://www.financialprotectionforum.org/sites/default/files/Policy%20note%20-%20Reforming%20Agricultural%20Insurance%20in%20the%20Philippines_0.pdf (11/11/2025); and National Tax Research Center (NTRC). *Review of the Philippine Agricultural Insurance*. *Tax Research Journal*, 2023. Viewed at: <https://www.ntrc.gov.ph/images/journal/2023/j20230910b.pdf> (11/11/2025).

¹⁰ WTO documents [G/AG/N/PHL/69](#), 3 September 2019; [G/AG/N/PHL/75](#), 16 November 2020; [G/AG/N/PHL/78](#), 8 November 2021; and [G/AG/N/PHL/85](#), 29 July 2022.

¹¹ WTO documents [G/AG/N/PHL/73](#), 5 November 2020; [G/AG/N/PHL/76](#), 8 November 2021; and [G/AG/N/PHL/83](#), 29 July 2022.

¹² WTO document [G/AG/2/Add.1](#), 16 October 1995.

¹³ WTO documents [G/AG/N/PHL/66](#), 11 April 2019; [G/AG/N/PHL/74](#), 5 November 2020; [G/AG/N/PHL/77](#), 8 November 2021; and [G/AG/N/PHL/84](#), 29 July 2022.

¹⁴ FAO. FAOSTAT Database. "Rice, Production – Country: Philippines". Viewed at: <https://www.fao.org/faostat/en/#data/QC> (11/11/2025).

Imports rose sharply in recent years, peaking at 3.16 million tonnes in 2019, the highest on record, and remained significant at 2.9 million tonnes in 2020, 2.77 million tonnes in 2021, and 3.79 million tonnes in 2022, before easing slightly in 2023. Imports eased slightly in 2023 before increasing again to 4.77 million tonnes in 2024.¹⁵

4.22. Following the Uruguay Round, the Philippines was granted an exemption under Annex 5 of the Agreement on Agriculture, which allowed it to postpone tariffication of rice import restrictions.¹⁶ Under this arrangement, quantitative restrictions (QRs) on rice could be maintained for a 10-year period ending on 30 June 2005, alongside a bound minimum access commitment; the out-of-quota tariff, however, remained unbound. The waiver was renewed twice-first until 30 June 2012, and again, through a General Council decision in July 2014, until 30 June 2017.¹⁷ Throughout these extensions, rice importation continued to be regulated under a QR regime, with the National Food Authority (NFA) responsible for administering allocations.

4.23. After the expiry of the waiver on rice special treatment in June 2017, the Philippines undertook reforms culminating in the enactment of Republic Act No. 11203.¹⁸ The law abolished quantitative restrictions on rice imports and replaced them with tariffs, thereby bringing the regime in line with the Philippines' WTO commitments. Tariff rates on rice have been declining since 2018 (Section 3.1.3). It also established the Rice Competitiveness Enhancement Fund (RCEF), financed from tariff revenues, to support programmes in farm mechanization, inbred rice seed development, credit, and extension services. Since the implementation of Republic Act No. 11203, private importers have been allowed to import rice freely, subject to tariff payment (35% for ASEAN members under ATIGA and 50% for non-ASEAN suppliers). WTO notifications confirm that the rice tariff quota was removed beginning in 2019, with tariff-quota administration applying only up to 2018.¹⁹ Republic Act No. 11203 establishes a special safeguard mechanism for rice imports; while operational, it has been applied cautiously, with policy emphasis placed on tariff management and domestic support measures rather than routine use of safeguard duties.

4.24. Following the reforms introduced under Republic Act No. 11203, the previous quota-based system was replaced by a tariff-only import regime, which eliminated the licensing role previously exercised by the National Food Authority (NFA). The NFA's mandate was correspondingly narrowed to the management of buffer stocks for emergency purposes and domestic procurement to support food security. Rice imports are now undertaken commercially by private operators, subject only to the applicable tariff.

4.25. In 2025, Executive Orders Nos. 93 and 102 were issued to temporarily suspend the importation of regular milled and well-milled rice. These measures were adopted pursuant to Section 9 of Republic Act No. 12078, in relation to Republic Act No. 8178 on Agricultural Tariffication Act of 1996, as amended. According to the authorities, the suspension was temporary and limited in scope, and was introduced to address an oversupply situation in the domestic market.

4.26. In December 2024, Republic Act No. 12078 on An Act Mandating the Maintenance of Rice Buffer Stock by the NFA of 2024 further codified buffer-stock rules by requiring NFA to maintain a 15-day national rice buffer²⁰, source stocks exclusively from local farmers, and rotate inventories using first-in, first-out (FIFO) with time-bound disposal.²¹ NFA has published updated palay buying prices (e.g. PHP 23/kg for clean & dry; PHP 17/kg for fresh/wet, with programmatic add-ons), and, on the consumer side, the Government temporarily imposed price ceilings on regular and well-milled

¹⁵ Under the MAV mechanism for rice, MAV licences remain subject to the applicable licensing procedures, as underscored by the MAV Secretariat.

¹⁶ WTO. Agreement on Agriculture, Annex 5 (Special Treatment). Viewed at: https://www.wto.org/english/docs_e/legal_e/14-aq.pdf.

¹⁷ WTO document [WT/L/914](#), 24 July 2014.

¹⁸ Republic of the Philippines. *Republic Act No. 11203: an Act Liberalizing the Importation, Exportation and Trading on Rice, and for Other Purposes*, 14 February 2019. Viewed at: <https://www.officialgazette.gov.ph/2019/02/14/republic-act-no-11203> (30/09/2025).

¹⁹ WTO documents [G/AG/N/PHL/54](#), 26 March 2019; [G/AG/N/PHL/55](#), 26 March 2019; [G/AG/N/PHL/56](#), 26 March 2019; and [G/AG/N/PHL/70/Corr.2](#), 7 February 2023.

²⁰ Primarily to support Government disaster relief operations during natural or man-made calamities and to address food emergencies.

²¹ Republic of the Philippines. Republic Act No. 12078: An Act Mandating the Maintenance of Rice Buffer Stock by the National Food Authority, 8 December 2024. Viewed at: <https://www.officialgazette.gov.ph/2024/12/08/republic-act-no-12078> (30/09/2025).

rice in September 2023 to address price spikes. Public stockholding for food security purposes has been notified to the WTO under the Green Box (e.g. PHP 7 billion annually during 2018-2021).²²

4.1.6 Sugar

4.27. Sugarcane remains among the Philippines' top five agricultural crops by value (Table 4.1). For crop year 2023/2024 (September–August), production was estimated at 1.92 million tonnes of raw sugar. The industry produces sugar, bioethanol, and power as its principal outputs, supported by 25 operational mills and 10 refineries.

4.28. The Republic Act No. 10659 on Sugarcane Industry Development Act of 2015 was enacted to revitalize the sector following decades of limited support.²³ It mandates an annual budget of PHP 2 billion for programmes designed to improve productivity and sustainability. Half of the allocation is directed to infrastructure, particularly the construction of all-weather farm-to-mill roads and bridges. Other programmes include: the Block Farm Programme (15%), which consolidates small farms into larger production units and provides start-up capital, mechanization support, training, and access to credit; the Socialized Credit Programme (15%), offering concessional loans at 2% for farmers and 6.5% for common service centres; and the Research, Development and Extension Programme (15%), which funds projects on soil health, climate-resilient varieties, pest management, irrigation, and mechanization. A further 5% of the funds supports a Scholarship Programme, which provides full tuition, stipends, and allowances to students from sugarcane farming families enrolled in agriculture-related degree programmes. Budgetary support under the Act No. 10659 amounted to PHP 6.36 billion over 2018–2025, with annual appropriations of PHP 926.1 million in 2018, PHP 500 million in 2019 and 2020, PHP 712.3 million in 2021 and 2022, PHP 1.0 billion in 2023, PHP 1.01 billion in 2024, and PHP 1.0 billion in 2025.

4.29. On the trade side, sugar is covered by the Philippines' WTO tariff quota commitments. Notifications to the Committee on Agriculture confirm that tariff quotas are administered through a combination of past import performance and first-come, first-served allocation procedures, with licences distributed under beginning-year and mid-year pools. Fill rates for sugar have fluctuated, ranging from negligible levels in some years to over 80% in others during the period under review. Applied MFN tariffs on sugar are generally set at 50% out-of-quota, with in-quota imports subject to a lower rate.

4.2 Fisheries

4.30. The Philippines—an archipelagic State with an extensive exclusive economic zone (EEZ)—remains among the world's leading fishing nations by volume. However, despite its importance for food security and livelihoods, the fisheries and aquaculture subsector accounts for a relatively modest share of the economy, contributing about 1.2% of GDP in 2018, declining slightly to around 1.0% in 2024, while providing employment for approximately 2.7% of the labour force in 2018 and 2.4% in 2024.²⁴ Studies show that declining fish stocks and persistent over-exploitation of marine resources have undermined the productivity and sustainability of capture fisheries, even as fisheries and aquaculture continue to support substantial employment and food security for coastal and rural communities.²⁵

²² WTO documents [G/AG/N/PHL/69](#), 3 September 2019; [G/AG/N/PHL/75](#), 16 November 2020; [G/AG/N/PHL/78](#), 8 November 2021; and [G/AG/N/PHL/85](#), 29 July 2022.

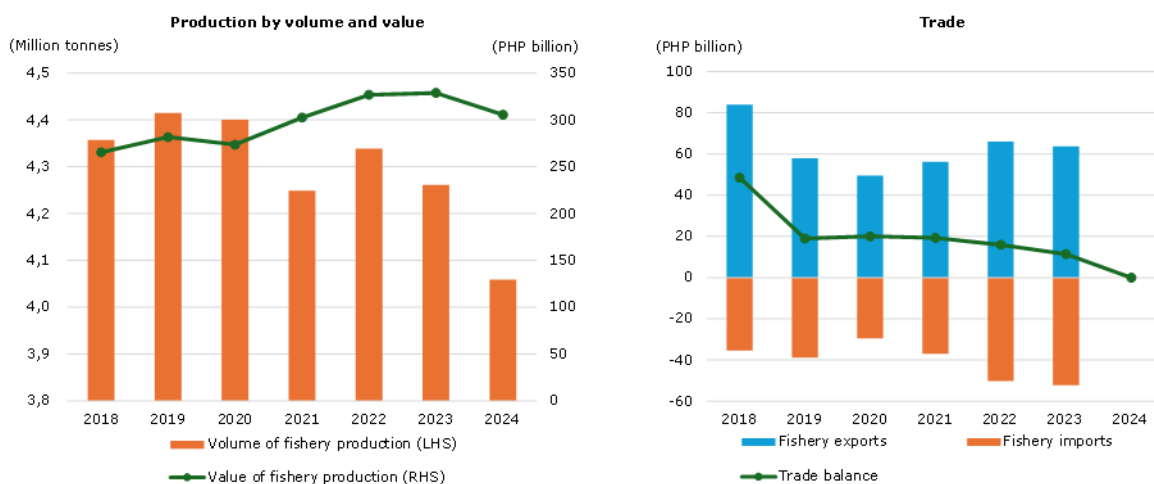
²³ Philippines, Republic Act No. 10659: Sugarcane Industry Development Act of 2015, 27 February 2015. Viewed at: https://lawphil.net/statutes/repacts/ra2015/ra_10659_2015.html (1/10/2025).

²⁴ Philippines Statistics Authority. National Accounts of the Philippines Viewed at: <https://psa.gov.ph/statistics/national-accounts> (10/12/2025); and Philippines Statistics Authority. Databases: Labour and Employment. Viewed at: <https://openstat.psa.gov.ph/Database/Labor-and-Employment> (10/12/2025).

²⁵ MRAG Asia Pacific (2022). *The State of Fish in Nutrition Systems in the Philippines*, report prepared for Oceana. Viewed at: https://oceana.org/wp-content/uploads/sites/18/2024/09/MRAG-AP_State-of-FINS-PH_PUBLIC.pdf?utm (10/12/2025); Philippines, Bureau of Fisheries and Aquatic Resources (BFAR), *Philippine Fisheries Profile 2022*. Viewed at: <https://www.bfar.da.gov.ph/wp-content/uploads/2024/02/2022-Philippine-Fisheries-Profile.pdf?utm> (10/12/2025); Green, S.J. (2004). *Philippine Fisheries in Crisis: A Framework for Management*, Cebu City, Philippines. Viewed at: https://oneocean.org/download/db_files/philippine_fisheries_in_crisis.pdf?utm (10/12/2025); and FAO.

4.31. Fishery production remained relatively stable between 2018 and 2024, though with a slight downward trend in both volume and value in the most recent years (Chart 4.1). Total production peaked at 4.42 million tonnes in 2019 before fluctuating over the review period and declining to 4.06 million tonnes in 2024. In value terms, production rose steadily from PHP 265.3 billion in 2018 to a high of PHP 328.7 billion in 2023, reflecting both price and output factors, before easing to PHP 305.5 billion in 2024. Overall, the data indicate a sector that continues to contribute significantly to the economy but is prone to volatility due to resource constraints, weather shocks, and market fluctuations.

Chart 4.1 Fish production and trade, 2018-2024



Source: Philippine Statistics Authority, *Fisheries Statistics of the Philippines* (various issues) and Bureau of Fisheries and Aquatic Resources, *Philippine Fisheries Profile* (various issues). Viewed at: <https://www.bfar.da.gov.ph/media-resources/publications/archives-philippine-fisheries-profile/> (8/10/2025).

4.32. The Philippines maintained a trade surplus in fishery products throughout 2018–2023, although the surplus narrowed considerably over the period (Chart 4.1). Fishery exports declined from PHP 83.9 billion in 2018 to PHP 63.7 billion in 2023, while imports increased from PHP 35.4 billion to PHP 52.2 billion, reflecting stronger domestic demand and rising reliance on imported species. As a result, the trade surplus fell from PHP 48.5 billion in 2018 to PHP 11.5 billion in 2023. Overall, the sector remains export-competitive but faces increasing import pressures and supply limitations. According to the authorities several structural factors explain this pattern. In capture fisheries, persistent overfishing in municipal waters, habitat degradation, and climate variability have constrained the supply of small pelagic species such as round scad (galunggong), mackerel, and sardines, which account for a large share of household fish consumption. Declining catch per unit effort and seasonal supply fluctuations have reduced the sector's ability to meet domestic demand, resulting in increased imports of frozen pelagic species to stabilize availability and prices.

4.33. Constraints are also evident in higher-value export segments. Although products such as tuna and shrimp continue to perform well in export markets, further expansion is limited by production and compliance factors. In tuna fisheries, vessel capacity limits, uneven cold chain infrastructure at landing sites, and the costs of meeting traceability and sustainability requirements in major export markets restrict output growth. In aquaculture-based exports, particularly shrimp, disease outbreaks, inconsistent seed quality, and dependence on imported feed inputs increase production risks and costs.

4.34. Aquaculture has helped offset stagnation in capture fisheries, but its role as a supply buffer remains limited by structural bottlenecks. These include feed import dependence, water quality concerns, and competition for land and water resources. As a result, productivity gains have been gradual, particularly for species with strong domestic demand such as milkfish and tilapia, which

contributes indirectly to higher imports of substitute fish products during lean seasons. Post-harvest and logistics constraints further affect effective supply. Limited cold storage, ice facilities, and transport infrastructure lead to relatively high spoilage rates, particularly for small pelagic species, reducing the volume reaching markets despite stable production levels.

4.35. Taken together, these factors help explain the sector's trade dynamics. The fisheries industry continues to generate export earnings from selected high-value products while increasingly relying on imports for widely consumed species, resulting in a persistent but narrowing trade surplus driven by supply limitations and growing domestic demand.

4.36. On market access and tariffs, the Philippines maintains relatively high applied MFN tariffs (9.3% in 2024) on fish and fish products by international comparison, while many imports enter duty-free or at low rates under FTAs. Binding coverage for fish tariff lines remains partial, preserving some flexibility in applied MFN rates.²⁶ For processed fishery products classified under Chapters 15 (fats and oils) and 16 (prepared or preserved fish products), the average tariff rate is 12.5%. Tariffs applied to products under Chapter 15 are 3%, while those under Chapter 16 range between 10% and 15%. Catches by Philippine-flagged vessels on the high seas that are landed at designated ports are exempt from import duties and taxes.²⁷

4.37. During the review period, the regulatory framework remained unchanged. Under Republic Act No. 10654 on An Act to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing of 2015 (amending Republic Act No. 8550 on the Philippine Fisheries Code of 1998), the DA– Bureau of Fisheries and Aquatic Resources (DA-BFAR) continued to implement support programmes for the municipal and small-scale fisheries sector. These include the provision of appropriate technology, production support, and marketing assistance. Such interventions aim to improve the economic conditions of small-scale fishers, ensure a more equitable sharing of fisheries resources, and support livelihood rehabilitation efforts following natural disasters. Programme implementation is carried out in coordination with Local Government Units (LGUs), civil-society organizations, and other relevant stakeholders.

4.38. Republic Act No. 10654 also strengthened the legal framework for addressing illegal, unreported, and unregulated (IUU) fishing by introducing clearer definitions, monitoring and enforcement measures, and enhanced sanctions. The Philippines' ratification of the WTO Agreement on Fisheries Subsidies (AFS) in 2023 – particularly the disciplines relating to IUU fishing – aligns with these domestic reforms and ensures that fisheries management programmes remain consistent with national legal mandates.

4.39. The Philippines maintains bilateral fisheries cooperation arrangements with selected Pacific Island States. A Memorandum of Agreement (MOU) on Fisheries Cooperation with Papua New Guinea is currently being renewed, while similar arrangements with Palau and the Republic of the Marshall Islands remain under discussion. These arrangements support cooperation on fisheries access, management, monitoring, and compliance, consistent with international conservation and sustainability obligations.

4.40. These initiatives complement the Philippines' participation in the Western and Central Pacific Fisheries Commission (WCPFC) framework.²⁸ In particular, the Philippines implements Conservation and Management Measure (CMM) 2023-01, which regulates the conservation and management of bigeye, yellowfin, and skipjack tuna in the Western and Central Pacific Ocean. Under Attachment 2 of this measure, the Philippines participates in a Special Arrangement permitting a fleet of 36 traditional fresh/ice-chilled vessels to operate in High Seas Pocket 1 (HSP1)²⁹, subject to defined effort limits and monitoring requirements. The arrangement recognizes traditional fishing practices while maintaining compliance with regional sustainability measures, including limits on fishing days,

²⁶ [WTO/ITC/UNCTAD](https://www.wto.org/english/res_e/booksp_e/world_tariff_profiles24_e.pdf). World Tariff Profiles 2024; WTO, Philippines tariff profile (fish lines). Viewed at: https://www.wto.org/english/res_e/booksp_e/world_tariff_profiles24_e.pdf; and https://www.wto.org/english/res_e/statis_e/daily_update_e/tariff_profiles/PH_E.PDF (1/10/2025).

²⁷ Republic Act No. 10654 on An Act to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing of 2015.

²⁸ Western and Central Pacific Fisheries Commission (WCPFC) (2025), Group Seine Operations of Philippine Flagged Vessels in High Seas Pocket 1 (HSP1). Viewed at: <https://meetings.wcpfc.int/file/17830/download> (11/11/2025).

²⁹ HSP1 is a defined area of high seas in the western and central Pacific Ocean, surrounded by the EEZs of WCPFC members, where fishing is subject to specific conservation and management measures.

mandatory observer coverage, vessel monitoring system (VMS) reporting, port landing requirements, and restrictions on transshipment at sea.

4.41. At the domestic level, these regional and bilateral commitments are implemented through administrative regulations, including Fisheries Administrative Order (FAO) No. 270 (Series of 2023) on Philippine-flagged fishing vessels operating in distant waters and FAO No. 245-4 (Series of 2018) governing group tuna purse-seine operations in High Seas Pocket 1 as a special management area.

4.3 Energy

4.3.1 Overview

4.42. In 2024, the Philippines' total primary energy supply (TPES) reached 69.04 million tonnes of oil equivalent (MTOE), of which 45% was sourced from domestic resources and 55% from imported fuels. The energy mix remained predominantly fossil-fuel based, with coal (35.7%), oil (29.5%), and natural gas (4.4%) together accounting for about 70% of TPES. Coal's share has continued to increase over the past decade, reflecting growing demand for baseload power generation and the limited availability of domestic alternatives. Oil and natural gas contributed smaller shares, mainly for transport and electricity generation in Luzon and the Visayas. This reliance on imported coal and petroleum exposes the economy to global energy price fluctuations and has reinforced the Government's policy priority of strengthening energy security through diversification and the expansion of renewable energy.

4.43. Renewable energy accounted for the remaining 30% of TPES, led by geothermal energy (13.4%), biomass (11.4%), and hydropower (3.9%), while solar and wind together contributed 1.6%. Although renewable capacity has expanded in recent years, these sources continue to represent a relatively modest share of the overall energy mix compared with fossil fuels. Increasing the contribution of renewable energy therefore remains a key policy objective in efforts to reduce dependence on import fuels and enhance long-term energy resilience.

4.44. The Philippines remains a net importer of energy products, reflecting its dependence on external sources for petroleum and coal (Section 4.3.3) (Table 4.3). Between 2018 and 2024, imports of crude oil fluctuated significantly—from USD 5.2 billion in 2018 to USD 3.7 billion in 2024—largely mirroring changes in global oil prices and domestic refinery demand. The country's main suppliers were the Kingdom of Saudi Arabia (48.3%), the United Arab Emirates (32.8%), and Iraq (12.8%). Imports of petroleum oils other than crude increased markedly over the same period, rising from USD 6.1 billion to USD 11.1 billion, sourced mainly from the Republic of Korea, China, and Malaysia. Imports of petroleum gases and other gaseous hydrocarbons nearly tripled to USD 2 billion, primarily from China and Australia. Coal imports, sourced almost entirely from Indonesia (98.4%), remained substantial at USD 3.3 billion in 2024, although below the USD 6.0 billion peak recorded in 2022. By contrast, exports of energy products were limited, with crude oil exports amounting to USD 168 million in 2024, while exports of coal and petroleum gases reached USD 516 million and USD 33 million, respectively.

Table 4.3 Imports and exports of energy products, 2018-2024

(USD million)

	2018	2019	2020	2021	2022	2023	2024	Top three partners in 2024
Petroleum								
Crude oil imports	5,160.6	3,468.5	1,345.6	1,886.5	3,782.1	4,162.6	3,710.1	Saudi Arabia, Kingdom of (48.3%), UAE (32.8%), Iraq (12.8%)
Crude oil exports	202.7	170.1	221.4	216.3	323.5	169.1	168.3	Thailand (40.9%), Brunei Darussalam (37.6%), Korea, Rep. of (21.5%)
Petroleum oils other than crude – imports	6,092.1	7,668.1	4,554.6	9,322.8	14,398.9	11,220.1	11,070.0	Korea, Rep. of (34.0%), China (25.4%), Malaysia (12.9%)
Petroleum oils other than crude – exports	456.4	225.7	194.3	5.9	7.2	6.8	187.2	UAE (20.9%), Qatar (11.8%), Saudi Arabia, Kingdom of (8.3%)

	2018	2019	2020	2021	2022	2023	2024	Top three partners in 2024
Petroleum gases and other gaseous hydrocarbons								
Imports	654.3	812.7	738.2	1,259.0	1,316.3	1,550.5	1,989.0	China (18.9%), Australia (15.8%), Nigeria (3.1%)
Exports	87.3	49.4	4.7	12.2	12.2	28.3	32.6	Singapore (55.2%), Chinese Taipei (25.9%), Korea, Rep. of (18.9%)
Coal								
Imports	1,849.3	2,047.4	1,576.8	2,889.4	6,041.7	4,079.4	3,283.1	Indonesia (98.4%), Viet Nam (1.2%), Australia (0.3%)
Exports	281.0	460.6	231.1	596.4	883.1	614.4	515.5	China (88.7%), Korea, Rep. of (8.0%), Brunei Darussalam (2.8%)

Source: UN Comtrade database (04/11/2025).

4.3.2 Institutional and legal framework

4.45. The Philippines has introduced a series of legislative and policy reforms aimed at modernizing the energy sector, strengthening governance, and supporting the transition towards a more diversified and sustainable energy system. The Philippine Energy Plan (PEP) 2023–2050 sets out the country's long-term framework for strengthening energy security, diversifying the energy mix, and expanding the use of renewable energy. It aligns national development objectives with climate commitments and promotes the deployment of clean technologies. The Plan emphasizes resilience and adaptability, and supports electrification, innovation, and the development of emerging energy technologies.

4.46. The Philippines has implemented a range of policy and legislative measures to enhance energy access and improve energy efficiency. Republic Act No. 11285 on Energy Efficiency and Conservation Act of 2019 strengthened the policy framework for energy efficiency while maintaining the central role of the Department of Energy (DOE). Electrification efforts have also been supported by Republic Act No. 11646 on Microgrid Systems Act of 2022, which allows private entities to develop and operate microgrids in off-grid areas without requiring a congressional franchise.

4.47. The authorities have also undertaken a range of measures to expand renewable energy, diversify its energy mix, and support the adoption of emerging technologies. Key initiatives include the Renewable Energy Roadmap 2017–2040, the introduction of a moratorium on new coal-fired power plants in 2020, and the implementation of the Green Energy Auction Program in 2021, reflecting a shift towards lower-carbon energy sources.

4.48. Policy reforms have also aimed to promote new energy technologies. Republic Act No. 11697 on Electric Vehicle Industry Development Act of 2022, supported by the Comprehensive Roadmap for the Electric Vehicle Industry, encourages the development of electric mobility through fiscal incentives and related measures, including tariff reductions on electric vehicles and their components. In addition, Republic Act No. 12305 on Philippine National Nuclear Energy Safety Act of 2025 established an independent regulatory authority responsible for overseeing nuclear and radiation-related activities in accordance with international safety standards.

4.49. Investment conditions in the energy sector have been progressively liberalized. The establishment of the Energy Investment Coordinating Council (EICC) has streamlined regulatory procedures for energy projects of national significance, reducing administrative delays and improving the efficiency of investment approvals. Complementing this, Republic Act No. 11234 on Energy Virtual One-Stop Shop Act of 2019 institutionalized an electronic platform for the application and processing of permits for generation, transmission, and distribution projects, facilitating more timely project implementation. Amendments adopted in 2022 to the implementing rules and regulations of Republic Act No. 9513 on Renewable Energy Act of 2008 further opened the sector by allowing up to 100% foreign ownership in renewable energy projects. In addition, Republic Act No. 12179 on Extending the Corporate Life of the Power Sector Assets and Liabilities Management Corporation of 2024 extended the mandate of the PSALM Corporation until 2036, supporting the continued privatization of power sector assets and the management of remaining liabilities.

4.50. The downstream oil industry operates under a deregulated framework established by Republic Act No. 8479 on Downstream Oil Industry Deregulation Act of 1998, with market participation largely undertaken by private operators. Government intervention is limited to policy formulation and regulatory oversight, including monitoring compliance with Republic Act No. 9367 on Biofuels Act of 2006, registration of industry participants, enforcement of Philippine National Standards for products and facilities, and the imposition of penalties for non-compliance.

4.51. Under this deregulated regime, petroleum product prices are not set by the Government under normal circumstances. However, in the event of a declared emergency, temporary price controls, including price freezes or ceilings on liquid petroleum products, kerosene, and liquefied petroleum gas (LPG), may be imposed pursuant to Republic Act No. 7581 on Price Act of 1992.

4.52. Entry into the downstream oil and gas sector is subject to registration and licensing requirements. Liquid petroleum products are governed by prior-notice and reporting obligations under the deregulated framework. Liquefied petroleum gas (LPG) operations require a licence to operate under Republic Act No. 11592 on Liquefied Petroleum Gas Industry Regulation Act of 2021, while natural gas activities are subject to accreditation and import-notice requirements under Republic Act No. 12120 on Philippine Downstream Natural Gas Industry Development Act of 2025.

4.53. According to the authorities, no significant market concentration or *de facto* control has been observed in key segments of the downstream fossil-fuel market, including import terminals, storage, distribution, and wholesale supply. Market conditions are considered competitive, with multiple participants and no major infrastructure constraints or barriers to entry identified.

4.54. The Philippines currently has one operating oil refinery, owned and operated by Petron in Limay, Bataan, with a rated capacity of 180,000 barrels per day. Refining capacity has declined since 2018 following refinery closures and conversions, and the remaining capacity is privately owned and operates within the country's deregulated downstream oil framework.

4.3.3 Resilience, energy security, and renewable energy

4.55. Given the Philippines' high exposure to climate-related and geophysical risks, strengthening energy-sector resilience has become a key policy priority. The Energy Resiliency Policy, guided by the "Build Back Better" approach, requires both new and existing energy facilities to be designed, upgraded, and operated to withstand increasingly severe natural hazards, including typhoons and earthquakes. The DOE continues to implement resilience-related measures through Department Circular No. DC2018-01-0001 and Department Circular No. DC2022-06-0028, which require energy-sector participants to prepare and submit Resiliency Compliance Plans. These measures also introduced the Energy Resilience Scorecard to assess facility preparedness. Compliance is monitored through the Energy Resiliency Management System, a digital platform that supports centralized reporting and evaluation.

4.56. In parallel, Department Circular No. DC-2023-01-0002 on Adoption of the National Energy Contingency Plan of 2023 established a framework for managing large-scale disruptions, requiring coordinated preparedness and response across the sector. Ongoing work includes the assessment of compliance plans, the refinement of scorecard methodologies, and the development of resilience standards based on evaluation outcomes.

4.57. Institutional coordination is supported by the DOE Task Force on Energy Resiliency, which oversees disaster response in the sector. The Energy Sector Emergency Operations Center serves as a centralized hub for real-time monitoring and coordination during emergencies, including natural disasters, grid disruptions, and cybersecurity incidents. These efforts are complemented by the deployment of Mobile Energy System units, which provide temporary, portable power solutions to support essential services in affected areas.

4.58. Efforts to strengthen energy security are closely linked with the expansion of renewable energy. Under the National Renewable Energy Program (NREP) 2020–2040, the Philippines targets a renewable-energy share of 35% by 2030 and 50% by 2040 of total energy supply.³⁰ Key policy

³⁰ Department of Energy (DOE) (2020), National Renewable Energy Program (NREP) 2020–2040. Viewed at: https://legacy.doe.gov.ph/sites/default/files/pdf/renewable_energy/nrep_2020-2040_0.pdf (05/03/2026).

instruments include the Renewable Portfolio Standards (RPS), the Green Energy Option Program (GEOP), and the Green Energy Auction Program (GEAP), through which contracts for over 22 GW of renewable-energy capacity were awarded between 2022 and 2025. Offshore wind development has also been promoted through Executive Order No. 21 on Streamlining the Permitting Process for Offshore Wind Projects of 2023, streamlining the permitting process for offshore wind projects. As of October 2025, 91 offshore wind service contracts had been awarded, representing an estimated 68 GW of potential capacity. Alongside renewable-energy expansion, the Philippine Conventional Energy Contracting Program (PCECP) 2018 continues to promote upstream exploration for petroleum, coal, and emerging fuels such as hydrogen, while the Malampaya Phase 4 Project advances the development of indigenous natural-gas resources. Downstream diversification has also progressed, with two liquefied natural gas (LNG) terminals operational as of mid-2025, supporting more than 3 GW of gas-fired electricity generation capacity.

4.59. Demand-side management and clean-mobility initiatives have been further strengthened. Administrative Order No. 15 on Strengthening the Implementation of the Government Energy Management Program of 2024 reinforced energy-efficiency measures in the public sector. In addition, Department Circulars Nos. DC2023-12-0036, DC2023-12-0037, and DC2023-12-0038, issued in December 2023, revised the classification of designated establishments under Republic Act No. 11285 on Energy Efficiency and Conservation Act of 2019, based on updated sectoral thresholds. The Comprehensive Roadmap for the Electric Vehicle Industry operationalizes Republic Act No. 11697 on Electric Vehicle Industry Development Act of 2022 through coordinated measures, including the development of charging infrastructure, the provision of investment incentives, and the implementation of awareness programmes. Electric vehicle adoption is further supported by Executive Order No. 62, which extends duty-free importation of electric vehicles and their parts and components until 2028 and broadens its coverage to include electric motorcycles, bicycles, tricycles, hybrid electric vehicles, and plug-in hybrid public transport vehicles. In addition, Department Circular No. DC2024-01-0001 on Adopting the Philippine Hydrogen Energy Policy and Roadmap of 2024 establishes a national framework for hydrogen development and designates a dedicated committee within the Department of Energy to coordinate related initiatives.

4.3.4 Electricity

4.60. Installed power generation capacity in the Philippines expanded steadily between 2018 and 2025, rising from 23,815 MW to 32,037 MW as indicated by the authorities. Early capacity growth was largely driven by coal-fired plants; more recent expansion has increasingly come from renewable energy projects, particularly solar power, which recorded the fastest growth during the period. Despite this shift in investment patterns, coal remained the dominant source of electricity generation in 2024, accounting for 62.5% of total output, while renewable sources accounted for just over one-fifth of total electricity generation. According to the authorities, this trend reflects a gradual transition toward cleaner energy alongside declining oil-based generation. Household electrification remained high, reaching approximately 96% in 2025, although year-to-year estimates fluctuate due to revisions in census-based household data. Overall, access indicators suggest continued progress toward universal electrification.

4.61. Sector governance continues to be based on the liberalized framework established by Republic Act No. 9136 on Electric Power Industry Reform Act of 2001, which unbundled the industry into generation, transmission, distribution, and supply segments and introduced competition in generation and retail supply. Subsequent legislation has adjusted elements of this framework. In particular, Republic Act No. 12179 extended the corporate life of the Power Sector Assets and Liabilities Management Corporation for a further 10 years. Additional legislative proposals to amend specific provisions of Republic Act No. 9136 – including measures affecting the mandates of the Department of Energy, the Energy Regulatory Commission, and the National Electrification Administration – remain under consideration.³¹

4.62. Market-based electricity trading takes place through the Wholesale Electricity Spot Market, which operates across the Luzon, Visayas, and Mindanao grids. Registered generators, retailers, and distribution utilities participate in the market, which is operated by the Independent Electricity Market Operator of the Philippines (IEMOP), an independent, non-profit market operator. Grid

³¹ DOE. The Philippine Energy Regulatory Framework. Viewed at: https://legacy.doe.gov.ph/sites/default/files/pdf/e_ipo/03_ThePhilippineEnergyRegulatoryFramework.pdf (11/11/2025).

integration has also advanced in recent years.³² The Mindanao–Visayas Interconnection Project, commissioned on 26 January 2024, established a 450 MW transmission link between the two systems, enabling cross-grid power transfers and strengthening reliability under the "One Grid, Philippines" initiative.

4.63. Operation of the national transmission network is carried out by the National Grid Corporation of the Philippines, which performs both Transmission Network Provider and System Operator functions.³³ In this role, the company plans, builds, and maintains the high-voltage transmission network while also managing real-time system dispatch and balancing across the three regional grids.

4.64. Electricity tariffs are determined through a combination of market-based and regulated components. Generation costs are largely set through spot market trading and negotiated power supply agreements, whereas network charges are subject to regulatory approval.³⁴ Transmission tariffs proposed by the grid operator are reviewed under a performance-based regulation framework, while distribution tariffs are determined through regulatory rate-setting procedures. Retail electricity prices therefore reflect both market-driven generation costs and regulated network charges, with targeted consumer protection measures – such as lifeline subsidies – available for eligible households.

4.65. Electricity distribution is undertaken by 147 licensed utilities nationwide, consisting of 120 electric cooperatives, 26 private investor-owned utilities, and one local government-owned utility according to the information provided by the authorities. Of these, 125 utilities are connected to the main transmission grid, while 22 operate in isolated or off-grid systems. Geographically, 71 utilities are located in Luzon, with 38 each in the Visayas and Mindanao, reflecting the country's decentralized distribution structure.

4.66. Sector operations are largely private, although targeted public participation continues to support universal access. Government involvement is concentrated in missionary and off-grid generation, implemented through the National Power Corporation and the Power Sector Assets and Liabilities Management Corporation. Transmission assets remain State-owned but are operated under concession by the national grid operator. Distribution services are provided primarily by electric cooperatives and private utilities, while policy and regulatory oversight are exercised by the Department of Energy and the Energy Regulatory Commission.

4.67. Generators are not required to sell electricity exclusively through the grid operator. Supply may take place through spot market transactions, bilateral contracts with distribution utilities, or direct sales to large customers under Retail Competition and Open Access, including through licensed retail electricity suppliers. Additional programmes – such as the Green Energy Option Program – enable consumers to procure electricity directly from renewable energy providers.

4.68. Renewable energy producers benefit from a range of fiscal, regulatory, and market-based incentives established under Republic Act No. 9513 on Renewable Energy Act of 2008. These include income tax holidays, duty-free importation of renewable energy equipment, zero VAT, preferential real property tax rates, priority grid dispatch, and obligations under Renewable Portfolio Standards. Market mechanisms supporting investment include net metering, renewable electricity procurement programmes, and legacy feed-in tariff arrangements. Further investment has been encouraged through competitive procurement under the Green Energy Auction Program, trading of renewable energy certificates through the Renewable Energy Market, streamlined permitting under the EVOSS framework, and amendments allowing 100% foreign ownership of renewable energy projects, alongside dedicated regulatory frameworks for offshore wind development.

³² IAE. *Philippines – Electricity*. Viewed at: <https://www.iea.org/countries/philippines/electricity?utm> (11/11/2025).

³³ Department of Energy (DOE). *Electric Power Industry Structure*. Viewed at: <https://www.doe.gov.ph/electric-power/electric-power-industry-structure> (05/03/2026).

³⁴ Department of Energy (DOE). *Wholesale Electricity Spot Market (WESM)*. Viewed at: <https://www.doe.gov.ph/electric-power/wholesale-electricity-spot-market> (05/03/2026); and Energy Regulatory Commission (ERC). *Guidelines for the Automatic Adjustment of Generation Rates and System Loss Rates*. Viewed at: <https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/11/42234?utm> (05/03/2026); and Independent Electricity Market Operator of the Philippines (IEMOP). *Market Development*. Viewed at: <https://www.iemop.ph/market-development/?utm> (05/03/2026).

4.4 Manufacturing

4.4.1 Overview

4.69. Manufacturing accounted for about 15.3% of GDP in 2025 (19.6% in 2016) (Chart 1.1) and employed around 7.5% of the labour force in 2024 (8.8% in 2018).³⁵ The decline in the manufacturing sector's share of GDP in the Philippines reflects the economy's gradual structural shift toward services, while persistent constraints – particularly infrastructure gaps and high energy and logistics costs – have continued to limit manufacturing competitiveness and expansion.³⁶ Most manufacturing industries primarily supply the domestic market; the main exception is electronics, whose output is largely export-oriented (Section 4.4.2).

4.70. Between 2018 and 2024, the manufacturing gross value added (GVA) rose from PHP 3,488 billion to PHP 4,146 billion, reflecting an average annual growth of about 2.9%, with a 5.1% expansion in 2024 after the 2020 contraction (Table 4.4). The sector remains highly concentrated in food processing, whose share increased from 46% in 2018 to 54% in 2024 (average around 50.6% over the period). The steady rise in the food subsector's share suggests continued concentration of industrial activity in agro-processing, underscoring both its resilience and its central role in the economies industrial base. Beyond food, chemicals expanded slightly from 10.3% in 2018 to 11.1% in 2024, while computers, electronics and optical products declined from 11.6% to 9.1% during the same period. Beverages rose modestly from 4.5% to 4.9%, whereas coke and refined petroleum decreased from 5.9% to 3.6%. Several mid-tier lines also declined, including other non-metallic minerals (from 2.5% to 2.0%), basic metals (from 2.1% to 1.6%), and transport equipment (from 2.1% to 1.45%). At the lower end, apparel fell from 2% to 1.1% and tobacco from 0.56% to 0.35%, indicating a gradual shift away from traditional light-industry activities even as chemicals and beverages maintained or slightly increased their shares.

Table 4.4 Gross value added in the manufacturing sector, 2018-2024

	2018	2019	2020	2021	2022	2023	2024
Total gross valued added (PHP billion – current prices)	3,488.3	3,614.0	3,169.9	3,424.0	3,795.3	3,946.2	4,146.0
	(% of total)						
Manufacture of food products	46.1	46.8	51.8	50.5	51.7	53.3	53.8
Manufacture of chemical and chemical products	10.3	10.7	11.4	11.4	12.4	11.2	11.1
Manufacture of computer, electronic and optical products	11.6	11.1	10.4	10.5	9.4	9.1	9.1
Manufacture of beverages	4.5	4.6	4.6	4.7	4.4	4.7	4.9
Manufacture of coke and refined petroleum products	5.9	4.9	2.3	2.5	2.8	3.5	3.6
Manufacture of other non-metallic mineral products	2.5	2.5	2.2	2.7	2.6	2.3	2.0
Manufacture of basic metals	2.1	2.0	1.9	2.1	2.0	1.9	1.6
Manufacture of transport equipment	2.1	1.9	1.5	1.3	1.4	1.5	1.4
Manufacture of electrical equipment	1.5	1.6	1.3	1.6	1.4	1.4	1.4
Manufacture of machinery and equipment except electrical	1.2	1.3	1.2	1.1	1.2	1.1	1.2
Manufacture of wearing apparel	2.0	2.0	1.6	1.5	1.4	1.1	1.1
Manufacture of basic pharmaceutical products and pharmaceutical preparations	1.0	1.0	1.1	1.1	1.0	1.0	1.0
Manufacture of rubber and plastic products	1.1	1.2	1.1	1.1	1.1	1.0	0.9
Manufacture of textiles	1.4	1.4	1.0	1.2	1.2	1.0	0.9
Printing and reproduction of recorded media	0.8	0.9	0.9	0.9	0.8	0.8	0.9
Manufacture of fabricated metal products, except machinery and equipment	0.9	0.9	0.8	0.9	0.8	0.7	0.7

³⁵ PSA OpenSTAT. Viewed at: <https://openstat.psa.gov.ph/Database/Labor-and-Employment> (14/11/25).

³⁶ Bangko Sentral ng Pilipinas (BSP). *Structural Changes and Economic Landscape of the Philippine Economy, 2006–2023*. BSP Discussion Paper No. DP-2024-23. Viewed at: <https://www.bsp.gov.ph/Sites/researchsite/Publications/BSP-Discussion-Papers/DP202423.pdf> (14/10/2025); Philippine Institute for Development Studies (PIDS). *The Philippine Manufacturing Industry Roadmap*. PIDS Discussion Paper Series No. 2014-32. Viewed at: <https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidsdps1432.pdf?utm> (14/10/2025); and ASEAN+3 Macroeconomic Research Office (AMRO). *Annual Consultation Report: Philippines 2025*. Viewed at: <https://amro-asia.org/amros-2025-annual-consultation-report-on-the-philippines?utm> (14/10/2025).

	2018	2019	2020	2021	2022	2023	2024
Manufacture of paper and paper products	0.8	0.8	0.7	0.7	0.7	0.7	0.7
Manufacture of wood, bamboo, cane, rattan articles and related products	0.8	0.9	0.8	0.9	0.9	0.8	0.6
Manufacture of furniture	0.6	0.6	0.6	0.6	0.6	0.5	0.5
Manufacture of tobacco products	0.6	0.7	0.6	0.5	0.4	0.4	0.3
Manufacture of leather and related products, including footwear	0.4	0.4	0.3	0.3	0.3	0.3	0.3
Other manufacturing	1.9	1.9	1.8	1.9	1.7	1.8	1.8

Source: Philippines Statistics Authority. Viewed at: <https://psa.gov.ph/statistics/national-accounts> and <https://psa.gov.ph/philippine-statistical-yearbook> (10/10/2025).

4.4.2 Trade and investment

4.71. Manufactured goods continued to dominate the Philippines' merchandise trade. On the export side, manufactures accounted for the bulk of shipments; in the first semester of 2025, exports of other manufactured goods more than doubled, reaching USD 3.93 billion, driven by strong increases in shipments to Australia and Canada, indicating a notable expansion and diversification of export markets. Electronic product exports also increased by about USD 1.1 billion, supported by higher deliveries to the United States, Germany, and Singapore, despite declines to some traditional Asian destinations. On the import side, purchases of electronics, transport equipment, and telecommunication and machinery equipment rose in the first semester of 2025 compared with the same period in 2024. The increase was led by electronic products (up USD 1.9 billion), followed by transport equipment (up USD 1.3 billion) and telecommunication and machinery equipment (up USD 513 million), with China playing a growing role as a supplier of inputs for Philippine manufacturing.

4.72. Recent investment data indicate net FDI of about USD 8.9 billion in 2024, with manufacturing among leading recipients of FDI equity capital in 2023–2024.³⁷ In general, there are no horizontal restrictions specifically targeting foreign direct investment (FDI) in the manufacturing sector. However, certain manufacturing activities may remain subject to foreign ownership limitations or regulatory requirements under the Foreign Investment Negative List (FINL) or other applicable legislation (e.g. defence-related manufacturing). The Government has also sought to strengthen the investment climate through Republic Act No. 12066 of 2024 on Amendments to the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, which aims to attract a broad range of strategic, high-impact, and high-value investments (Section 2.4). According to the authorities, manufactured products – such as precision tools, robotics, food-processing equipment, and packaging machinery – which embody technologies that enhance productivity and help firms meet export-quality standards, are well placed to benefit from the improved fiscal incentives framework.

4.73. While FDI inflows increased, productivity spillovers to domestic SME manufacturers remained limited overall: gains through backward linkages (local suppliers to foreign investors) were small or insignificant, while forward linkages (using inputs from foreign-invested firms) showed modestly positive effects on domestic firm productivity.³⁸ Binding constraints for manufacturing SMEs – especially in electronics – included difficulty finding qualified local suppliers (no centralized marketplace/database), restricted access to testing and certification facilities, heavy reliance on imported inputs that hampers deeper GVC integration, and limited access to long-term finance due to collateral and credit-information gaps.³⁹

³⁷ Bangko Sentral ng Pilipinas (BSP). Annual Report 2024: Beyond Boundaries. Viewed at: https://www.bsp.gov.ph/Media_And_Research/Annual%20Report/AnnRep_2024.pdf (14/10/25).

³⁸ Aldaba, R.M. & Aldaba, F.T. "Assessing the Spillover Effects of FDI to the Philippines", PIDS Discussion Paper Series No. 2010-27. Viewed at: <https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidsdps1027.pdf?utm> (01/12/2025); and Aldaba, R.M. & Aldaba, F.T. "FDI Spillover Effects: Evidence from the Philippines", ERIA Discussion Paper, 2022. Viewed at: <https://www.eria.org/uploads/media/discussion-papers/FY22/FDI-Spillover-Effects-Evidence-from-the-Philippines..pdf?utm> (01/12/2025).

³⁹ Llanto, G.M. et al. "Obstacles of Philippine SMEs' Participation in Global Value Chains", PIDS Research Paper Series No. 2019-05, pp. 14–18. Viewed at: <https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidsrp1905.pdf?utm> (01/12/2025); and DTI. *Product Certification*. Viewed at: <https://bps.dti.gov.ph/product-certification?utm> (01/12/2025); and DTI. Bureau of Philippine Standards (DTI/BPS), *Philippines – Standards for Trade*, U.S. International Trade Administration. Viewed at: <https://www.trade.gov/country-commercial-guides/philippines-standards-trade?utm> (01/12/2025).

4.74. Based on the applied MFN tariff data for 2025, the manufacturing sector in the Philippines faces a relatively higher level of tariff protection compared with most other sectors. The simple average applied MFN tariff on manufacturing stood at 6.5% (excluding food processing, 5.9%), below the averages for agriculture (10.1%), and above mining and quarrying (2.4%). Within manufacturing, tariff protection varies significantly across subsectors: tariffs on manufactured food products averaged 11.5%, on textiles 9.5% and clothing 14.8%, while lower averages applied to e.g. chemicals (4.6%), electrical machinery and electronic equipment (3.4%); mechanical, office and computing machinery (1.9%). This structure suggests a continued policy emphasis on protecting selected domestic manufacturing activities – particularly food processing – while maintaining relatively open regimes for technology-intensive and intermediate manufacturing inputs.

4.4.3 Institutional and legal framework

4.75. The Department of Trade and Industry (DTI) leads the Philippines' manufacturing policy – setting strategy, coordinating implementation, and promoting investment. Within DTI, the Board of Investments (BOI) is the main implementing arm for industry development and incentives (via the Strategic Investment Priority Plan (SIPP) under Corporate Recovery and Tax Incentives for Enterprises Act (CREATE), while Philippine Economic Zone Authority (PEZA) (an attached agency to DTI) administers economic zones and registers/export-oriented manufacturers.

4.76. The authorities indicate that manufacturing promotion is anchored in the Strategic Investment Priority Plan (SIPP) issued under the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act of 2021 (Republic Act No. 11534) and amended by the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE Act, as amended) of 2024 (Republic Act No. 12066). The SIPP – updated on a rolling three-year basis – prioritizes activities that (i) create high-skill jobs and deepen MSME participation in value chains; (ii) raise product and services sophistication; (iii) expand domestic supply and reduce import dependence; and (iv) attract significant foreign capital. Eligible projects may access a menu of performance-based, time-bound and targeted incentives (e.g. ITH, ED, SCIT for exporters, customs-duty exemptions on capital goods and inputs, VAT exemptions/zero-rating, and local-tax incentives), with maximum duration extended up to 17 years under CREATE Act, as amended by Republic Act No. 12066, depending on location and industry classification. The 2022 SIPP organizes priorities into Tier I (base/essential activities including qualified manufacturing, agri-fishery-forestry and exports), Tier II (value-chain gap fillers such as green ecosystems, health and defence-related activities, steel/textiles/chemicals, green metals, crude refining and food security) and Tier III (R&D/Industry 4.0, highly technical manufacturing and innovation support facilities).

4.77. Republic Act No. 11981 on Tatak Pinoy (Proudly Filipino) Act of 2024, enacted on 26 February 2024, establishes the Tatak Pinoy Strategy (TPS) as the Philippines' industrial policy framework. The Act promotes coordinated action among government agencies, industry, and other stakeholders to strengthen productivity and competitiveness, support the production and export of higher value-added goods and services, facilitate upgrading within global value chains, and encourage job creation. It also aims to enhance the country's economic complexity over time.

4.78. The TPS provides a multi-year framework for implementing these objectives, focusing on the expansion and diversification of domestic productive capacities and the development of more sophisticated products and services for both domestic and international markets. The strategy is structured around key pillars, including human capital development, infrastructure, technology and innovation, investment promotion, and sound financial management.

4.79. Implementation of the TPS was formalized through Memorandum Circular No. 104, Series of 2025, issued on 24 October 2025, which approved the strategy and called on national government agencies, government-owned or -controlled corporations, and local government units to support its execution under the coordination of the Tatak Pinoy Council, chaired by the Department of Trade and Industry.

4.80. On ease of doing business, Executive Order No. 18 on Establishing Green Lanes for Strategic Investments in the Philippines of 2023 establishes Government-wide "Green Lanes" for strategic investments and creates the One-Stop Action Centre for Strategic Investments (OSAC-SI) as a single

entry point.⁴⁰ The BOI coordinates a whole-of-Government facilitation approach via the Investments Facilitation Network (INFANet) and partnerships with 33 Local Government Units (LGUs)⁴¹, working with Anti-Red Tape Authority (ARTA)⁴² to streamline procedures. Executive Order No. 18 mandates simultaneous processing operationalizes the 3-7-20 day action rule under the Ease of Doing Business and Efficient Government Service Delivery Act of 2018 (Republic Act No. 11032)⁴³, requires an Investor's Guidebook, and institutes monthly progress reporting to the Office of the President.⁴⁴ These measures complement recent market-opening reforms, including amendments to the Foreign Investments Act of 2022 (Republic Act No. 11647), the Retail Trade Liberalization Act of 2022 (Republic Act No. 11595), and the Corporate Recovery and Tax Incentives for Enterprises framework under Republic Act No. 11534 on Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act of 2021, as amended by Republic Act No. 12066 on Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act of 2024 (Section 2.4).

4.81. As at 31 December 2025, a total of 232 strategic investment projects had been endorsed under the Green Lanes mechanism, with an estimated value of PHP 6.11 trillion and projected employment generation of 398,567 jobs. By the same date, 38 national government agencies and local government units had designated Green Lane units or focal persons and were participating in inter-agency investment facilitation under the framework.

4.82. As at 20 February 2026, the One-Stop Action Center for Strategic Investments had certified 238 projects under the Green Lanes initiative, with a combined estimated cost of PHP 6.31 trillion (USD 111.06 billion) and expected to generate approximately 430,061 jobs.

4.83. Looking ahead, the BOI identifies Green Lane-eligible SIPP activities – including clean energy, green metals processing, electronics, defence and aerospace, EVs and batteries/charging, pharmaceuticals (including vaccines and essential drugs), LNG storage/regasification, PPP and infrastructure (including agri-infrastructure and telecoms), specialty hospitals, water, and new products/technologies – as focal areas for expediting approvals and moving strategic projects to implementation.

4.84. The principal platform for domestic and foreign investment in manufacturing remains the economic-zone regime. The PEZA administers 82 manufacturing ecozones hosting 1,306 locators engaged in electronics manufacturing services or surface mount technology (EMS/SMT), basic metals, electrical machinery, equipment and apparatus, fabricated metal products, food and beverages, and medical/precision/optical products. These ecozones provide the operating environment and compliance channels through which qualifying manufacturers – including foreign-owned or foreign-invested firms – access incentives under CREATE Act and its amendment within the broader investment-promotion system.

4.85. According to the authorities, during the period under review, PEZA intensified its promotion efforts to position the Philippines as a competitive and future-ready investment destination in Asia. The strategy emphasises diversification through new frontier ecozones aligned with the DTI's i3S. These zones target advanced IT-enabled services; science, technology and innovation activities; and green manufacturing (e.g. pharmaceuticals, agri-processing, aquamarine, and IT), embedding eco-industrial development concepts and facilitating SME integration.

4.86. As of June 2025, the PEZA Board had granted pre-qualification clearance to 51 new special economic zones pending presidential proclamation, including one Knowledge, Innovation, Science

⁴⁰ GOVPH. Executive Order No. 18, s. 2023. Viewed at: <https://www.officialgazette.gov.ph/2023/02/23/executive-order-no-18-s-2023/> (01/12/2025).

⁴¹ LGUs, established under Republic Act No. 7160 on the Local Government Code of 1991, are Governmental provincial, city, municipal, and barangay units responsible for frontline permitting and regulatory approvals. Barangay are the smallest administrative and political local Government units.

⁴² ARTA, an agency mandated under Republic Act No. 11032 of 2018, to streamline Government procedures and ensure compliance with statutory processing timelines.

⁴³ GOVPH. Republic Act No. 11032. Viewed at: <https://www.officialgazette.gov.ph/2018/05/28/republic-act-no-11032/> (01/12/2025).

⁴⁴ Under the 3-7-20 day action rule, government agencies are required to act on applications and requests within three working days for simple transactions, seven working days for complex transactions, and 20 working days for highly technical transactions, failing which applications may be deemed approved, subject to applicable exceptions.

and Technology (KIST) Park and two Pharmaceutical Ecozones (Pharmazones), following approval of the respective guidelines. The Pharmazone guidelines (approved in 2025) aim to foster innovation via collaboration among firms, research institutions and academia; strengthen export competitiveness; enable access to fiscal and non-fiscal incentives; and generate employment within the zones. KIST Parks are intended to expand R&D infrastructure, deepen international R&D collaboration and technology transfer, and support workforce upskilling; among their objectives is converting idle higher-education-institution land to science, technology, and innovation.

4.87. PEZA highlighted the Palawan Mega Ecozone (PMEZ) – endorsed by the PEZA Board and developed with the Bureau of Corrections (BuCor) – as a flagship initiative leveraging Palawan's proximity to Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area (BIMP-EAGA)⁴⁵ and the recently enacted CREATE MORE Act incentives to support trade and investment, job creation, and infrastructure development. In parallel, PEZA is drafting guidelines for new ecozone types (e.g. aquamarine and renewable energy) to promote innovation and inclusive, sustainable growth within the ecozone framework.

4.4.4 Automotive subsector

4.88. Between 2018 and 2025, the Philippine motor-vehicle industry remained small by regional standards but rebounded from the pandemic-related downturn, with domestic assembly recovering alongside firm sales. Based on data provided by the authorities, in 2024, total sales of automobiles amounted to 467,252 units, of which 119,122 units were manufactured locally.

4.89. Trade in motor vehicles remains structurally imbalanced in the Philippines, with imports consistently far exceeding exports over the 2018-2024 period (Table 4.5). Motor-vehicle imports declined sharply in 2020, reflecting the impact of the COVID-19 pandemic, but rebounded strongly thereafter, reaching a peak of USD 8 billion in 2023 before easing slightly to USD 7.7 billion in 2024; their share of total merchandise imports rose from 4.1% in 2020 to 5.7% in 2024. By contrast, exports remained relatively modest and volatile, fluctuating around USD 0.8–1 billion and accounting for just about 1.1% of total exports in 2024. Regional supply chains dominate trade patterns: in 2024, Thailand, Indonesia, and Japan accounted for nearly 78% of motor-vehicle imports, while exports were mainly destined for Thailand, Japan, and the United States. Overall, the data underscore the Philippines' continued reliance on imported vehicles and components, reflecting the limited scale of domestic production and the country's role primarily as an importer within ASEAN automotive value chains. Motor-vehicle tariff protection has been significantly reduced, with the simple average applied MFN tariff for this category falling to about 10% in 2025, from 23.2% in 2017.

Table 4.5 Trade in motor vehicles, 2018-2024

	2018	2019	2020	2021	2022	2023	2024	Top three countries in 2024
Imports (USD million)	6,749.1	6,549.6	3,882.2	4,768.8	6,402.1	8,021.9	7,663.5	Thailand (34.9%); Indonesia (27.0%), Japan (15.6%)
% of total imports	5.9	5.6	4.1	3.8	4.4	6.0	5.7	
Exports (USD million)	1,040.8	894.4	854.5	1,021.9	840.5	847.1	767.9	Thailand (29.9%); Japan (18.6%); United States (9.0%)
% of total exports	1.5	1.3	1.2	1.6	1.1	1.1	1.1	

Note Motor vehicles based on MTN category, including HS headings 8702 to 8706, 8708 and HS subheading 870710.

Source: WTO Secretariat calculations, based on UN Comtrade database.

4.90. The 2018–2025 policy mix combined excise taxation, temporary trade remedies, and targeted incentives. Under Tax Reform for Acceleration and Inclusion (TRAIN)⁴⁶ implementing rules, EVs are exempt from the automobile excise tax and hybrids are taxed at 50% of the otherwise applicable

⁴⁵ BIMP-EAGA, established in 1994, is a sub-regional cooperation initiative aimed at promoting trade, investment, and connectivity among less-developed areas of the four participating economies.

⁴⁶ TRAIN, implemented under Republic Act No. 10963 of 2017, restructured the Philippines' tax system, including excise taxes on petroleum products and automobiles.

rate.⁴⁷ In 2021, the DTI imposed provisional safeguard cash bonds on certain imported passenger cars and light commercial vehicles, but in August 2021 it dismissed the petition and ordered the return of the bonds following the Tariff Commission's Final Report.⁴⁸ The Republic Act No. 11697 on Electric Vehicle Industry Development Act (EVIDA) of 2022 established the EV framework⁴⁹, and Executive Order No. 12 of 2023 temporarily set 0% MFN tariffs for five years on EVs and selected parts.⁵⁰ Executive Order No. 62, issued in June 2024, expanded the scope of Executive Order No. 12 to include certain hybrid vehicles, electric motorcycles, and e-bicycles in the list of products covered by 0% MFN tariffs until 2028.⁵¹

4.91. The Comprehensive Automotive Resurgence Strategy (CARS) programme, administered by the Board of Investments (BOI), provides fiscal support to manufacturers that commit to specified production volumes and investment levels over a six-year period. Incentives are structured as production-based fiscal support of up to PHP 9 billion per enrolled model, with the objective of achieving economies of scale in domestic vehicle assembly, strengthening linkages with local parts suppliers, and facilitating technology transfer.⁵² As of 2024, although the production period had concluded, the programme continued to cover two qualified models, with fiscal support disbursements still ongoing.⁵³

4.92. In parallel, Republic Act No. 11697 (the Electric Vehicle Industry Development Act of 2022 (EVIDA)) and Executive Order No. 12 of 2023 established a complementary policy framework to promote electric mobility. EVIDA focuses primarily on stimulating demand, expanding charging infrastructure, and encouraging local production of EV components. Executive Order No. 12 introduced temporary tariff reductions on electric vehicles and related parts and components. In May 2024, the tariff relief was further extended to additional EV segments until 2028, signalling continued government support for electric vehicle adoption. Together, these measures aim to increase domestic value addition, attract investment in vehicle assembly, and strengthen the competitiveness of the Philippine automotive sector within regional production networks.

4.5 Services

4.5.1 Financial services

4.5.1.1 Banking

4.93. The banking sector remains under the prudential oversight of the Bangko Sentral ng Pilipinas (BSP). The BSP, through its Monetary Board, supervises banks and exercises regulatory and examination powers over quasi-banks and payment system operators pursuant to Republic Act No. 7653, adopted on 14 June 1993, as amended by Republic Act No. 11211, adopted on 14 February 2019, which strengthened the BSP Charter and enhanced the central bank's supervisory and regulatory mandate.

4.94. Basel III-aligned risk-based capital, liquidity, and leverage standards apply to universal and commercial banks, their subsidiary banks and quasi-banks, and digital banks. These prudential standards apply equally to both domestic and foreign banks operating in the Philippines, including

⁴⁷ Bureau of Internal Revenue. Revenue Regulations No. 1-2025. Viewed at: <https://bir-cdn.bir.gov.ph/BIR/pdf/RR%20No.%201-2025.pdf> (27/10/2025).

⁴⁸ DTI. Department Administrative Order (DAO) No. 21-04. Viewed at: https://www.dti.gov.ph/?download_id=79997&sdm_process_download=1 (27/10/2025); and Tariff Commission. Safeguard – Motor Vehicles. Viewed at: <https://tariffcommission.gov.ph/motor-vehicles> (27/10/2025).

⁴⁹ Republic Act No. 11697, 15 April 2022. Viewed at: https://legacy.senate.gov.ph/republic_acts/ra%2011697.pdf (27/10/2025).

⁵⁰ Office of the President, EO 12 (2023). Viewed at: https://lawphil.net/executive/execord/eo2023/pdf/eo_12_2023.pdf (27/10/2025).

⁵¹ DOE. DOE welcomes expansion of Executive Order No. 12. Viewed at: <https://legacy.doe.gov.ph/press-releases/media-statement-doe-welcomes-expansion-executive-order-no-12> (27/10/2025).

⁵² BOI. "Comprehensive Automotive Resurgence Strategy (CARS) Program". Viewed at: <https://boi.gov.ph/industry-development/industry-development-program/programs/cars-program/> (27/10/2025).

⁵³ DBM. General Appropriations Act 2024 – Unprogrammed Appropriations, p. 10. Viewed at: <https://www.dbm.gov.ph/wp-content/uploads/GAA/GAA2024/TechGAA2024/UP.pdf>.

subsidiaries and branches of foreign banks holding universal, commercial, or digital banking licences. Differences in regulatory requirements arise primarily from bank classification rather than ownership. Consequently, the framework governing the entry and operation of foreign banks reflects the same prudential standards applicable to domestic institutions.

4.95. As of 31 December 2024, the Philippine banking sector comprised 474 banks, with total assets amounting to PHP 27.4 trillion (Table 4.6). The system is characterized by a highly concentrated asset structure: universal and commercial banks represent only 9.3% of banking institutions but hold PHP 25.7 trillion, or about 94% of total banking assets, underscoring their dominant role in financial intermediation. Thrift banks account for 8.6% of institutions and hold around 4% of system assets, reflecting their more specialized, retail-oriented activities. Rural and cooperative banks comprise 80.8% of institutions but account for less than 2% of banking assets, highlighting their localized role in serving small businesses, agriculture, and underserved communities. Digital banks represent a small but growing segment of the system, with six licensed institutions holding about PHP 118 billion in assets. Together, thrift, rural, and cooperative banks support retail, housing, and agricultural finance, particularly in underserved regions, thereby contributing to financial inclusion.

Table 4.6 Banking sector structure, December 2024

Bank type	Number	Total assets (PHP billion)
Universal and commercial banks	44	25,726
Thrift banks	41	1,103
Rural and cooperative banks	383	485
Digital banks	6	118
Total	474	27,431

Source: BSP. Viewed at: <https://www.bsp.gov.ph/SitePages/Statistics/BSFinancialStatements.aspx?TabId=1> and https://www.bsp.gov.ph/Statistics/Financial%20System%20Accounts/tab23_nfi.aspx (05/11/2025).

4.96. Despite the introduction of the digital banking framework in 2020⁵⁴, digital banks remained few in number as of December 2024 and accounted for approximately 0.4% of total banking assets, indicating that digital-only banking continues to represent a small segment of the overall system (Table 4.6). According to the authorities, the BSP had previously imposed a moratorium on new digital bank licences between 2021 and 2024 to allow existing digital banks to establish their operations and to enable the authorities to assess the emerging risks and supervisory requirements associated with the new banking model. The application window was temporarily reopened in January 2025 for a limited number of additional licences, before being closed again on 1 December 2025 in order to consolidate supervision and evaluate whether existing digital banks are meeting policy objectives related to financial inclusion, competition, and financial stability. The authorities indicated that any decision to reopen the licensing window will be guided by the BSP's assessment of market conditions, including the performance of existing digital banks, their contribution to expanding access to financial services, and the implications for market concentration and systemic stability.

4.97. In parallel, Islamic banks and Islamic banking units (IBUs), authorized under the Islamic Banking Act (Republic Act No. 11439), operate within the BSP's single supervisory regime while adhering to Shari'ah principles.⁵⁵

4.98. Within the universal and commercial bank group, the largest institutions by total assets as of 30 June 2025 were BDO Unibank, Land Bank of the Philippines, Bank of the Philippine Islands, and Metropolitan Bank & Trust Company.⁵⁶ Foreign-bank participation remains limited in terms of

⁵⁴ BSP. Circular No. 1105 (Series of 2020) – Guidelines on the Establishment of Digital Banks, 2 December 2020. Viewed at: <https://www.bsp.gov.ph/Regulations/Issuances/2020/c1105.pdf?utm> (4/11/2025); BSP. Media Release: BSP Issues a Moratorium on Digital Bank Applications, 27 August 2021. Viewed at: <https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?ItemId=7205&utm> (04/11/2025).

⁵⁵ Shari'ah principles, which prohibit interest (riba) and speculative transactions, and require financing to be backed by real economic activity and risk-sharing arrangements.

⁵⁶ BSP. Ranking as to Total Assets – Universal and Commercial Bank Group, as of 30 June 2025. Viewed at: <https://www.bsp.gov.ph/Statistics/Financial%20Statements/Commercial/assets.aspx> (04/11/2025).

assets; in terms of presence, around two dozen foreign banks operate in the Philippines through branches or subsidiaries, out of approximately 44 universal and commercial banks in total.⁵⁷

4.99. The Government-owned banks comprise the Land Bank of the Philippines (LBP), Development Bank of the Philippines (DBP), and Al-Amanah Islamic Investment Bank of the Philippines (AAIIBP). AAIIBP remains the State's sole Islamic bank and is a subsidiary of DBP, which owns approximately 99.95% of its equity.⁵⁸ LBP and DBP operate as universal banks combining commercial and development-finance functions, mandated to support priority sectors such as agriculture, infrastructure, and small- and medium-sized enterprises.⁵⁹ Their dual commercial-developmental role is reflected in both institutions' classification as Government-owned and controlled corporations (GOCCs) under the Department of Finance, and in BSP's prudential framework for universal and commercial banks.⁶⁰

4.100. The Basel III risk-based capital framework, in force since 2014, establishes minimum ratios of 6% Common Equity Tier 1, 7.5% Tier 1, and 10% total capital adequacy, supplemented by a 2.5% capital conservation buffer. Actual capital buffers remain comfortably above these minima: as of end-December 2024, the system-wide capital adequacy ratio (CAR) stood at 16.2% on a solo basis and 16.6% on a consolidated basis, with Common Equity Tier 1 ratios of 15.1% and 15.6%, respectively.⁶¹ Against this backdrop of strong capitalization, bank credit remains concentrated in corporate and production sectors, while household lending continues to expand, particularly in mortgage and consumer segments.⁶² Overall, loan growth remained robust through 2024-2025, supported by strong capital buffers and ample liquidity.

4.101. Between 2018 and 2025, a broad set of legislative and regulatory reforms modernized the financial system and strengthened prudential oversight. The Personal Property Security Act of 2018 (Republic Act No. 11057) facilitated the use of movable assets as collateral, expanding credit access for micro, small, and medium enterprises (MSMEs) and the agricultural sector. The Republic Act No. 11127 on National Payment Systems of 2018 created the statutory foundation for BSP regulation of payment systems and introduced registration and authorization requirements for operators of designated systems. Amendments to the Republic Act No. 11211 on New Central Bank Act of 2019 expanded BSP's supervisory coverage to include money-service businesses, credit-granting entities, and payment-system operators, enhancing its capacity to address systemic risks.

4.102. Subsequent legislation reinforced financial inclusion and stability. The Republic Act No. 11293 on Philippine Innovation of 2019 positioned innovation as a pillar of national development and financial intermediation policy, while the Agriculture, Fisheries and Rural Development Financing Enhancement Act of 2022 (Republic Act No. 11901) broadened rural credit channels and introduced sustainability-linked financing. During the pandemic, the Republic Act No. 11523 on Financial Institutions Strategic Transfer (FIST) of 2021 enabled the disposal of non-performing assets through specialized asset management companies, supporting bank balance-sheet repair. Integrity safeguards were strengthened by amendments to the Republic Act No. 11521 on

⁵⁷ BSP. *Directory of Banks and Non-Bank Financial Institutions*. Viewed at: <https://www.bsp.gov.ph/SitePages/FinancialStability/DirBanksFList.aspx?utm> (04/11/2025); BSP. *Ranking as to Total Assets – Universal and Commercial Banks, 30 June 2025*. Viewed at: <https://www.bsp.gov.ph/Statistics/Financial%20Statements/Commercial/assets.aspx> (04/11/2025); and US Department of State. *Investment Climate Statement: Philippines 2024*. Viewed at: <https://www.state.gov/reports/2024-investment-climate-statements/philippines/?utm> (04/11/2025).

⁵⁸ Development Bank of the Philippines (DBP), *2023 Annual and Sustainability Report*, p. 130. Viewed at: <https://www.dbp.ph/publication/124115/?utm> (4/11/2025).

⁵⁹ Land Bank of the Philippines, About Us. Viewed at: <https://www.landbank.com/about-us> (4/11/2025).

⁶⁰ BSP. Islamic Banking Overview. Viewed at: https://www.bsp.gov.ph/Pages/FinancialStability/Islamic%20Banking/Islamic_Banking.aspx?utm (4/11/2025).

⁶¹ BSP. Report on the Philippine Financial System – Second Semester 2024, Table 5 (Capital Adequacy Indicators), pp. 22–23. Viewed at: https://www.bsp.gov.ph/Lists/Report%20on%20the%20Philippine%20Financial%20System/Attachments/33/SatRep_2Sem2024.pdf (4/11/2025).

⁶² BSP. *2024 Financial Stability Report*, pp. 30–31. Viewed at: https://www.bsp.gov.ph/Media_And_Research/FSR/FSR2024.pdf?utm (5/11/2025); and BSP. *Loans Outstanding for Production and Household Consumption – Universal and Commercial Bank Group*. Viewed at: <https://www.bsp.gov.ph/Statistics/Banking%20Statistics/Loan%20Accounts/14.aspx> (5/11/2025).

Anti-Money Laundering Act of 2021, extending regulatory coverage to new sectors and enhancing reporting to the Anti-Money Laundering Council (AMLC).

4.103. Consumer and depositor protection were reinforced under the Financial Products and Services Consumer Protection Act of 2022 (Republic Act No. 11765), which formalized market-conduct supervision and empowered the BSP to adjudicate complaints, and through Republic Act No. 11840 on Strengthening the Philippine Deposit Insurance Corporation (PDIC) Charter of 2022, which attached the PDIC to the BSP and extended coverage to Shari'ah-compliant deposits. The BSP's regulatory agenda also advanced digitalization and sustainability through the Open Finance Framework, issued under BSP Circular No. 1122 on Guidelines on the Open Finance Framework of 2021; the Regulatory Sandbox Framework, established under BSP Circular No. 1108 on Guidelines on the BSP Regulatory Sandbox Framework of 2020; the Sustainable Finance Framework, adopted under BSP Circular No. 1085 on Sustainable Finance Framework of 2020; and revised capital and liquidity requirements for rural banks under BSP Circular No. 1151 on Revised Guidelines on Minimum Capital Requirements and Liquidity Risk Management for Rural and Cooperative Banks of 2022.

4.104. The banking licensing framework has evolved following the lifting of earlier moratoria on new bank licences. The Bangko Sentral ng Pilipinas (BSP) formalized the Digital Banking Framework through BSP Circular No. 1105 of 2020⁶³, subsequently imposed a temporary moratorium on new digital bank licences during 2021-2024⁶⁴, and reopened applications in 2025, allowing up to 10 digital banks to operate under enhanced licensing requirements.⁶⁵ In the same year, the BSP announced the closure of the application window for the establishment of digital banks effective 1 December 2025.⁶⁶

4.105. In parallel, the BSP has continued to promote financial innovation within a regulatory approach anchored on risk-based and proportionate supervision, multi-stakeholder collaboration, and consumer protection. These principles are operationalized through the BSP's test-and-learn or regulatory-sandbox framework, institutionalized under BSP Circular No. 1153 on the Regulatory Sandbox Framework of 2023, which allows controlled testing of innovative financial products, services, and business models prior to full-scale deployment.⁶⁷ The framework supports the safe and inclusive development of emerging technologies, including digital banking, open finance, virtual-asset service provision, and artificial-intelligence-enabled platforms. The BSP also coordinates with the Financial Sector Forum (FSF) on cross-agency sandbox initiatives and with the Philippine FinTech Innovation Office (PFIO), established in 2024, to streamline innovation oversight. Collectively, these measures aim to foster responsible digital transformation while safeguarding financial stability and consumer trust.⁶⁸

4.106. According to the authorities, foreign participation in the Philippine banking sector is permitted through subsidiaries and branches of qualified foreign banks, which are subject to the same prudential standards as domestic institutions, including requirements on capital adequacy, liquidity, large-exposure limits, corporate governance, and disclosure. Applications are assessed by the BSP on the basis of reciprocity, financial soundness, risk-management capacity, and the applicant's contribution to domestic financial development, in coordination with home-country

⁶³ BSP. Circular No. 1105 (Series of 2020) – Guidelines on the Establishment of Digital Banks, 2 December 2020. Viewed at: <https://www.bsp.gov.ph/Regulations/Issuances/2020/c1105.pdf?utm> (4/11/2025); and BSP. Press Release: BSP Reopens Digital Bank Licensing in 2025, 2 January 2025. Viewed at: <https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?ItemId=7205&utm> (4/11/2025).

⁶⁴ Memorandum No. M-2021-046. Closure of Window for Establishment of Digital Banks. Viewed at: <https://www.bsp.gov.ph/Regulations/Issuances/2021/M-2021-046.pdf>.

⁶⁵ BSP Circular No. 1205 (Series of 2024) – Lifting of the Moratorium on the Establishment of Digital Banks. Viewed at: <https://www.bsp.gov.ph/Regulations/Issuances/2024/1205.pdf>.

⁶⁶ BSP Memorandum No. M-2025-032. Closure of Application Window for Establishment of Digital Banks. Viewed at: <https://www.bsp.gov.ph/Regulations/Issuances/2025/M-2025-032.pdf>.

⁶⁷ BSP. Circular No. 1153 (Series of 2022) – Regulatory Sandbox Framework. Viewed at: <https://www.bsp.gov.ph/Regulations/Issuances/2022/1153.pdf?utm> (5/11/2025); and BSP, Memorandum No. M-2024-002 – Guidelines on the Submission of Regulatory Sandbox Applications. Viewed at: <https://www.bsp.gov.ph/Regulations/Issuances/2024/M-2024-002.pdf?utm> (5/11/2025).

⁶⁸ BSP. *BSP Organization Primer (2025)*, pp. 27–29 (Financial Supervision Sector: fintech and payments oversight). Viewed at: <https://www.bsp.gov.ph/About%20the%20Bank/BSP%20Org%20Primer.pdf?utm> (5/11/2025); and BSP. Circular No. 1122 (Series of 2021) – Open Finance Framework. Viewed at: <https://www.bsp.gov.ph/Regulations/Issuances/2021/1122.pdf?utm> (5/11/2025).

supervisory authorities. This framework operates under a full-entry regime established by Republic Act No. 7721 on Liberalizing the Entry and Scope of Operations of Foreign Banks in the Philippines of 1994, as amended by Republic Act No. 10641 on Allowing the Full Entry of Foreign Banks in the Philippines of 2014, which ensures broadly equivalent supervisory treatment between foreign and domestic banks. Under Republic Act No. 10641 of 2014, foreign bank participation may take the form of the acquisition, purchase, or ownership of up to 100% of the voting stock of an existing domestic bank, investment in up to 100% of the voting stock of a newly incorporated banking subsidiary under Philippine law, or the establishment of branches with full banking authority.

4.107. Prior to the current review period foreign participation was progressively liberalized across other segments of the financial system. Under the Rural Banks Foreign Equity Act of 2013 (Republic Act No. 10574), non-Filipino investors may own up to 60% of voting shares in rural banks and participate in boards in proportion to their shareholdings.⁶⁹ In addition, Republic Act No. 10881 on Amending the Investment Restrictions Act of 2016 further relaxed foreign ownership limits in financing, lending, and investment companies, permitting up to 100% foreign ownership, subject to applicable sector-specific regulations and constitutional constraints.⁷⁰ These legislative frameworks remained unchanged during the review period.

4.108. The most recent reform is the Anti-Financial Account Scamming Act of 2024 (Republic Act No. 12010), addresses cyber-enabled financial crimes by strengthening interagency coordination, granting investigatory and enforcement powers to the BSP and other authorities, and requiring supervised financial institutions to adopt enhanced fraud-management, cybersecurity, and customer-protection systems. These legislative measures are reinforced by supervisory and prudential regulations, including BSP Circular No. 1178 on Guidelines on Operational Resilience of 2023, which establishes requirements for business continuity, ICT risk management, and incident response; BSP Circular No. 1160 on Guidelines on Reputational Risk Management of 2023; and strengthened anti-money-laundering and counter-terrorism-financing (AML/CFT) regulations, including electronic know-your-customer (e-KYC) frameworks and the implementation of targeted financial sanctions in line with international standards. Taken together, these reforms underpin a risk-based and proportionate supervisory framework aimed at safeguarding financial stability, mitigating cyber and fraud-related risks, fostering responsible innovation, and promoting broad-based financial inclusion within a resilient and transparent financial system.

4.5.1.2 Insurance

4.109. The Insurance Commission (IC) is the regulator of the insurance sector, with responsibilities covering licensing, on- and off-site supervision, product and premium approvals, market surveillance, complaints adjudication, and resolution. Since 2015, its mandate has also included the supervision of health maintenance organizations (HMOs) and, under the Pre-Need Code, pre-need companies.⁷¹ The sector's core legal framework is provided by Republic Act No. 10607 on the Amended Insurance Code of 2013, which strengthened prudential standards, corporate governance, and enforcement powers, and introduced progressive capital and net-worth requirements that were fully phased in by end-2022. These reforms are implemented through the IC's Risk-Based Capital 2 (RBC2) framework and related circulars.⁷²

4.110. Prudential oversight focuses on capital adequacy and solvency. New insurers are required to meet minimum paid-up capital and net-worth thresholds, while incumbent insurers completed the phased build-up to the PHP 1.3 billion net-worth requirement by end-2022.⁷³ Solvency is assessed

⁶⁹ Republic of the Philippines. Republic Act No. 10574 – An Act Allowing the Infusion of Foreign Equity in the Capital of Rural Banks. Viewed at: [https://www.officialgazette.gov.ph/2013/05/24/republic-act-no-10574/\(4/11/2025\)](https://www.officialgazette.gov.ph/2013/05/24/republic-act-no-10574/(4/11/2025)).

⁷⁰ Republic of the Philippines. Republic Act No. 10881 – An Act Amending Investment Restrictions in Specific Laws Governing Adjustment Companies, Lending Companies, Financing Companies, and Investment Houses Cited in the Foreign Investments Negative List and for Other Purposes. Viewed at: <https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/2/70211> (5/11/2025).

⁷¹ IC. Our Story. Viewed at: <https://www.insurance.gov.ph/about/?utm> (6/11/2025); and Insurance Commission Philippines. FAQ. Viewed at: <https://www.insurance.gov.ph/faqs/> (6/11/2025).

⁷² RBC2 Framework is the IC's modern, risk-sensitive capital adequacy regime for insurance companies, introduced to strengthen solvency oversight under the Republic Act No. 10607 on the Amended Insurance Code of 2013. It replaced the earlier RBC1 regime.

⁷³ Republic of the Philippines. Republic Act No. 10607 – Amending the Insurance Code (Chapter I, Title XV of the Revised Administrative Code, as amended). Viewed at:

under the RBC2 framework, which aligns domestic supervision with international benchmarks and requires periodic reporting of solvency ratios. To mitigate pandemic-related stress, the IC implemented temporary transition and compliance relief measures in 2020, allowing flexibility in capital computation and reporting to preserve market stability (CL 2020-60).⁷⁴

4.111. Entry into the insurance market requires a Certificate of Authority from the IC. Foreign insurers may operate through locally incorporated subsidiaries or branches, subject to the same prudential, governance, and reporting requirements as domestic insurers under the Amended Insurance Code and IC issuances.⁷⁵ Branches of foreign insurance and reinsurance companies are required to maintain security deposits with the IC equivalent to the minimum paid-up capital applicable to domestic insurers. No sector-specific foreign equity cap is provided in the Code, apart from general constitutional and statutory limitations.

4.112. Reinsurance activity is regulated in line with the Amended Insurance Code and IC circulars. Placements with unauthorized foreign reinsurers are restricted and subject to prescribed conditions and approvals, and insurers are required to report reinsurance treaties to the IC.⁷⁶ In practice, risks are expected to be first placed with authorized domestic reinsurers, where sound underwriting permits. The National Reinsurance Corporation of the Philippines (NRCP) functions as the country's sole domestic professional reinsurer, and certain mandatory cession requirements apply in defined cases, including specific government-related risks.⁷⁷

4.113. Market scale and penetration have continued to increase. As of 31 December 2025, the sector comprised 131 licensed entities across life, non-life, and mutual benefit associations (MBAs). Total premiums reached PHP 502.6 billion, with insurance penetration rising to 1.67% of GDP and insurance density reaching PHP 4,414.58 per capita.⁷⁸

4.114. The fiscal treatment of insurance premiums is governed by the National Internal Revenue Code and related Bureau of Internal Revenue (BIR) issuances.⁷⁹ Life insurance premiums are exempt from value added tax (VAT) but are subject to a 2% premium tax and documentary stamp tax (DST) above statutory thresholds. Non-life insurance premiums are subject to 12% VAT, DST, and additional local levies, including a 2% fire service tax and a 0.5% local government levy on gross receipts. These tax provisions remained broadly unchanged during the 2018–2025 period.

4.115. The Government Service Insurance System (GSIS) administers the General Insurance Fund pursuant to Republic Act No. 656, providing insurance coverage for government-owned assets and properties.⁸⁰ The GSIS acts as both insurer and claims administrator for these risks, with its operations subject to IC oversight and applicable prudential and accounting standards.

<https://www.insurance.gov.ph/amended-insurance-code-r-a-10607/> (6/11/2025); and IC. Consolidated Insurance Industry Performance as of 31 December 2024. Viewed at: <https://www.insurance.gov.ph/wp-content/uploads/2025/02/Consolidated-Insurance-Industry-Performance-as-of-31-Dec-2024.pdf> (6/11/2025).

⁷⁴ Republic of the Philippines. Republic Act No. 11517 – An Act Authorising the President to Expedite the Issuance of Permits, Licences and Certifications During National Emergencies. Viewed at: <https://www.insurance.gov.ph/republic-act-11517?utm> (6/11/2025).

⁷⁵ Republic of the Philippines. Republic Act No. 10607 – Amending the Insurance Code (Chapter I, Title XV of the Revised Administrative Code, as amended). Viewed at: <https://www.insurance.gov.ph/amended-insurance-code-r-a-10607?utm> (10/12/2025).

⁷⁶ IC. Circular Letter No. 2014-42 – Rules and Regulations on Reinsurance Transactions. Viewed at: https://www.insurance.gov.ph/wp-content/uploads/2022/11/CL2014_42.pdf?utm (6/11/2025).

⁷⁷ IC. Circular Letter No. 2014-42 – Rules and Regulations on Reinsurance Transactions. Viewed at: https://www.insurance.gov.ph/wp-content/uploads/2022/11/CL2014_42.pdf (10/11/2025).

⁷⁸ IC. Consolidated Insurance Industry Performance as of 31 December 2024. Viewed at: <https://www.insurance.gov.ph/wp-content/uploads/2025/02/Consolidated-Insurance-Industry-Performance-as-of-31-Dec-2024.pdf> (6/11/2025).

⁷⁹ Republic of the Philippines. National Internal Revenue Code of 1997 (as amended by Republic Acts Nos. 10963 and 11534). Viewed at: <https://www.bir.gov.ph> (6/11/2025); and IC. Consolidated Insurance Industry Performance as of 31 December 2024. Viewed at: <https://www.insurance.gov.ph/wp-content/uploads/2025/02/Consolidated-Insurance-Industry-Performance-as-of-31-Dec-2024.pdf> (6/11/2025).

⁸⁰ Republic of the Philippines, Republic Act No. 656 – An Act to Create a General Insurance Fund to Insure Properties, Assets and Interests of the Government, and for Other Purposes. Viewed at: <https://www.officialgazette.gov.ph/1951/06/30/republic-act-no-656/> (10/11/2025); and GSIS. Annual Report 2024. Viewed at: <https://www.gsis.gov.ph> (10/11/2025).

4.116. Pre-need companies are regulated under Republic Act No. 9829 on Regulating the Pre-Need Industry, Establishing the Pre-Need Code of the Philippines of 2009, while HMOs fall under the supervision of the Insurance Commission (IC) pursuant to Executive Order No. 192 of 2015 (*which transferred the regulation and supervision of HMOs from the Department of Health to the IC*). Both are subject to IC licensing, prudential, and consumer-protection requirements. Pre-need firms must comply with paid-up capital and trust-fund requirements differentiated by plan type, while HMOs are subject to minimum capital, solvency, and risk-management standards designed to protect plan members.

4.117. Insurance intermediaries, including brokers, agents, adjusters, and other professionals, are subject to licensing, registration, and fit-and-proper requirements under IC supervision. The IC maintains publicly accessible registers and issues regular statistical reports on licensed intermediaries, while monitoring compliance with professional standards and continuing-education requirements to support market integrity and consumer confidence.⁸¹

4.5.1.3 Securities and non-bank financial services

4.118. The Securities and Exchange Commission (SEC) is the primary authority responsible for regulating and developing the corporate sector and capital market in the Philippines. It supervises the registration of corporations and partnerships, as well as the licensing, oversight, and enforcement of entities engaged in capital market and other non-bank financial service activities.⁸²

4.119. The principal legal framework governing capital market activities is set out in Republic Act No. 8799 on the Securities Regulation Code of 2000. The regulatory regime applies to both domestic and foreign-owned entities, subject to constitutional and statutory limitations on foreign ownership. Licensing, disclosure, and prudential requirements are implemented on a transparent and non-discriminatory basis.

4.120. In fulfilling its mandate, the SEC coordinates with other financial sector authorities, including the Department of Finance, the Bangko Sentral ng Pilipinas, and the Insurance Commission, with a view to supporting financial stability, safeguarding market integrity, and ensuring investor protection within an integrated supervisory framework.

4.121. According to data provided by the authorities, as at end-2025, the total value of securities registered with the SEC amounted to PHP 276.29 billion. Over the review period, issuance increased from PHP 69.85 billion in 2018 to PHP 161.71 billion in 2020, before rising sharply to PHP 363.83 billion in 2021 and peaking at PHP 386.94 billion in 2022. Issuance subsequently declined to PHP 258.98 billion in 2023 and PHP 227.81 billion in 2024, before recovering in 2025. These developments reflect evolving domestic and global market conditions, while the capital market continues to support corporate financing, infrastructure investment, and portfolio diversification.

4.122. Republic Act No. 11765 on Financial Products and Services Consumer Protection Act of 2022 strengthened the framework for financial consumer protection across the sector. Implementing rules issued by the SEC in April 2023 established standards on conduct, disclosure, suitability, and complaint-handling for regulated entities, thereby reinforcing investor confidence and accountability in the provision of financial services.

4.123. The corporate legal framework was modernized through Republic Act No. 11232 on Revised Corporation Code of the Philippines of 2019. Key reforms include the removal of residency requirements for incorporators and directors⁸³, the recognition of perpetual corporate existence,

⁸¹ IC. Consolidated Insurance Industry Performance as of 31 December 2024. Viewed at: <https://www.insurance.gov.ph/wp-content/uploads/2025/02/Consolidated-Insurance-Industry-Performance-as-of-31-Dec-2024.pdf> (10/11/2025); and Republic of the Philippines. Republic Act No. 10607 – Amending the Insurance Code (Chapter I, Title XV of the Revised Administrative Code, as amended). Viewed at: <https://www.insurance.gov.ph/amended-insurance-code-r-a-10607/> (10/11/2025).

⁸² This includes lending and financing companies; brokers and dealers; issuers; investment companies (including mutual funds); investment houses and underwriters; transfer agents; exchanges; clearing and settlement entities; and other financial intermediaries and auxiliary service providers.

⁸³ Section 10 of Republic Act No. 11232 on Revised Corporation Code of the Philippines of 2019 removed the previous requirement under earlier legislation that a majority of incorporators be residents of the Philippines. The current framework allows incorporators to be natural or juridical persons, subject to the qualifications set out in the Code.

greater flexibility in capital structures⁸⁴, and the introduction of remote participation and voting, subject to corporate governance safeguards. These reforms have supported ease of doing business and facilitated market entry for both domestic and foreign investors.

4.5.2 Telecommunications

4.124. Since March 2022 when the Amendment to the Public Service Act (Republic Act No. 11659) took effect, telecommunications has been no longer considered as a public utility, but a public service instead. However, telecommunications remain classified as critical infrastructure, the incapacity or destruction of which would have a detrimental impact on national security. Therefore, foreign equity is capped at 50% for activities in the telecommunication sector, unless reciprocal rights are accorded to Filipino nationals by the foreign country concerned or under an international agreement.

4.125. The telecommunications sector remains private sector driven. During the review period, telecommunications infrastructure has been significantly improved. A third basic telecom service provider (i.e. DITO) obtained the "legislative franchise" from Congress and began providing landline and mobile telecommunication services in 2019. Starlink began its low orbit satellite service in February 2023. Three new submarine cable landing stations became operational during the review. Private infrastructure companies, such as common towers companies, also expanded their asset scales providing more capacity in the national network. In addition, the Department of Information and Communications Technology (DICT) has undertaken the National Fiber Backbone (NFB) project as part of the National Broadband Program (NBP). The NFB is a government-owned infrastructure supported by a World Bank Loan under the Philippine Digital Infrastructure Project.

4.126. In addition to amending the Public Service Act (Republic Act No. 11659), the Konektadong Pinoy Act (Republic Act No. 12234) took effect on 24 August 2025, further liberalizing the telecommunications sector. The Act intends to create an enabling environment for the telecommunication sector adapting to rapid technological progress, and facilitate developing data transmission infrastructure, thus, enhance market competition. Under the Act, the Department of Information and Communications Technology remains the policy-making body on data transmission and connectivity, while the National Telecommunications Commission (NTC) is the principal regulatory and adjudicatory body for data transmission.

4.127. The Konektadong Pinoy Act (KPA) separates data transmission from the traditional concept of telecommunications, which previously required a legislative franchise. Instead, the Act introduces a new category known as "Data Transmission Industry Participants" (DTIPs). The NTC Memorandum Circular No. 002-02-2026 laid out the eligibility criteria, registration, and authorization process for DTIPs. Under the new regime, DTIPs refer to entities engaged in the provision of data transmission services as an economic activity, including Internet Service Providers (ISPs), Value-Added Service (VAS) providers, and Satellite Systems Providers or Operators (SSPOs). A DTIP may construct and operate its own network for data transmission. However, a DTIP is no longer required to obtain a legislative franchise from Congress and a Certificate of Public Convenience and Necessity (CPCN) from the NTC. These requirements continue to apply to providers of basic telecommunications services offering landline and mobile telephone services. By doing so, the Act also allows service providers (e.g. ISPs and VAS providers) to expand their capacity without having to partner with a franchised entity, or pursue the more time-consuming process of securing their own legislative franchises and CPCNs.

4.128. Under the KPA, an entity offering data transmission services must register with NTC as a DTIP, and obtain a certificate for operation. The validity of the certificate depends on the segment of the transmission network in which the DTIP operates. The certificate is valid for up to five years for last-mile participants, up to 10 years for middle-mile participants, and up to 15 years for core/backbone network and international gateway facility operators. The certificates are renewable for the same respective periods. Foreign-owned DTIPs must meet the minimum capital requirement

⁸⁴ Section 13 of Batas Pambansa Blg. 68 on Corporation Code of the Philippines of 1980 required that at least 25% of the authorized capital stock be subscribed and that at least 25% of the subscribed capital be paid, with a minimum paid-up capital of PhP 5,000. This requirement was removed under Republic Act No. 11232 on Revised Corporation Code of the Philippines of 2019, which eliminated minimum subscription and paid-up capital thresholds at incorporation. However, the 25%-25% requirement continues to apply in the case of increases in authorized capital stock.

of USD 200,000.⁸⁵ In addition, registered DTIPs must comply with performance standards, cybersecurity requirements set out by NTC.

4.129. The KPA establishes a comprehensive framework for open access and infrastructure sharing to improve economic efficiency and promote competition in the sector. All entities that own, lease, or operate digital infrastructure must provide access to other DTIPs. Passive infrastructure, such as towers, poles, and dark fiber cables, must be made available for co-location and co-use. Access must be provided on an open, fair, reasonable, and non-discriminatory basis. This requires providers to offer third parties the same terms and conditions that they apply to themselves or their affiliates. Access providers must publish a Reference Access Offer (RAO) setting out in details the relevant information, terms, conditions, and rates for access to their infrastructure and services. Where an access provider is designated by the Philippine Competition Commission (PCC) as having significant market power, its RAO must be approved by NTC prior to publication.⁸⁶ It is observed that the KPA's open access policy, together with earlier DICT regulations (e.g. Department Circular No. 008, series of 2020), has fostered the development of a robust passive infrastructure sector.⁸⁷ These measures have encouraged independent entities to build and operate towers, dark fiber networks, utility corridors, and other forms of passive infrastructure.

4.130. DICT and NTC, together with the Philippine Competition Commission (PCC), are expected to publish, no later than 2 April 2026, an "Access List" of digital infrastructure and services. Access to items on this list⁸⁸ is deemed necessary for competitors to offer data transmission services fairly. Disputes concerning access to digital infrastructure and services contained in the Access List may be appealed to NTC for adjudication. The Access List will be reviewed and updated periodically.

4.131. Moreover, the KPA allows "direct access to satellite systems". DTIPs may deploy satellite technology and use associated spectrum in any segment of their broadband network without the need for leasing capacity from traditional franchised carriers. They are likewise not required to obtain prior DICT authorization for broadband services, or NTC authorization for broadcast or non-broadband services. In order to facilitate this, the KPA mandates DICT, NTC, and PCC to develop a Spectrum Management Policy Framework (SMPF). The SMPF will establish comprehensive guidelines for spectrum management, including pricing, allocation and assignment. It must be reviewed annually, and updated at least every four years. NTC is conducting an initial review of all existing spectrum allocations. This NTC review will serve as the basis for developing the SMPF.

4.132. The KPA also streamlines the radio frequency spectrum management. Currently, using spectrum requires a legislative franchise from Congress. NTC manages the allocation and assignment of frequencies, and charges the annual spectrum user fees. Under the new regime, DTIPs may directly apply to NTC for assignment of frequency spectrum, or for approval joint use of spectrum with another DTIP. A no-objection notice from PCC is a pre-requisite for NTC's approval of spectrum use. In addition, NTC is granted authority to recall unutilized or underutilized spectrum. This enables the State to reclaim frequencies that are not being used efficiently and to reassign them to operators that will actively deploy services, particularly in underserved areas. In general, spectrum is allocated to applicants, subject to an annual spectrum user fee. In the event there are more than one applicants interested in the same spectrum block, the spectrum will be auctioned. According to the authorities, the annual spectrum user fee collected by NTC is not used to finance the operation of NTC, but to fund the DICT's free WiFi project providing free WiFi access in public spaces. It has been reported that NTC plans to auction premium low-band spectrum blocks in 2026 to facilitate a more efficient redistribution of resources and to encourage new market entry.

4.133. NTC sets retail tariffs for telecoms providers. However, if a service has sufficient competition to ensure fair and reasonable rates or tariffs, the NTC may exempt the service from its rate or tariff regulations. According to the 2024 National ICT Household Survey, average monthly spending

⁸⁵ Foreign-owned data transmission industry participants exclude entities controlled by foreign government or foreign state-owned enterprises, except for independent pension funds, sovereign wealth funds, and multinational banks. Section 3(i) of the Konektadong Pinoy Act.

⁸⁶ The authorities indicate that the access providers with significant market power have not been identified at the moment, and remain in the process of market study.

⁸⁷ Macquarie (2025), *Opportunity opens up in one of Southeast Asia's most dynamic economies – the Philippines*, Perspectives, 10 July. Viewed at: <https://www.macquarie.com/ch/en/insights/opportunity-opens-up-in-one-of-southeast-asias-most-dynamic-economies-the-philippines.html>.

⁸⁸ An entity owning, operating, or maintaining infrastructure contained on the Access List is considered as an Access Provider.

on Internet services was PHP 1'069.1, down from PHP 1'280.6 in 2019. The average spending decrease reflects that the competition in broadband services intensified.⁸⁹

4.134. Mobile numbers have been portable across different network since 6 March 2019 when the Mobile Number Portability Act (Republic Act No. 11202) took effect. This Act allows a mobile service subscriber, regardless postpaid or prepaid, to retain an existing mobile number despite switching services providers from one to another, or to change the type of subscription with the same service provider.

4.5.3 Transport

4.5.3.1 Air transport

4.135. The market access in the aviation industry has been significantly liberalized during the review period, through the Amendment to the Public Service Act (Republic Act No. 11659). Under this Amendment, air transport service is no longer classified as a public utility, but as a public service instead. As result, 100% foreign ownership of an air transport service provider, regardless if it is an air transportation or air transportation ancillary service provider, has been allowed since March 2022, compared to the foreign equity cap on 40% before.

4.136. According to the authorities, an airline with a majority foreign equity incorporated in the Philippines are considered as domestic airlines, as long as they maintain a principal place of business in the country. Anyone wishing to provide air transport services as a Philippine carrier must obtain two separate operating authorizations from the Department of Transportation: a licence to operate (i.e. the Certificate of Public Convenience and Necessity) from the Civil Aeronautics Board (CAB) concerning economic authority, and a permit from the Civil Aviation Authority of the Philippines (CAAP) concerning safety-related matters. There are no provisions on requirements regarding crews' nationality/residency on domestic flights.

4.137. Cabotage is not allowed. Domestic operations (i.e. from/to any points within the Philippines) are reserved for Philippine carriers. Following the Amendment to the Public Service Act (RA No. 11659), the authorities indicate that a carrier incorporated and having its principal place of business in the Philippines, or one that is subject to sustained and effective regulatory control in the Philippines, may be considered a Philippine carrier for domestic route operations. Since August 2022, there has been one Philippine airline with majority of foreign capital.

4.138. Under the delegation of a number of Executive Orders (EO219 of 1995, EO32 of 2001, and EO29 of 2011), the Philippine Air Panel are authorized to negotiate bilateral exchanges of traffic rights in BASAs. Traffic rights, up to fifth freedom rights, may be offered without imposing restrictions on frequency, capacity, designation, or type of aircraft for all airports, except for certain restrictions with regard to the Ninoy Aquino International Airport (NAIA). However, the authorities indicate that most BASAs in force cover only third and fourth freedoms. Currently, there are 78 BASAs in force, 29 of which allow fifth freedom rights.⁹⁰

4.139. Most BASAs require effective control of the airline and dual approval of tariffs. Substantial ownership requirements were included in the agreements signed before August 2022. According to the authorities, the Philippines will not seek substantial ownership restrictions in its future BASA negotiation, instead, it will negotiate amendments to existing agreements, particularly with regard the designation clause, reflecting its policy shift from substantial ownership and effective control (SOEC) to the principal place of business (PPOB) requirement. In addition, capacity is generally predetermined, with a few exceptions. For BASAs already in force, the CAB has the authority to grant foreign air carriers increased frequencies and capacities beyond the terms of the relevant ASA. These increases must be approved by the President, and may have conditions attached, including that they may apply only for a specific period of time.

⁸⁹ Katlene O. Cacho-Laurejas (2025), *Filipino households spend less on Internet in 2024; access, usage expand*, Sunstar Business, 21 July. Viewed at: <https://www.sunstar.com.ph/cebu/filipino-households-spend-less-on-internet-in-2024-access-usage-expand>.

⁹⁰ Six bilateral air service agreements offering fifth freedom rights are subject to commercial arrangements, and one has limitation.

4.140. There are six major Philippine carriers operating scheduled international as well as domestic routes. Of these, Philippine Airlines (PAL), a flag carrier, serves majority of international scheduled routes. Government-financed air transport of cargo is reserved for Philippine carriers, however, in practice, waivers may be issued when there is no suitable Philippine carrier available on the required route or schedule.

4.141. There are 88 airports owned by the state in the country, about 48 of which are commercially operated, providing services for regular scheduled flights. There are also 102 privately owned airports, mainly used for air-taxi services. CAAP classifies airports into Primary Gateways and Secondary Gateways. Primary Gateways are international airports as the main entry points for international travellers, equipped with customs, immigration, and quarantine (CIQ) facilities. Secondary Gateways are further categorized as Principal Class 1 and 2 airports: Principal Class 1 airports serve as major domestic hubs or smaller international points that primarily handle high-volume inter-island traffic.

4.142. NAIA is the main airport for international flights, approaching its full capacity. In March 2024, turboprop aircraft operations at NAIA were effectively reduced, by the summer of 2026 turboprop operations will no longer be allowed at NAIA and be moved to Clark International Airport; the freed-up slots at NAIA have been reallocated scheduled jet services. Slot management in NAIA is managed by the Manila Slot Coordination Committee, following IATA's Worldwide Airport Slot Guidelines (WASG). Slots in NAIA are not allowed to privately trade among carriers. According to the authorities, the NAIA management has taken steps to enhance slot auditing and prevent "slot squatting" where airlines hold slots without flying them just to block competitors. Outside of Manila, slot management is less restrictive but mirror the Manila standards. Slot management is carried out by the airport managers.

4.143. As the Amendment to Public Service Act took effect in March 2022, restrictions on foreign ownership of airport infrastructure, airport management, and airport operation and maintenance were abolished.

4.144. Through public-private-partnership, private sector companies began to operate airports while the Government retains ownership of the land and assets of the airports. The Manila International Airport Authority (MIAA), a government-owned-and-control corporation, represents the state ownership of NAIA. The operation and maintenance of NAIA have been carried out since 14 September 2024, under a concession agreement for up to 25 years, by the New NAIA Infrastructure Corporation (NNIC), a private consortium led by San Miguel Corporation and Incheon International Airport Corporation. Similarly, the ownership of the Mactan-Cebu Airport remains with the Mactan-Cebu International Airport Authority (MCIAA), the airport operator is GMR-Megawide Cebu Airport Corp, 100% privately owned by Aboitiz Infra Capital (AIC) since 30 October 2024. In addition, Clark International Airport's operation and maintenance were conducted by Luzon International Premier Airport Development Corp., a private consortium. All other state-owned airports are managed and operated by the CAAP. According to the authorities, the government plans to privatize the operation and maintenance of at least 15 regional airports by the end of 2026.

4.5.3.2 Maritime transport

4.145. The Maritime Industry Authority (MARINA) is responsible for registering vessels under the Philippine Register of Ships. Reflecting the amendment to the Public Service Act, the requirement for only Philippine nationals or companies to register vessels has been relaxed. Foreign companies now may register ships with MARINA, as long as the Chief Executive and Chief Operating Officers must be citizens or permanent residents of the Philippines. Moreover, the crew must be 100% Filipino.

4.146. Pursuant to the Domestic Shipping Development Act (Republic Act No. 9295), domestic shipping (i.e. cabotage) is reserved for Philippine-registered ships. MARINA grants certificates to domestic shipping operators. Foreign-registered vessels may provide cabotage services when no domestic vessel is available or suitable to provide the service required, and the public interest warrants it. Such foreign-registered vessels operate under a special permit granted by MARINA.

4.147. For foreign-registered ships calling Philippine ports, international relays are possible under the Foreign Ships Co-Loading Act (Republic Act No. 10668). Foreign-registered ships may carry goods that are bound for international trade between inter-island domestic ports, and unload the goods when calling a port, *en route* to the port of final destination. Foreign-registered vessels are not allowed to carry goods not bound for international trade and passengers between domestic ports.

4.148. Similar to air transport, government cargos transported by sea are reserved for Philippine-registered vessels. An exemption may be obtained from the FTEB if suitable Philippine-flagged vessels are unavailable at reasonable freight rates within a reasonable period.

4.149. The Philippine Ports Authority (PPA) is responsible for administering most state-owned ports, among which 17 ports serve international trade and 3 ports handle foreign transshipment cargos. The authorities state that the Philippines offers port services on a non-discriminatory basis to all international traffic.

4.150. Sea ports remain classified as public utility. Therefore, foreign equity in port ownership is limited to 40%.⁹¹ The 40% cap of foreign ownership is also applicable to seaport management and operation. Private companies may apply to the PPA for a licence to finance, develop, construct, and operate ports. PPA grants concession contracts to the private sector for port management and operations for some of its major ports. A concession contract is usually for 25 years. According to the authorities, cargo handling services in various PPA ports has been privatized, and PPA-owned passenger terminal buildings in various ports are also being operated by private entities.

4.151. All Philippine-registered vessels must be repaired, altered, reconditioned, converted and dry docked at domestic shipyards or ship-repair facilities registered with MARINA. MARINA may grant waivers when exceptional circumstances merit. There are no foreign equity limits in shipbuilding or ship repair.

4.152. The Philippines has a significant maritime manning industry. The Magna Carta of Filipino Seafarers (Republic Act No. 12021) came into effect on 11 October 2024. The Act codifies the rights and obligations of Filipino seafarers, and outlines the responsibilities of shipowners and manning agencies, with an aim at ensuring the fair treatment of seafarers through clearer guidelines on claims related to disability, death, and other monetary awards. It also institutionalizes inter-agency regulatory coordination, enhances maritime education and competency standards, and ensures the effective implementation of international maritime obligations.

⁹¹ While the port facility and back-up area of the port may be privately owned, the foreshore area belongs to the state.

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5 APPENDIX TABLES

Table A1.1 Selected macroeconomic indicators, 2018-2025

	2018	2019	2020	2021	2022	2023	2024	2025
Current GDP at market prices (PHP billion)	18,265.2	19,517.9	17,951.6	19,410.6	22,028.3	24,313.6	26,446.4	28,014.3
Current GDP at market prices (USD billion)	346.8	376.8	361.8	394.1	404.4	437.1	461.6	487.2
GDP per capita at current market price (USD)	3,279.7	3,512.3	3,312.7	3,580.0	3,644.8	3,905.3	4,089.3	4,278.5
Unemployment rate	5.3	5.1	10.3	7.8	5.9	4.4	3.8	4.2
Labour force participation rate	60.9	61.3	59.5	63.3	64.7	64.9	64.4	64.1
National accounts (% change)								
Real GDP	6.3	6.1	-9.5	5.7	7.6	5.5	5.7	4.4
Final consumption expenditure	6.8	6.3	-5.3	4.7	7.7	4.7	5.3	5.3
Household final consumption	5.8	5.9	-8.0	4.2	8.3	5.5	4.9	4.6
Public final consumption	13.4	9.1	10.5	7.2	5.1	0.3	7.3	9.1
Gross fixed capital formation	12.9	3.9	-27.3	9.8	9.8	8.2	6.3	0.5
Exports of goods and services	11.8	2.6	-16.1	8.0	11.0	1.3	3.3	8.1
Imports of goods and services	14.6	2.3	-21.6	12.8	14.0	1.0	4.2	5.1
Saving and investment balance (% of GDP)								
Gross national saving	24.6	25.6	20.6	19.6	20.2	20.6	19.7	19.1
Total investment	27.2	26.4	17.4	21.1	24.7	23.4	23.7	22.9
Money and interest rates								
CPI (Headline inflation) (% change)	5.2	2.4	2.4	3.9	5.8	6.0	3.2	1.7
Overnight RRP rate (%)	3.625	4.408	2.733	2.000	3.071	6.161	6.327	5.228
Broad money (% change)	9.5	11.5	9.6	7.9	6.9	6.3	7.7	7.0
Fiscal account (% of GDP)								
Government revenue	15.6	16.1	15.9	15.5	16.1	15.7	16.7	15.9
Tax revenue	14.0	14.5	14.0	14.1	14.6	14.1	14.4	14.6
Government expenditure	18.7	19.5	23.5	24.1	23.4	21.9	22.4	21.5
Fiscal balance	-3.1	-3.4	-7.6	-8.6	-7.3	-6.2	-5.7	-5.6
Government debt	39.9	39.6	54.6	60.4	60.9	60.1	60.7	63.2
Domestic debt	26.2	26.3	37.3	42.1	41.8	41.2	41.3	43.3
External debt	13.8	13.3	17.3	18.3	19.1	18.9	19.4	20.0
External sector								
PHP/USD (annual average)	52.66	51.80	49.62	49.25	54.48	55.63	57.29	57.51
Current account balance (% of GDP)	-2.6	-0.8	3.2	-1.5	-4.5	-2.8	-4.0	-3.3
Trade in goods balance (% of GDP – BOP basis)	-14.7	-13.1	-9.3	-13.4	-17.2	-15.1	-14.9	-13.7
Exports	15.0	14.2	13.3	13.8	14.3	12.6	11.9	13.0
Imports	29.7	27.3	22.7	27.2	31.5	27.8	26.8	26.7
Trade in services balance (% of GDP)	3.3	3.5	3.8	3.6	3.9	4.2	3.0	2.7
Credit	11.1	11.0	8.8	8.5	10.2	11.1	11.0	10.6
Debit	7.7	7.5	5.0	5.0	6.2	6.9	8.0	7.8
Trade in merchandise goods balance (% of GDP -Comtrade)	-13.7	-12.3	-8.3	-12.6	-16.6	-13.9	-13.4	..
Exports	19.5	18.8	18.0	18.9	19.5	16.7	15.8	..
Imports	33.2	31.1	26.3	31.6	36.1	30.6	29.2	..
Trade-to-GDP ratio (services bop + merchandise goods comtrade)	71.4	68.4	58.1	64.0	72.0	65.2	64.0	..
FDI inflows (USD million)	6,602.5	6,020.3	3,253.8	10,225.3	5,939.2	6,452.4	8,938.1	..
% of GDP	1.9	1.6	0.9	2.6	1.5	1.5	1.9	..
FDI inward stock (USD million)	80,865.3	91,593.4	100,090.7	108,048.7	109,622.2	118,856.0	125,533.0	..
% of GDP	23.3	24.3	27.7	27.4	27.1	27.2	27.2	..
FDI outflows (USD million)	769.6	699.8	-6.3	493.1	308.3	1,052.4	2,879.9	..
% of GDP	0.2	0.2	0.0	0.1	0.1	0.2	0.6	..
FDI outward stock (USD million)	49,801.8	55,018.4	59,720.7	62,115.6	63,559.7	67,877.5	70,737.7	..
% of GDP	14.4	14.6	16.5	15.8	15.7	15.5	15.3	..
Gross international reserves (USD billion, end-period)	79.2	87.8	110.1	108.8	96.1	103.8	106.3	110.8

	2018	2019	2020	2021	2022	2023	2024	2025
in months of retained imports	6.9	7.6	12.3	9.7	7.2	7.6	7.3	7.4
External debt (USD billion)	79.0	83.6	98.5	106.4	111.3	125.4	137.6	147.7
% of GDP	22.8	22.2	27.2	27.0	27.5	28.7	29.8	30.3

.. Not available.

Source: Philippine Statistics Authority, OpenSTAT. Viewed at: <https://openstat.psa.gov.ph>; Bangko Sentral ng Pilipinas. Viewed at: <https://www.bsp.gov.ph/SitePages/Statistics/Statistics.aspx>; and IMF data. Viewed at: <https://data.imf.org/>.

Table A1.2 Balance of payments, 2018-2025

(USD million)

	2018	2019	2020	2021	2022	2023	2024	2025
Current account balance	-8,877.0	-3,046.8	11,578.4	-5,942.7	-18,260.8	-12,386.7	-18,565.1	-16,290.6
Goods and services balance	-39,364.4	-36,272.2	-19,908.9	-38,767.0	-53,805.9	-47,852.9	-54,991.3	-53,423.6
Goods balance	-50,972.5	-49,311.5	-33,775.3	-52,805.8	-69,701.3	-66,035.8	-68,863.4	-66,670.1
Exports	51,976.7	53,476.9	48,211.5	54,227.9	57,710.2	55,256.6	55,056.5	63,411.4
Imports	102,949.2	102,788.5	81,986.8	107,033.7	127,411.6	121,292.5	123,919.9	130,081.5
Services balance	11,608.1	13,039.4	13,866.4	14,038.8	15,895.4	18,183.0	13,872.1	13,246.5
Exports	38,397.1	41,264.0	31,822.2	33,570.0	41,121.9	48,331.8	50,671.4	51,486.2
Imports	26,789.0	28,224.7	17,955.8	19,531.2	25,226.5	30,148.9	36,799.3	38,239.8
Primary income	3,668.9	5,276.2	4,101.4	3,323.0	4,948.7	4,341.8	4,739.3	4,451.4
Credit	11,999.2	13,401.6	11,593.5	11,832.0	13,024.3	16,367.2	17,553.1	17,681.6
Compensation of employees	8,287.8	8,826.9	8,549.0	8,825.3	9,066.9	9,289.5	9,473.6	9,784.4
Debit	8,330.2	8,125.4	7,492.1	8,509.0	8,075.6	12,025.4	12,813.8	13,230.1
Secondary income	26,818.4	27,949.1	27,385.9	29,501.3	30,596.4	31,124.4	31,686.9	32,681.5
Credit	27,606.7	28,746.2	28,240.1	30,451.7	31,377.8	32,216.8	32,876.5	33,835.9
Workers' remittances	24,756.9	25,613.1	25,563.8	26,996.3	28,029.9	28,889.1	29,822.7	30,814.6
Debit	788.3	797.1	854.2	950.4	781.4	1,092.4	1,189.6	1,154.3
Capital account	64.9	127.0	63.2	79.9	23.4	74.5	63.1	88.7
Financial account	-9,332.5	-8,034.2	-6,905.6	-6,433.2	-13,885.3	-13,606.4	-19,064.0	-10,886.8
Direct investment	-5,832.9	-5,320.4	-3,260.1	-9,732.2	-5,631.0	-5,400.0	-6,699.8	-6,189.2
Assets	4,115.7	3,350.9	3,562.0	2,251.1	3,861.3	3,525.1	2,698.6	1,602.2
Liabilities	9,948.6	8,671.4	6,822.1	11,983.4	9,492.2	8,925.1	9,398.3	7,791.3
Portfolio investment	1,447.8	-2,473.9	-1,679.7	10,237.1	-1,683.7	3,544.0	-3,527.7	1,297.4
Assets	4,740.2	2,402.2	6,566.6	7,809.3	-281.4	3,462.9	960.5	4,958.4
Liabilities	3,292.4	4,876.1	8,246.3	-2,427.8	1,402.3	-81.1	4,488.2	3,661.0
Financial derivatives	-53.4	-172.9	-199.1	49.0	-48.1	-115.1	-270.6	25.4
Other investment	-4,894.0	-67.0	-1,766.7	-6,987.1	-6,522.5	-11,635.3	-8,566.0	-6,020.4
Assets	-654.4	2,417.2	3,953.0	649.3	-414.8	-2,062.2	1,880.9	220.9
Liabilities	4,239.6	2,484.2	5,719.7	7,636.3	6,107.7	9,573.2	10,446.8	6,241.3
Net errors and omissions	-2,826.1	2,729.0	-2,525.6	774.2	-2,910.7	2,378.0	46.8	-346.4
Reserves and related items	-2,305.8	7,843.3	16,021.6	1,344.5	-7,262.8	3,672.2	608.8	-5,661.5

Source: Bangko Sentral NG Pilipinas. Viewed at:
<https://www.bsp.gov.ph/SitePages/Statistics/External.aspx?TabId=1>.

Table A1.3 Equity other than reinvestment of earnings, net – by partner, 2018-2025

	2018	2019	2020	2021	2022	2023	2024	2025
Total (USD million)	2,345.6	2,295.2	1,706.3	3,379.3	1,957.1	1,081.2	1,540.1	1,144.4
	(% of total)							
Australia	-4.5	-0.1	-0.1	-0.2	0.4	0.6	-0.0	0.3
British Virgin Islands	1.6	0.2	0.0	0.0	0.5	0.8	0.1	0.0
Canada	-0.3	-0.1	-0.2	-0.2	-0.4	-0.6	-0.4	-1.1
Cayman Islands	0.3	0.7	1.3	0.3	0.0	0.7	0.1	0.5
China	8.5	12.0	3.5	0.5	0.8	1.5	0.6	0.3
France	0.2	0.6	0.3	0.1	-0.1	0.1	-0.0	-2.3
Germany	2.5	1.8	0.8	1.1	3.4	13.9	0.3	0.8
Hong Kong, China	11.6	2.2	1.6	2.0	1.3	-5.2	-2.0	-0.6
India	0.0	-0.1	0.1	0.0	-0.2	-0.0	-0.1	-0.2
Japan	3.6	13.3	42.2	17.7	40.2	89.2	41.9	64.2
Korea, Republic of	2.6	7.6	0.6	0.3	1.0	2.0	1.4	9.5
Malaysia	-0.7	1.9	1.2	0.5	5.6	2.5	2.1	5.1
Luxembourg	4.0	0.3	0.0	0.0	0.1	0.7	-0.0	0.0
Netherlands	5.1	11.6	14.4	-5.4	-2.5	-43.1	-12.0	-10.4
Singapore	43.1	23.8	13.9	75.4	27.6	25.0	8.9	11.1
Sweden	0.6	0.0	0.2	0.2	0.3	1.1	0.8	-0.0
Switzerland	0.3	1.0	0.2	0.2	1.0	0.7	0.2	-0.5
Chinese Taipei	6.8	2.8	3.5	1.5	1.1	3.4	0.6	4.5
Thailand	3.0	3.0	1.9	0.1	0.9	1.1	0.2	0.1
United Kingdom	1.8	0.4	2.5	0.5	1.3	-0.8	49.6	-0.1
United States	7.9	12.9	9.5	4.5	12.8	3.9	7.2	15.2
Others	1.9	4.2	2.4	0.8	4.8	2.5	0.7	3.7

Note: Data of 2025 covers only from January through November.

Source: Bangko Sentral NG Pilipinas. Viewed at: <https://www.bsp.gov.ph/Pages/MediaAndResearch/PublicationsAndReports/MonthlySelectedPhilippineEconomicIndicators.aspx> (12/03/2026).

Table A3.1 Applied MFN tariff summary, 2026

	Number of lines	Simple average (%)	Tariff range (%)	Coefficient of variation	Share of duty-free lines (%)	Share of nuisance rates ^a (%)
Total	11,510	6.5	0-65	1.1	18.6	13.4
By WTO category^b						
WTO agricultural products	1,462	10.1	0-65	1.1	3.8	6.5
A. Live animals and meat	163	22.0	0-45	0.8	7.4	0.0
B. Dairy products	52	3.0	0-10	0.9	17.3	23.1
C. Fruits and vegetables	299	11.5	0-40	0.8	0.3	1.0
D. Coffee, tea, cocoa and spices	92	13.8	3-45	1.1	0.0	0.0
E. Cereals and food preparations	184	8.9	0-40	0.7	6.5	4.3
F. Oilseeds, fats and oils	211	8.3	0-15	0.7	1.4	8.5
G. Sugars and sugar confectionery	35	15.1	1-65	1.4	0.0	8.6
H. Beverages and tobacco	133	8.3	1-15	0.4	0.0	1.5
I. Cotton, silk and wool	25	2.0	1-3	0.5	0.0	52.0
J. Other agricultural products	268	4.7	0-35	1.1	6.7	13.4
WTO non-agricultural products	10,048	6.0	0-30	1.1	20.7	14.4
K. Fish and fish products	471	9.3	0-15	0.4	1.9	0.2
L. Minerals and metals	1,558	5.3	0-20	0.8	9.7	14.1
M. Petroleum	45	0.1	0-3	4.6	95.6	0.0
N. Chemicals	1,668	4.6	0-30	1.0	2.3	28.1
O. Wood, paper, furniture	627	6.8	0-30	0.8	8.6	16.3
P. Textiles	839	9.5	0-20	0.5	0.6	9.3
Q. Clothing	352	14.8	1-15	0.1	0.0	1.1
R. Rubber, leather and footwear	341	6.6	0-20	0.7	1.2	11.4
S. Mechanical, office and computing machinery	1,274	1.9	0-15	1.7	51.0	22.1
T. Electrical machinery and electronic equipment	951	3.4	0-30	1.4	46.5	12.7
U. Transport equipment	1,255	9.5	0-30	1.3	43.6	2.8
V. Other manufactures	667	4.6	0-15	1.0	20.7	14.2

Note: The 2025 tariff schedule is based on the HS22 nomenclature. The national tariff line level (11-digit) is the basis for the calculations.

a Nuisance rates are those greater than zero, but less than or equal 2%.

b WTO Multilateral Trade Negotiations Categories (2023 version). Details are available at: <https://stats.wto.org/>.

Source: WTO Secretariat calculations, based on data provided by the authorities.