



ADVOCACY PAPERS 2025

ABOUT ECCP

The European Chamber of Commerce of the Philippines (ECCP) is a service-oriented and multilateral organization that represents the interests of European businesses operating in the Philippines. With close to 900 member companies, the ECCP offers a strong business network that holds great potential in translating to tangible business opportunities. The Chamber has, over the years, developed ties with all three branches of government and is deeply involved in advocacies that make the Philippines a more competitive destination for local and foreign investments.

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

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



EUROPEAN CHAMBER OF COMMERCE OF THE PHILIPPINES
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Positions expressed in the advocacy papers are the result of the activities of the Sector Committees working under the ECCP.

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

METHODOLOGY

Through extensive discussions among the ECCP sector committees, consultations with representatives from the Philippine government, and engagements with stakeholders, the 2025 edition of the ECCP Advocacy Papers presents issues and recommendations formulated from these productive exchanges. The papers incorporated knowledge from ECCP-led events covering pertinent topics, information from hearings and committee meetings in both chambers of the Philippine Congress, insights from private sector consultations, and advocacy recommendations from regular sector committee meetings.

In close collaboration with the leaders and members of the sector committees, the ECCP Advocacy Team conducted a thorough examination of each issue and recommendation, ensuring that they were in accordance with the goals and interests of European businesses. Following the completion of the first draft of each sector paper, the documents were disseminated to the Committee members and other relevant stakeholders for consultation. This facilitated the gathering of feedback and comments, which subsequently shaped the final version of the papers. The assessment of the status of each recommendation included in the 2025 Advocacy Papers was examined under the following criteria:

Completed/Substantial Progress: Recommended action has either been completed or there has been significant progress towards the realisation of the recommendation.

Some Progress: Movement towards realising the recommendation has been made, but substantial work still needs to be done to fully achieve and complete the proposed measure.

No Progress/Retrogression: Minimal progress or no movement towards attaining the recommended reforms were done, or the status of the issue has worsened and has evolved to an even bigger bottleneck for European businesses.

MESSAGE FROM THE ECCP PRESIDENT

It is with great pride that I present the 2025 edition of the ECCP Advocacy Papers. This publication reflects the Chamber's commitment to strengthening European-Philippine relations and promoting a business environment that fosters investment, innovation, and sustainable growth.

The Philippine economy continues to demonstrate resilience despite global headwinds. Growth in 2025 is projected at around 5.3 percent according to the World Bank, slightly lower than earlier expectations due to global policy uncertainties, weaker external demand, and the impact of climate-related disruptions. Even with these challenges, the Philippines remains among the stronger performers in Asia. The continued easing of inflation and the government's PHP 6.3 trillion national budget for 2025 provide a solid foundation for stability and inclusive growth.

Recent reforms are also encouraging. The CREATE MORE Act is poised to improve the investment climate by enhancing incentives and tax rules. Public-private partnerships in infrastructure continue to serve as a major driver of growth. At the same time, government initiatives to streamline business processes, advance digital transformation, and liberalize key sectors are paving the way for greater competitiveness. Further progress in improving the ease of doing business and ensuring a level playing field for both local and foreign enterprises will be vital to unlocking the Philippines' full potential as an investment destination.

We also welcome the passage of the Konektadong Pinoy Act, a landmark measure that opens the data transmission sector to greater competition, improves infrastructure sharing, and streamlines permitting for internet providers. This is a crucial step toward ensuring affordable, reliable, and inclusive connectivity for Filipinos nationwide. Stronger digital infrastructure will enhance competitiveness, strengthen education and e-commerce, and create new opportunities for European and Philippine businesses alike. The ECCP has consistently advocated for these reforms and we stand ready to support their effective implementation.

The ECCP continues to highlight the importance of concluding the EU-Philippines Free Trade Agreement negotiations. This agreement has the potential to unlock new opportunities for trade, investment, and cooperation, positioning the Philippines more firmly as a vital hub in Asia. At the same time, we reaffirm our support for policies that enhance sustainability, climate resilience, and disaster preparedness, all of which are essential for safeguarding long-term growth.

This year's Advocacy Papers capture the perspectives of our committees, reflecting the expertise and dedication of ECCP members across a wide range of industries.

I extend my sincere appreciation to our committee leaders, members, and the Advocacy team for their invaluable contributions to this publication.

As we look ahead, the ECCP remains steadfast in its mission to work with government, business, and development partners to drive competitiveness and innovation.

With our membership now surpassing **900**, making us the largest foreign chamber in the country, our collective voice has never been stronger. By pursuing reforms, strengthening cooperation, and promoting sustainable practices, we can ensure that the Philippines continues to move forward, generating prosperity and opportunity for all.

Mr. Paulo Duarte
ECCP President



MESSAGE FROM THE EUROPEAN UNION AMBASSADOR

It is my pleasure to congratulate the European Chamber of Commerce of the Philippines (ECCP) for the publication of the ECCP Advocacy Papers 2025 edition!

These advocacy papers carry even greater significance today, as we navigate a complex global economic landscape. They help align priorities and underscore the private sector's steadfast commitment to collaborating closely with the government amid global uncertainties.

The European Union and the Philippines are actively taking steps to further strengthen their partnership across multiple areas. On trade and investment, a key priority is the EU-Philippines Free Trade Agreement (FTA), which aims to create new market access opportunities on trade in goods, services, investment, and public procurement, as well as to foster favourable conditions for more investment, growth, and jobs. Beyond economic benefits, the EU views the agreement as an opportunity to uphold shared values and drive sustainable development.

Stronger collaboration with the private sector is necessary to realize these objectives.

The valuable insights and recommendations presented by the ECCP and the business community in this publication will be instrumental in ensuring the FTA is practical and responsive to the needs of businesses, workers, and consumers alike.

Simultaneously, the EU continues to support the Philippines through various cooperation initiatives that focus on key business-relevant areas such as green transition and digitalisation. These efforts complement our economic partnership by promoting innovation, sustainability, and inclusive growth.

The ECCP's advocacy and constructive engagement are essential in strengthening the bonds between Europe and the Philippines. On behalf of the European Union, I extend my deepest appreciation to the ECCP and look forward to continuing our fruitful collaboration!

Thank you!

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



MESSAGE FROM THE OFFICE OF THE PRESIDENT

I extend my warmest congratulations to the European Chamber Commerce of the Philippines (ECCP) and the EU-ASEAN Business Council (EU-ABC) on the publication of this year's edition of the ECCP Advocacy Papers.

This is a valuable resource as it captures the state of key sectors in the Philippines and lays down recommendations to drive growth, strengthen competitiveness, and expand investments that fuel our economy.

These proposals come at an exciting time. Despite global headwinds, the Philippines stands strong and resilient, backed by sound economic fundamentals and bold reforms that make doing business easier and our country a much more attractive investment destination.

Today, under the leadership of President Ferdinand R. Marcos, Jr., the Philippines is pursuing the most open and liberal investment policies in our history, further reinforced by landmark legislation.

These include the CREATE MORE Act, offering up to 40 years of fiscal incentives; the Green Lanes program to fast-track strategic investments; the new Public-Private Partnership code that encourages greater private sector participation; the Amended Investors' Lease Act, extending lease terms to 99 years; the Enhanced Mining Fiscal Regime Act, ensuring predictability while promoting mineral processing and exploration; and the Accelerated and Reformed Right-of-Way Act to push infrastructure projects forward.

All these are unfolding as we enter a new chapter in Philippine-European Union trade and economic relations—moving with purpose toward the conclusion of a Free Trade Agreement that will deepen partnerships, broaden markets, and create new opportunities for growth.

May this publication serve as both guide and catalyst in fostering a more competitive, investment-friendly environment, as we embark on a journey toward economic transformation, positioning the Philippines as Southeast Asia's economic superstar.

Congratulations and *Mabuhay*!

Hon. Frederick D. Go

Special Assistant to the President for Investment and Economic Affairs
Office of the President



MESSAGE FROM THE SENATE

My warmest congratulations to the European Chamber of Commerce of the Philippines on the publication of this year's ECCP Advocacy Papers!

We in the Senate would like to salute the ECCP for its dynamic efforts to bridge the Philippines and the European Union. Your work has been vital in developing policies, securing partnerships, and promoting opportunities for multilateral economic growth, built on the distinct relationship between the Philippines and the EU.

With the ECCP, we are assured of an ally in championing the Filipino cause in the EU— particularly with the ongoing negotiations for the PH-EU Free Trade Agreement, which is certain to usher in an even more robust age of trade and industry between the Philippines and the EU.

This is an opportune moment for the Philippines, as we forge our path towards becoming an upper middle-income economy with a single-digit poverty incidence. We are ready to welcome investors from the EU, with whom we hope to build great partnerships in manufacturing, tourism, and security and defense, among others.

We look forward to the ECCP helping us realize these hopes into real partnerships.

For my part, I remain steadfast in my commitment to strengthening parliamentary relations between the Senate and our counterparts in the EU, towards more integrated policymaking for our mutual purpose.

Mabuhay po kayo!

Hon. Juan Miguel F. Zubiri

Senate Majority Leader
Senate of the Philippines



MESSAGE FROM THE DEPARTMENT OF TRADE AND INDUSTRY

On behalf of the Department of Trade and Industry (DTI), I extend my warmest greetings to the European Chamber of Commerce of the Philippines (ECCP) on the launch of the 2025 ECCP Advocacy Papers. This flagship initiative continues to serve as a vital bridge between government and industry, offering actionable recommendations that continue to strengthen European-Philippine trade and investment relations.

The European Union remains one of our largest economic partners, and our collaboration has only deepened in recent years. We highly value ECCP's consistent advocacy for sustainability, digital transformation, and ease of doing business, which aligns closely with the priorities of President Ferdinand R. Marcos Jr.'s under Bagong Pilipinas. These strategic programs coupled with our ongoing reforms, such as the CREATE MORE Act and the Green Lanes for Strategic Investments, are significant to supporting key industries such as manufacturing, renewable energy, creative and digital services.

Beyond macroeconomic growth, our goal is to ensure that these reforms also create opportunities for micro, small, and medium enterprises to integrate into global value chains and participate meaningfully in sustainable and inclusive development. The ECCP's work provides valuable insights that help us pursue these objectives with greater clarity and partnership.

As we celebrate this milestone, I look forward to deeper collaboration with ECCP and our European partners in advancing a future-ready Philippine economy—one that empowers businesses, fosters innovation, and delivers shared prosperity for Filipinos and Europeans alike.

Thank you.

Hon. Ma. Cristina A. Roque

Secretary

Department of Trade and Industry



ADVOCACY PAPERS 2025

WHERE ARE WE NOW?

THE PHILIPPINES

The Philippine economy in 2025 is shaped less by the pace of recovery and more by how policies steer growth in a world of shifting conditions. After years of recovery from the pandemic and navigating global volatility, the focus has shifted toward keeping expansion steady while strengthening the country’s ability to withstand external shocks. Within Southeast Asia, the Philippines remains among the fastest-growing economies, but its performance will depend increasingly on how effectively it manages critical economic indicators like inflation, public spending, and investment reforms. The Philippines is set to enter 2026 with a steady momentum, building on the gains of recent years while adjusting to a more unpredictable global landscape.

In line with its fiscal and growth targets, the Development Budget Coordination Committee (DBCC) updated its medium-term macroeconomic assumptions to guide policy for 2025 to 2028. For 2026, the government expects the economy to expand by 6.0 to 7.0%, supported by sustained public investment and household demand. Inflation is projected to remain within the target range of 2.0 to 4.0%, reflecting stable food and energy prices alongside continued monetary policy vigilance. The peso is assumed to trade between PHP 56.00 and PHP 58.00 per US dollar, anchored by sound external accounts and remittance inflows. On the trade front, goods exports are expected to grow by 2.0%, while imports are forecast to increase by 4.0%, consistent with the expansion in infrastructure and consumption. These assumptions underscore the government’s focus on maintaining macroeconomic stability while creating the conditions for stronger medium-term growth.

Table 1: Macroeconomic Forecast for 2025 to 2028¹ (in percentage)

Indicator	2025	2026-2028
GDP Growth	5.5 - 6.5	6.0 - 7.0
Inflation	2.0 - 3.0	2.0 - 4.0
Foreign exchange rate (PHP to USD)	56.00 - 58.00	56.00 - 58.00
Export of goods	2.0	2.0
Import of goods	3.5	4.0

Source: Development Budget Coordination Committee (DBCC)

GDP, Growth Rates, and Growth Projections

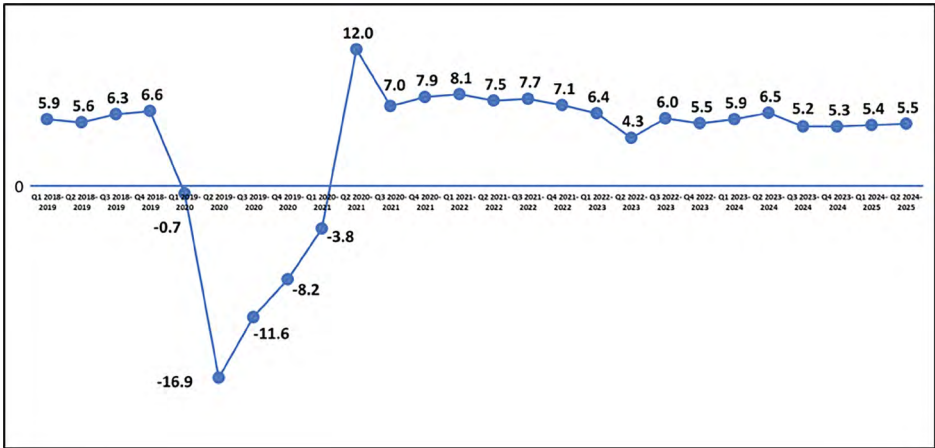
Last year, the Philippines’ economy grew by 5.2% in the fourth quarter of 2024, bringing full-year GDP growth to 5.6%.² This performance positioned the Philippines as one of the fastest-growing economies in ASEAN, outpacing Indonesia, Malaysia, Thailand, and Singapore, though still behind Vietnam’s 7.1%. It was due to this positive momentum that the country entered 2025 with expectations of sustaining its role as a regional growth leader.

1 Development Budget Coordination Committee. (26 June 2025). Review of the Medium-Term Macroeconomic Assumptions and Fiscal Program for Fiscal Years (FY) 2025 to 2028. Retrieved from <https://www.dbm.gov.ph/index.php/management-2/3466-191st-dbcc-joint-statement-on-the-review-of-the-medium-term-macroeconomic-assumptions-and-fiscal-program-for-fiscal-years-fy-2025-to-2028>.

2 Philippine Statistics Authority. (30 January 2025). GDP Expands by 5.2 Percent in the Fourth Quarter of 2024: Brings the Full-Year 2024 GDP Year-on-Year Growth Rate to 5.6 Percent. Retrieved from <https://psa.gov.ph/content/gdp-expands-52-percent-fourth-quarter-2024-brings-full-year-2024-gdp-year-year-growth-rate>

The economy in 2025 is projected to expand by 5.5% for the full year, based on the Asian Development Outlook (ADO) July 2025 which is slightly lower than last year’s full GDP growth rate. This marks a slight downgrade from the April 2025 baseline of 6.0%, reflecting a performance lower than anticipated in the first quarter and the incorporation of global tariff shocks into the updated forecast.³ Earlier data from 2025 suggested steady but not accelerating momentum. The first quarter of 2025 saw year-on-year GDP growth of 5.4%, with gross domestic product valued at about PHP 5.477 trillion (constant 2018 prices).⁴ This is down from the 5.9% growth in Q1 2024. The International Monetary Fund (IMF) projects Philippine GDP to rise by 5.5% in 2025 and accelerate to 5.9% in 2026, in line with the ADB’s medium-term trajectory.⁵ Mid-year evaluations in Q2 of 2025 found that the projected figures remain accurate.⁶

Table 2: Gross Domestic Product (At Constant 2018 Prices), Year-on-Year Growth Rates (in percent), Q1 2018-2019 to Q2 2024-2025



Source: Philippine Statistics Authority (PSA)

Growth strengthened slightly in the second quarter, expanding by 5.5% year on year and 1.5% quarter on quarter, compared with 1.2% in the previous quarter. Key sectors such as public administration and defense (4.8%), real estate (3.8%), and mining and quarrying (3.3%) contributed to this sequential upturn. Despite a softer start to the year and lower growth in Q1 2025 compared to the same period in 2024, the economy rebounded to post its fastest pace of expansion in a year, supported by a 7% rebound in agricultural output and robust household consumption. Services accelerated to 6.9% growth, driven by real estate and professional services, while industry slowed to 2.1% due to weaker manufacturing and export performance.⁷

3 Asian Development Bank. (April 2025). Asian Development Outlook (ADO) April 2025. Retrieved from <https://www.adb.org/sites/default/files/publication/1044336/asian-development-outlook-april-2025.pdf>

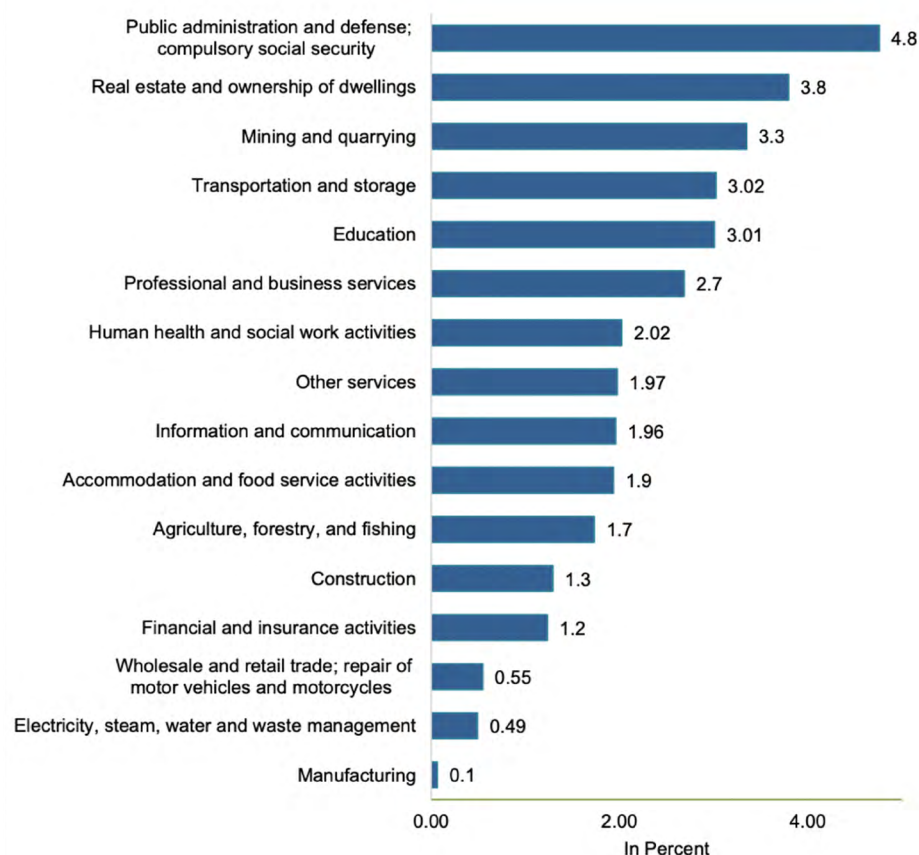
4 House of Representatives. (May 2025). First Quarter 2025 Philippine Economic Performance. Retrieved from <https://cpbrd.congress.gov.ph/wp-content/uploads/2025/05/FnF-no-38-First-Quarter-2025-PEP-Final.pdf>

5 Philippine News Agency. (30 July 2025). IMF raises to 5.9% its 2026 Philippine economic growth forecast. Retrieved from <https://business.inquirer.net/538347/imf-raises-to-5-9-its-2026-philippine-economic-growth-forecast>

6 Philippine Statistics Authority. (7 August 2025). GDP Expands by 5.5 Percent in the Second Quarter of 2025. Retrieved from <https://psa.gov.ph/content/gdp-expands-55-percent-second-quarter-2025>.

7 Philippine Statistics Authority. Q1 2023 to Q2 2025 Seasonally Adjusted National Accounts of the Philippines, ISSN 0118-1380 (August 2025), https://psa.gov.ph/system/files/nap/2_Q2%202025%20SANA%20Publication-signed.pdf; McKinsey & Company, “Southeast Asia Quarterly Economic Review: A Short-Term Spark?” Philippines Section (September 26, 2025), <https://www.mckinsey.com/featured-insights/future-of-asia/southeast-asia-quarterly-economic-review#philippines>

Table 3: GDP by Industry, Quarter-on-Quarter Growth Rates, Q2 2025 (At Constant 2018 Prices)⁸

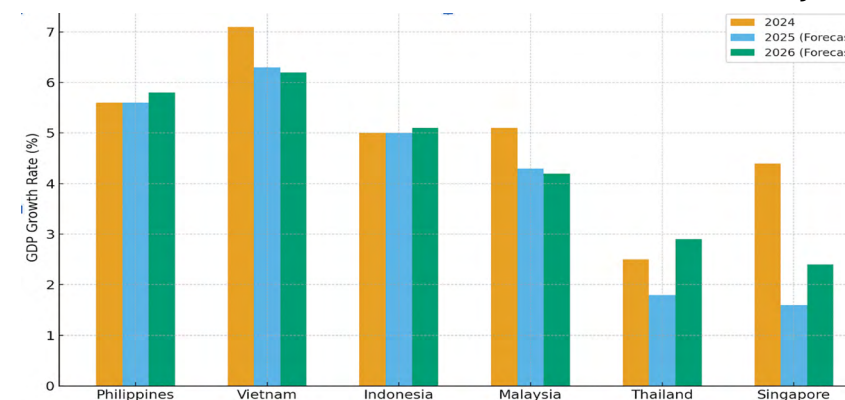


Source: Philippine Statistics Authority

Private and academic institutions also expect moderate growth. Looking ahead, the University of Asia and the Pacific (UA&P) expects growth to pick up to 5.8% in the third quarter, supported by the resumption of infrastructure projects after the election ban, a milder typhoon season, and steady inflows from overseas remittances.⁹ These drivers are expected to provide a short-term boost to domestic demand even as external conditions remain less favorable. At the same time, ANZ Research points to several downside risks. Export growth is likely to remain subdued amid weaker global demand and new US tariffs. The BPO sector, traditionally a strong contributor to services exports, faces potential challenges as US clients adjust to tariff-related slowdowns and as automation pressures continue to rise. Remittances, while resilient, could also be affected by the planned 1% excise tax on US-based cash transfers starting in 2026, which may weigh on household incomes and consumption in the medium term.¹⁰

On balance, growth in 2025 is expected to remain steady but somewhat slower than in 2024. The Philippines is projected to hold its place among the faster-growing economies in ASEAN, staying ahead of Indonesia, Malaysia, Thailand, and Singapore, but continuing to trail Vietnam's stronger pace. The comparative outlook across ASEAN peers is shown in the figure below.

Table 4: GDP Growth Outlook for Selected ASEAN Countries (ADO July 2025)¹¹



Source: Asian Development Bank (ADB)

Inflation

The Philippines' headline inflation rose slightly to 1.5% in August 2025 from 0.9% in July, bringing the year-to-date average (January–August) to 1.7%, well below the 3.3% recorded in the same period in 2024. Core inflation, which excludes volatile food and energy items, quickened to 2.7% in August, from 2.3% in July. The uptrend in August was mainly driven by higher prices for food and non-alcoholic beverages (+0.9% from -0.2% in July) and a slower decline in the transport index (-0.3% from -2.0% in July). Within food inflation, vegetables rose sharply (+10.0%), while fish and seafood also recorded faster increases (+9.5%). At the same time, slower price declines were observed in corn (-11.8%) and sugar (-0.1%).¹²

Across commodity groups, the largest contributors to headline inflation were housing, water, electricity, gas and other fuels (28.0% share, or 0.4 percentage point), food and non-alcoholic beverages (23.7% share, or 0.4 percentage point), and restaurants and accommodation services (15.1% share, or 0.2 percentage point). Regionally, inflation accelerated in both NCR (2.9% in August from 1.7% in July) and areas outside NCR (1.1% from 0.7%), with Central Visayas posting the highest provincial rate at 3.0%.

Despite the August uptick, inflation remained comfortably within the BSP's 2–4% target band, allowing space for monetary easing.¹³ The BSP, however, continues to monitor risks from weather disturbances, global commodity volatility, and possible second-round effects from transport fare and wage adjustments.

Table 3: Headline Inflation Rates in the Philippines, All Items (2018=100)¹⁴



¹¹ Asian Development Bank. (July 2025). Asian Development Outlook July 2025. Retrieved from <https://www.adb.org/sites/default/files/publication/1069836/asian-development-outlook-july-2025.pdf>

¹² Philippine Statistics Authority. (5 September 2025). Summary Inflation Report Consumer Price Index (2018=100): August 2025. Retrieved from <https://psa.gov.ph/price-indices/cpi-ir>

¹³ Bangko Sentral ng Pilipinas. (June 2025). Monetary Policy Report June 2025. Retrieved from [https://www.bsp.gov.ph/Price%20Stability/Monetary Policy Report/FullReport_June2025.pdf](https://www.bsp.gov.ph/Price%20Stability/Monetary%20Policy%20Report/FullReport_June2025.pdf)

¹⁴ Philippine Statistics Authority. (5 September 2025). Summary Inflation Report Consumer Price Index (2018=100): August 2025. Retrieved from <https://psa.gov.ph/price-indices/cpi-ir>

⁸ Ibid.

⁹ BusinessWorld. (25 August 2025). Philippine economy seen to grow 5.8% in Q3 despite higher US tariffs

Retrieved from <https://www.bworldonline.com/top-stories/2025/08/25/693438/philippine-economy-seen-to-grow-5-8-in-q3-despite-higher-us-tariffs/>

¹⁰ Ibid.

Human Capital

The employment rate in July 2025 eased to 94.7%, down from 95.3% a year earlier. In absolute terms, employed persons fell to 46.05 million, compared with 47.68 million in July 2024 and 48.67 million in April 2025. Job losses were concentrated in agriculture, wholesale and retail trade, and construction. Meanwhile, employment gains were noted in administrative and support services, transport and storage, and human health and social work activities. The unemployment rate climbed to 5.3% in July 2025, representing 2.59 million jobless individuals, higher than both July 2024 (4.7%) and April 2025 (4.1%). At the same time, the underemployment rate rose to 14.8%, translating to 6.80 million workers who wanted additional hours or better jobs.

Disaggregating employment by sector shows that the services sector continued to account for the largest share of total jobs, accounting for 62.8% of Philippine human capital, followed by industry (18.7%) and agriculture (18.5%). By class of worker, wage and salary workers made up 68.7% of total employment, with private establishments absorbing the largest share. Regional disparities also remained notable. CAR posted the highest employment rate at 96.6%, while Bicol Region (Region V) registered the lowest at 92.3%. Eight regions reported unemployment rates above the national average, with Region V highest at 7.7%.

The July 2025 Labor Force Survey showed a decline in labor force participation and a rise in underemployment. The LFPR dropped to 60.7%, slightly lower than 63.5% recorded a year earlier, while the underemployment rate climbed to 14.8%, up from 12.1% in July 2024. This marked a decline from 63.5% in July 2024 and 63.7% in April 2025, suggesting fewer individuals were either employed or actively seeking work. Although services continued to account for the bulk of jobs, employment in agriculture (-1.38 million) and wholesale and retail trade (-897,000) fell sharply, weighing on overall labor market performance.

Table 4: Philippine Labor Force Survey (in percentage)¹⁵

Indicator	2023 ^p	2024 ^p	2025 (July) ^p
Labor Force Participation Rate	64.9	64.4	60.7
Employment Rate	95.6	96.2	94.7
Underemployment Rate	12.3	11.9	14.8
Unemployment Rate	4.4	3.8	5.3

Source: Philippine Statistics Authority

Note: ^p Preliminary estimates

Foreign Direct Investment

Net foreign direct investments (FDI) into the Philippines posted mixed results in the first half of 2025. In June 2025, net inflows amounted to USD 376 million, lower by 17.8% compared to the USD 457 million recorded in the same month last year. This brought total FDI inflows for January–June 2025 to USD 3.4 billion, a decline of 23.8% from the USD 4.5 billion posted in the comparable period of 2024.¹⁶ The reduction in equity capital placements, which shifted from USD 85 million in June 2024 to USD 57 million net outflows in June 2025, largely accounted for the decline. By contrast, reinvestment of earnings increased by 36.7%, while investments in debt instruments grew by 9.3%.

15 Philippine Statistics Authority. (10 September 2025). Participation in the labor force in July 2025 decreased to 48.64 million Filipinos aged 15 years and over. Retrieved from <https://psa.gov.ph/statistics/labor-force-survey>
16 Bangko Sentral ng Pilipinas. (10 September 2025). FDI records US\$376 million net inflows in June 2025; YTD level at US\$3.4 billion. Retrieved from <https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?ItemId=7666&MType=MediaReleases>

Table 4. Net Foreign Direct Investment Flows

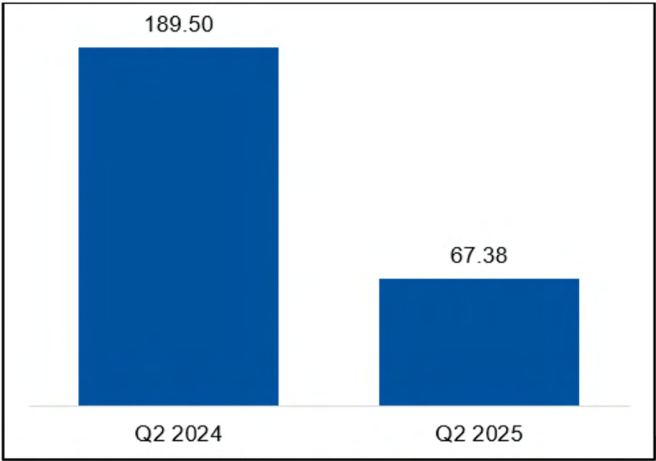
	2024	2025 (January – June)
Globally	USD 8.93 billion ¹⁷	USD 3.41 billion ¹⁸
European Union	USD 163.71 million ¹⁹	USD 80.58 million ²⁰

Source: Bangko Sentral ng Pilipinas

Note: Figures for 2025 are for the prescribed period

Parallel to actual inflows recorded by the Bangko Sentral ng Pilipinas (BSP), the Philippine Statistics Authority (PSA) reported a significant contraction in **approved foreign investment commitments** registered with Investment Promotion Agencies (IPAs). Total approved foreign investment in the second quarter of 2025 reached PHP 67.38 billion, a steep 64.4% decline compared to the PHP 189.50 billion posted in the same period of 2024. Of this amount, Singapore accounted for the lion’s share at PHP 53.48 billion (79.4%), followed by the United States (PHP 3.96 billion or 5.9%) and the Netherlands (PHP 1.91 billion or 2.8%). By sector, electricity, gas, steam, and air conditioning supply attracted the bulk of pledges at PHP 54.75 billion (81.2%), while services and manufacturing captured more modest shares.²¹

Table 5. Approved Foreign Investment Second Quarter 2024 and 2025 (in billion PHP)²²



Source: Philippine Statistics Authority

17 Bangko Sentral ng Pilipinas. (10 March 2025). FDI Posts US\$110 Million Net Inflows in December 2024; Full-Year Level Reaches US\$8.9 Billion. Retrieved from <https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?ItemId=7444>
18 Bangko Sentral ng Pilipinas. (10 September 2025). FDI records US\$376 million net inflows in June 2025; YTD level at US\$3.4 billion. Retrieved from <https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?ItemId=7666&MType=MediaReleases>
19 Bangko Sentral ng Pilipinas. (June 2025). Net Foreign Direct Investment Flows (BPM6 Concept) By Country of Origin. Retrieved from <https://www.bsp.gov.ph/statistics/external/Table%2010.pdf>
20 Ibid.
21 Philippine Statistics Authority. (14 August 2025). Approved Foreign Investments Registered PhP 67.38 Billion in the Second Quarter of 2025. Retrieved from <https://psa.gov.ph/statistics/foreign-investments>
22 Ibid.

On the EU Generalized Scheme of Preferences Plus (GSP+) and the Ongoing EU–Philippines Free Trade Agreement (FTA) Negotiations

A 2025 Update

The year 2025 is shaping up as a turning point for EU–Philippine economic ties. Three rounds of Free Trade Agreement (FTA) negotiations have already taken place in Brussels and Manila, with a fourth scheduled in October. Both sides are aiming to conclude a comprehensive agreement by 2026 or early 2027. The urgency is clear: the Philippines' preferential access to the European market through the Generalised Scheme of Preferences Plus (GSP+) will expire by 2027.

In 2024, GSP+ allowed EUR 2.2 billion worth of Philippine exports to enter the EU duty-free, covering about a quarter of the country's total exports to Europe. The utilization rate climbed to 80 percent, the highest on record, with coconut oil, tuna, and pineapples among the biggest winners.¹ For many small and medium enterprises, GSP+ opened the doors to the European market for the first time. Without a new trade framework, these benefits could vanish and exporters would face higher tariffs under WTO rules.

The EU remains a vital partner for the Philippines. In 2024, it was the country's fourth-largest trading partner, accounting for about 7 percent of total trade in goods. Bilateral trade reached EUR 16.8 billion, a 3.7 percent increase from 2023, with the EU posting a trade deficit of around EUR 1.3 billion vis-à-vis the Philippines.²

Philippine exports to the EU were led by electronics worth EUR 6.3 billion, followed by coconut oil, machinery, and preserved tuna. On the import side, the Philippines sourced European aircraft, machinery, pharmaceuticals, pork, and dairy.

On investment, however, the picture is less robust. The EU's foreign direct investment (FDI) stock in the Philippines stood at EUR 14.2 billion in 2023, just around 4 percent of total EU FDI in ASEAN.³ This modest share highlights significant untapped potential. A strong FTA, with clearer rules and stronger investor protections, could help attract higher-quality European investment into Philippine manufacturing, infrastructure, energy, and services.

The Philippine Department of Trade and Industry has emphasized that there is a three-year window to complete the FTA before GSP+ lapses. EU officials, while acknowledging this timetable as ambitious, have signaled readiness to match it. European businesses echo this urgency. In the 2024 ECCP Business Sentiment Survey of nearly 200 firms, 85 percent of respondents said that the conclusion of the FTA is of significant importance for their business strategies. Companies want predictability through a treaty-based framework that not only covers goods but also extends to services, procurement, and digital trade.⁴

Only a small portion of the respondents (15.3%) considered the FTA to be of slight or no importance. This indicates that the overwhelming majority view the agreement as a crucial mechanism for unlocking trade and investment opportunities between the EU and the Philippines. This widespread support indicates that businesses see the FTA as the primary means to enhance market access, lower trade barriers, and significantly improve the overall business climate.

The data confirms the FTA's broad appeal, with the largest group of respondents (24%) planning to utilize it for trade in both goods and services. This versatility is further underscored by strong, nearly equal, intentions for pure trade in services (21%) and trade in goods (20%). Furthermore, investments garnered

¹ European Commission. (n.d.). EU trade relations with the Philippines. Retrieved from https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/philippines_en

² Tabile, J.I. (20 May 2025). PHL-EU trade up 3.8% in 2024. Retrieved from <https://www.bworldonline.com/economy/2025/05/20/673808/phl-eu-trade-up-3-8-in-2024>

³ European Commission. (n.d.). EU trade relations with the Philippines. Retrieved from https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/philippines_en

⁴ European Chamber of Commerce of the Philippines. (05 December 2024). 2024 ECCP Business Sentiment Survey. Retrieved from <https://www.eccp.com/storage/app/media/downloads/2024%20ECCP%20Business%20Sentiment%20Survey.pdf>.

19% of responses, highlighting the agreement's potential to boost foreign direct investment. Only a small minority (11%) indicated they would not use the agreement, perhaps due to lack of awareness or specific sectoral limitations. The relatively balanced interest across all categories emphasizes the need to design a truly comprehensive agreement that maximizes benefits for both EU and Philippine stakeholders by supporting diverse business operations in trade and investment.

Encouragingly, 33% of respondents reported encountering no bottlenecks or barriers, suggesting that a significant portion of EU-Philippine trade operates smoothly. However, among those who did report challenges, red tape emerged as the most significant issue, cited by 23% of respondents. This highlights persistent concerns over bureaucratic inefficiencies and procedural delays that impede trade flows. Other prominent obstacles include charges on imports (11%) and burdensome license requirements (10%), pointing to critical regulatory and cost-related hurdles that undermine trade competitiveness. Additional barriers, such as onerous customs and administrative procedures (7%) and technical barriers to trade (5%), further underscore the need for streamlined and harmonized processes. Issues related to public procurement, sanitary and phytosanitary checks, quantitative restrictions, and intellectual property protection were minimal, each cited by 1% or less. Overall, the findings underscore the urgent need to address administrative and regulatory inefficiencies, particularly red tape, to foster a more seamless trading environment.

Additionally, customs and trade facilitation overwhelmingly emerges as the top priority, being cited by 24% of respondents as the most critical chapter. This clear mandate signals a strong demand for reducing bureaucratic hurdles, improving customs efficiency, and streamlining cross-border transactions.

Investments rank second, with 16% prioritizing this chapter, reflecting the importance of establishing a favorable environment for investments. Chapters on trade in services and competition policy follow, each receiving 10%, underscoring the desire for liberalized service sectors and assurances of fair market competition. Furthermore, Legal and institutional issues (9%) and renewable energy (7%) highlight the necessary regulatory and sustainability-focused agreements.

Other crucial, though more specified, areas include SMEs (6%), as well as intellectual property rights, trade in goods, and trade and sustainable development (5% each). Additionally, topics like critical raw materials (CRM), state-owned enterprises (SOEs), and rules of origin garnered minimal attention (1% each). These figures collectively underscore that while trade facilitation and investment protection are important for a successful FTA, a balanced approach addressing regulatory, service-oriented, and sustainability goals is also essential.

The ECCP remains steadfast in championing the voice of the European-Philippine business community through the publication of position papers, convening high-level dialogues, and direct engagement with EU officials. Notably, during European Commission President Ursula von der Leyen's 2023 visit to Manila, ECCP co-organized a dialogue underscoring European business support for the FTA's conclusion. The Chamber has also raised the concerns of its members regarding persistent bottlenecks, onerous customs procedures, licensing hurdles, red tape, and technical barriers to trade, during its meetings with EU-PH FTA Chief Negotiator Dora Correia held on 4 June 2024 and 12 February 2025, respectively. Relatedly, the ECCP secured the opportunity to hold separate meetings on specific chapters of the EU-PH FTA, namely on Digital Trade, Automotive, and Rules of Origin, Customs, and Trade Facilitation on 13 and 14 February 2025.

Between 6 and 12 March 2025, a delegation of officials from the European Commission visited Manila for the fifth GSP+ monitoring mission since Brussels first granted the Philippines preferential tariffs in 2014.⁵ The Philippines is one of only eight countries worldwide benefiting from this arrangement, which requires effective implementation of 27 international conventions covering human rights, labour rights, governance, environment, and climate.

⁵ European External Action Service. (14 March 2025). EU trade preferences for the Philippines – monitoring mission (6-12 March 2025). Retrieved from https://www.eeas.europa.eu/delegations/philippines/eu-trade-preferences-philippines-%E2%80%93-monitoring-mission-6-12-march-2025_en?s=176

The mission included consultations with civil society, trade unions, business leaders, and international organizations, culminating in a two-day stocktaking meeting with senior government officials led by the Department of Trade and Industry and representatives from the Departments of Foreign Affairs, Justice, Labour and Employment, and Environment and Natural Resources, among others. The agenda addressed issues such as the rule of law, labour relations, corruption, and environmental protection.

The findings will feed into the EU's next official report to the European Parliament and Council on the implementation of GSP+. This process underscores the conditional nature of GSP+ and the importance of compliance for continued eligibility. By contrast, a free trade agreement offers a more permanent and reciprocal framework that embeds sustainability, labour, and environmental standards into the trade architecture itself, providing predictability for businesses and governments alike.

Unlike GSP+, which is unilateral and temporary, a free trade agreement would be permanent, reciprocal, and more comprehensive. EU Ambassador Massimo Santoro has emphasized the goal of an ambitious, balanced, and comprehensive FTA that creates jobs and growth on both sides.

The potential benefits are significant:

- **Trade expansion.** A study by the International Trade Centre identified \$8.3 billion in untapped Philippine export potential to the EU, which an FTA could unlock. EU experience with FTAs in Vietnam and Singapore shows how quickly trade volumes can surge once barriers are removed.⁶
- **Job creation.** The Confederation of Wearable Exporters of the Philippines estimates that an EU-PH FTA could generate between 120,000 and 250,000 new jobs in garments alone. Other sectors such as agriculture, electronics, IT-BPM, and renewable energy also stand to benefit.
- **Investment growth.** With stronger investor safeguards and clearer rules, EU FDI in the Philippines could rise significantly from current levels of EUR 14–15 billion.
- **Sustainability and digitalization.** The FTA is expected to feature chapters on Trade and Sustainable Development and Digital Trade. The latter, set to be the first in any EU-ASEAN agreement, reflects the growing importance of e-commerce and data flows in global trade.

The expiration of GSP+ by 2027 sets a hard deadline. If no FTA is in place, Philippine exporters will lose preferential access to the EU's 450-million-strong consumer market. In key sectors like agri-food, garments, and tuna, the impact could be severe, with tariff increases reducing competitiveness. For the EU, an FTA ensures resilient supply chains anchored in a fast-growing ASEAN economy of 115 million people. Ambassador Santoro has underscored that in today's volatile global environment, marked by shifting geopolitics, supply chain realignments, and protectionist pressures, a strong FTA can provide predictability and growth for both sides.

The case for an EU-PH FTA has never been clearer. It is not only a bridge from a temporary preference scheme to a permanent partnership but also a catalyst for growth, competitiveness, and sustainability. Concluding the agreement on time would safeguard the benefits of GSP+ while amplifying them through expanded trade, new investments, and stronger integration into global supply chains. Delay, by contrast, would risk billions in exports and squander a unique opportunity. For ECCP and its members, we remain steadfast in converting the current momentum on the EU-PH FTA trade negotiations into a lasting partnership that secures growth for decades to come.

⁶ Crismundo, K. (23 October 2024). PH-EU free trade deal to address \$8.3-B untapped export opportunities. Retrieved from <https://www.pna.gov.ph/articles/1236240>

AGRICULTURE ADVOCACY PAPER 2025

INTRODUCTION

The Philippine agriculture sector, encompassing crops, livestock, and fisheries, remains a critical component of the national economy. It contributes roughly 8% of the country's Gross Domestic Product (GDP) and serves as a major source of livelihood, employing a significant portion of the labor force. Despite its importance, the sector's full potential is not yet realized, facing persistent challenges from global food security issues, climate events, and other external shocks. Addressing structural constraints, improving productivity, creating high-quality jobs, and fostering trade and investment are crucial steps to promote more inclusive growth, benefiting smallholder farmers, consumers, businesses, and the broader public.

In the final quarter of 2024, the Philippine economy demonstrated resilience, growing by 5.2% year-on-year, a pace consistent with the third quarter's performance. This strong finish propelled the full-year 2024 growth to 5.6%, aligning with the government's target. The services and industry sectors were the primary drivers of this growth. In contrast, the agriculture, forestry, and fishing (AFF) sector faced significant headwinds. AFF output fell by 1.8% in the fourth quarter of 2024 and declined by 1.6% for the full year, a reversal from the 1.2% growth recorded in 2023. This contraction was attributed to severe weather disruptions, including typhoons and prolonged drought, that affected harvests and livestock production late in the year. Despite the downturn, the AFF sector's economic contribution remained substantial, accounting for 8.4% of the GDP in Q4 2024, underscoring its pivotal role in the economy.¹

The agriculture and forestry sector continues to be a major employer in the Philippines. As of the January 2025 Labor Force Survey, approximately 21.1% of all employed Filipinos worked in this sector, totaling about 9.94 million individuals.² While the sector's employment numbers can be volatile due to seasonal factors and weather conditions, recent data show a significant turnaround. In January 2025, employment in agriculture and forestry saw a notable year-on-year increase, reflecting a partial recovery of farm jobs following the harvest season. This trend suggests that despite challenges, the sector continues to provide substantial employment. The sheer size of its workforce means that gains in agricultural productivity and job quality would have broad and significant welfare implications across the country.

Global food commodity prices have remained elevated throughout 2024 and 2025, influencing domestic and international markets. According to the UN Food and Agriculture Organization (FAO), the Food Price Index averaged 130.1 points in July 2025. This marked a 1.6% increase from June 2025 and was approximately 7.6% higher than its level in July 2024. Despite this recent rise, the index is still well below its all-time peak recorded in March 2022. The increase in July was primarily driven by higher international prices for meat and vegetable oils, which outweighed softer prices for cereals, dairy, and sugar. These global trends are particularly relevant for the Philippines as they directly impact the costs of imported food inputs and the competitiveness of the nation's agricultural exports.³

Domestically, inflation for food has decelerated markedly, providing relief to Filipino households. In June 2025, the national food and non-alcoholic beverages inflation rate was 0.4%, a

¹ Philippine Statistics Authority. (30 January 2025). GDP expands by 5.2 percent in the fourth quarter of 2024: Brings the full-year 2024 GDP year-on-year growth rate to 5.6 percent. Retrieved from <https://psa.gov.ph>

² Philippine Statistics Authority. (11 March 2025). Unemployment rate in January 2025 was estimated at 4.1 percent. Retrieved from <https://psa.gov.ph>

³ Food and Agriculture Organization of the United Nations. (8 August 2025). FAO Food Price Index edges up in July. Retrieved from <https://www.fao.org>

significant drop from the 0.9% recorded in May 2025. This represents a sharp turnaround from the high single-digit food inflation rates seen in early 2024. The recent easing of price pressures was largely driven by a stabilization in the prices of key staples. The overall headline inflation rate has also remained modest, at 1.4% in June 2025, helping to keep household cost of living pressures subdued (see Table 1).⁴ This trend suggests that government supply interventions and better-than-expected harvests in some areas have helped to stabilize prices.

Commodity Group	CPI			Inflation Rates	
	Aug 2024	Jul 2025	Aug 2025	Month-on-Month	Year-on-Year
ALL ITEMS	126.6	127.7	128.5	0.6	1.5
01 - FOOD AND NON-ALCOHOLIC BEVERAGES	130.4	130.1	131.6	1.2	0.9
Food	131.3	130.6	132.1	1.1	0.6
Cereals and Cereal Products	122.4	109	107.7	-1.2	-12
Cereals	119.6	101.4	99.7	-1.7	-16.6
Rice	117.5	99.4	97.6	-1.8	-17
Corn	158.2	139.1	139.6	0.3	-11.8
Flour, Bread and Other Bakery Products, Pasta Products	131.1	132.8 r	133	0.2	1.5
Meat and Other Parts of Slaughtered Land Animals	138.1	150.8	147.9	-1.9	7.1
Fish and Other Seafood	129.5	138	141.8	2.8	9.5
Milk, Other Dairy Products and Eggs	127.3	131.4	132.1	0.5	3.8
Oils and Fats	129.5	139.7	141	0.9	8.9
Fruits and Nuts	143.2	149.8	150.6	0.5	5.2
Vegetables, Tubers, Cooking Bananas and Pulses	151.1	143.5	166.2	15.8	10
Sugar, Confectionery and Desserts	142.6	142.4	142.4	0	-0.1
Ready-Made Food and Other Food Products N.E.C.	133.2	135.8	136.2	0.3	2.3
Non-alcoholic Beverages	120.5	125.1	125.6	0.4	4.2
02 - ALCOHOLIC BEVERAGES AND TOBACCO	177.2	184.4	184.7	0.2	4.2
Alcoholic Beverages	141.5	146.7	147	0.2	3.9
Tobacco	202	210.4	210.7	0.1	4.3
Other Vegetable-Based Tobacco Products	159.6	153.5	152.1	-0.9	-4.7
NON-FOOD	122.4	124	124.6	0.5	1.8

Table 1. Retail Price Survey of Selected Commodities.

Source: Philippine Statistics Authority, Summary Inflation Report Consumer Price Index

Philippine Statistics Authority (PSA) data indicate that the Philippines remained a net importer of agricultural goods when comparing the third quarter of 2024 with the same quarter in 2023. Total two-way agricultural trade increased from USD 6,211.19 million in Q3 2023⁵ to USD 6,962.37 million in Q3 2024⁶ (see Figure 1), an annual rise of 12.1%. Agricultural exports grew more rapidly over the same interval, rising from USD 1,621.81 million to USD 1,974.75 million (a 21.8% increase)⁷, while agricultural imports climbed from USD 4,589.37 million to USD 4,987.62 million (an 8.7% increase).⁸ Because imports continued to exceed exports, the agricultural trade deficit widened slightly—from USD 2,967.56 million in Q3 2023 to USD 3,012.87 million in Q3 2024 (an increase of about USD 45.31 million, or 1.5%).⁹

4 Philippine Statistics Authority. (5 July 2025). Summary Inflation Report Consumer Price Index (2018=100): June 2025. Retrieved from <https://psa.gov.ph>

5 Philippine Statistics Authority. (2023). Total agricultural trade – Third Quarter 2023: USD 6,211.19 million. Philippine Statistics Authority. Retrieved from <https://psa.gov.ph>

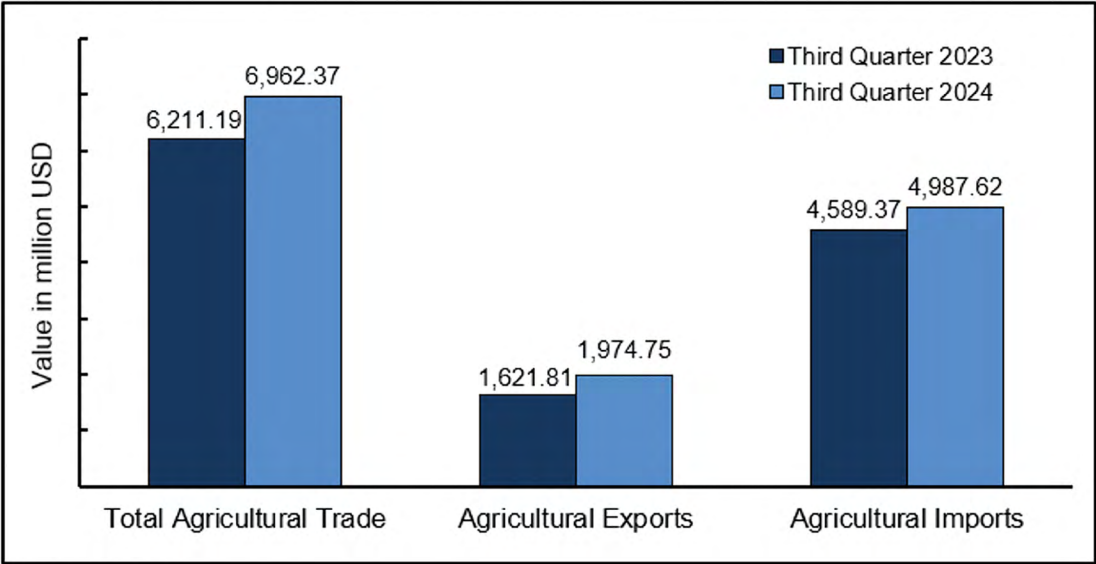
6 Philippine Statistics Authority. (2024). Total agricultural trade – Third Quarter 2024 (preliminary): USD 6,962.37 million. Philippine Statistics Authority. Retrieved from <https://psa.gov.ph>

7 Philippine Statistics Authority. (2023). Agricultural exports – Third Quarter 2023: USD 1,621.81 million. Philippine Statistics Authority. Retrieved from <https://psa.gov.ph>

8 Philippine Statistics Authority. (2024). Agricultural exports – Third Quarter 2024 (preliminary): USD 1,974.75 million. Philippine Statistics Authority. Retrieved from <https://psa.gov.ph>

9 Philippine Statistics Authority. (2024). Agricultural imports – Third Quarter 2024 (preliminary): USD

Figure 1. Total Agricultural Trade, and Agricultural Exports and Imports: Philippines, Third Quarter 2023^r and Third Quarter 2024^p



p - preliminary
r - revised
Source: Philippine Statistics Authority

These figures reflect simultaneous improvements in export performance and sustained dependence on imported agricultural inputs, underscoring both opportunities to scale Filipino farm exports and the continuing need to strengthen domestic supply-chain resilience.

Agricultural exports climbed to USD 1.97 billion in the third quarter of 2024, reflecting a 21.8% year-on-year increase from USD 1.62 billion in Q3 2023. In Q3 2024, these exports comprised 10.3% of the country’s total export earnings.¹⁰

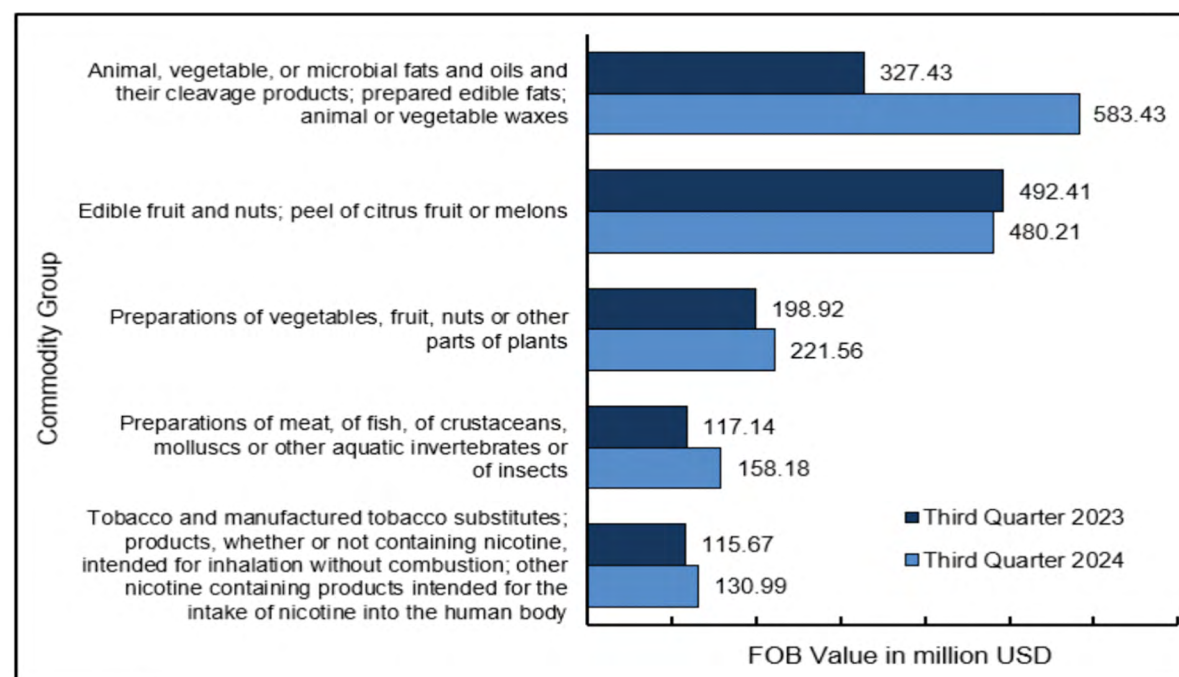
The commodity group comprising animal, vegetable, or microbial fats and oils and their cleavage products (including prepared edible fats and animal or vegetable waxes) represented the single largest share of total agricultural exports. The top ten commodity groups together accounted for USD 1.91 billion, or 96.6%, of total agricultural export receipts in the third quarter of 2024; their aggregate value rose 22.6% year-on-year for the quarter. Within these groups, fats and oils led the list with a value of USD 583.43 million, equivalent to 29.5% of total agricultural exports in Q3 2024 (see Figure 2).¹¹

4,987.62 million. Philippine Statistics Authority. Retrieved from <https://psa.gov.ph>

10 Philippine Statistics Authority. (n.d.). Agricultural export and import quarterly statistics. Retrieved from <https://psa.gov.ph/statistics/agricultural-export-import/quarterly/node/1684065409>

11 Ibid.

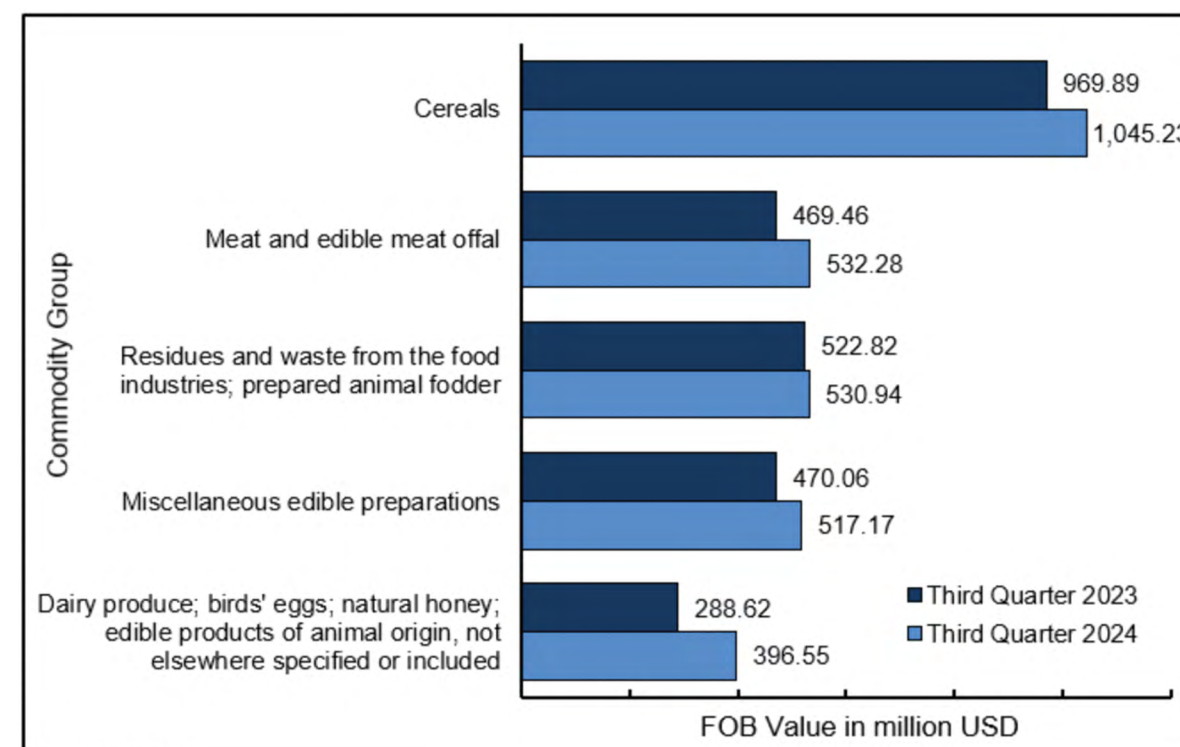
Figure 2. Value of Agricultural Exports of the Top Five Commodity Groups: Philippines, Third Quarter of 2023(r) and Third Quarter of 2024(p).¹²



p - preliminary
r - revised
Source: Philippine Statistics Authority

Total agricultural imports amounted to USD 4.99 billion in the third quarter of 2024, representing 14.8% of the country's overall import bill for the period. This figure reflects an 8.7% increase from the USD 4.59 billion recorded for agricultural imports in Q3 2023.¹³ The ten largest commodity groups by import value collectively amounted to USD 4.20 billion, representing 84.2% of total agricultural import expenditure in the third quarter of 2024. Their combined import value rose 9.4% year-on-year compared with the same quarter in 2023. Among these groups, cereals were the single largest component, valued at USD 1.05 billion, equivalent to 21.0% of total agricultural imports for Q3 2024 (see Figure 3).¹⁴

Figure 3. Value of Agricultural Imports of the Top Five Commodity Groups: Philippines, Third Quarter of 2023(r) and Third Quarter of 2024(p).¹⁵



p - preliminary
r - revised
Source: Philippine Statistics Authority

Among European Union member states, the Netherlands was the Philippines' principal market for agricultural exports in Q3 2024. Exports of agricultural products to EU countries totaled USD 410.78 million in the quarter, representing 19.4% of the Philippines' overall exports to EU member states. Of that amount, shipments to the Netherlands alone amounted to USD 185.71 million, accounting for 45.2% of the total agricultural exports to the EU for the quarter (see Table 2).

12 Ibid.
13 Ibid.
14 Ibid.

15 Ibid.

Table 2. Top Countries in the European Union for agricultural exports, the total value of agricultural exports, and their respective top export commodity group (Third Quarter 2024p). ¹⁶			
Rank	Country	Total Export Value	Top Commodity Group
1	Netherlands	USD 185.71	Animal, vegetable, or microbial fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes
2	Spain	USD 73.00	Preparations of meat, of fish, of crustaceans, molluscs or other aquatic invertebrates or of insects
3	Italy	USD 56.8	Animal, vegetable, or microbial fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes
4	Germany	USD 37.65	Preparations of vegetables, fruit, nuts or other parts of plants
5	France	USD 13.18.1	Preparations of vegetables, fruit, nuts or other parts of plants
6	Belgium	USD 12.55	Preparations of vegetables, fruit, nuts or other parts of plants
7	Other EU Member Countries	USD 32.62	Mixed commodity group

Source: Philippine Statistics Authority

On the other hand, in the third quarter of 2024, agricultural imports from European Union member states totaled USD 464.87 million, representing 21.8% of the Philippines' overall import value for the period. Spain was the leading EU supplier, delivering USD 112.93 million worth of agricultural commodities—equivalent to 24.3% of the country's agricultural imports from EU members (see Table 3).

Table 3. Top Countries in the European Union for agricultural imports, the total value of agricultural imports, and their respective top export commodity group (Third Quarter 2024p). ¹⁷			
Rank	Country	Total Export Value	Top Commodity Group
1	Spain	USD 112.93	Beverages, spirits and vinegar, meat, and edible meat, miscellaneous preparations
2	Netherlands	USD 65.76	Cocoa and cocoa preparations, dairy produce; birds' eggs; natural honey; edible products of animal origin
3	France	USD 55.47	Meat and edible meat offal, dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included

¹⁶ Ibid.

¹⁷ Ibid.

4	Germany	USD 40.82	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included
5	Italy	USD 39.72	Residues and waste from the food industries; prepared animal fodder
6	Belgium	USD 38.96	Preparations of vegetables, fruit, nuts or other parts of plants
7	Ireland	USD 35.53	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included
8	Poland	USD 27.83	Meat and edible meat offal
9	Other EU Member Countries	USD 47.85	Mixed commodity group

On Crops

In the fourth quarter of 2024, the value of production for agriculture and fisheries—measured at constant 2018 prices—was estimated at PhP 483.58 billion, representing a 2.2% decline from the same quarter a year earlier. The reduction reflected lower output values across crops, livestock, and fisheries, even as poultry production continued to record expansion during the period. For the full year (January–December 2024), the value of agriculture and fisheries at constant 2018 prices likewise contracted by 2.2%.¹⁸

Within the sector, crop production was valued at PhP 281.55 billion (constant 2018 prices) in Q4 2024, a 3.1% year-on-year decrease, and comprised 58.2% of the total value of agriculture and fisheries production. Palay and corn experienced modest year-on-year declines in production value of 0.1% and 0.6%, respectively. Most principal crop commodities posted reductions in value at constant 2018 prices, with the notable exception of tobacco, which increased by 25.6% compared with the same quarter of the previous year (see Table 4).¹⁹

¹⁸ Philippine Statistics Authority. (n.d.). Full Report, Fourth Quarter 2024: Value of Production in Philippine Agriculture and Fisheries. Retrieved from <https://psa.gov.ph/system/files/aad/Full%20Report%2C%20Fourth%20Quarter%202024%20Value%20of%20Production%20in%20Philippine%20Agriculture%20and%20Fisheries.pdf>

¹⁹ Ibid.

Table 4. Growth Rates of Value of Crop Production at Constant 2018 Prices; First Quarter 2023 to Fourth Quarter 2024 (in percent)²⁰

Subsector/ Commodity	2022-2023				2023-2024				January to December	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2022-2023	2023-2024
Crops	1.7	1.2	-0.2	0.3	-0.3	-8.6	-5.1	-3.1	0.8	-4.2
Palay	5.2	1.1	0.2	0.2	-2.0	-9.5	-12.3	-0.1	1.5	-5.0
Corn	3.2	-0.8	5.0	-1.8	0.5	-20.3	1.3	-0.6	1.8	-3.2
Banana	0.4	0.1	0.03	-0.2	-4.5	-3.3	-1.1	-5.8	0.1	-3.7
Coconut	1.6	1.5	-1.5	-1.9	-3.3	-4.0	-0.1	-3.5	-0.1	-2.7
Mango	2.0	11.4	15.2	7.6	2.6	-2.8	-11.2	-3.9	9.7	-2.6
Sugarcane	-17.0	-11.3	-26.4	10.5	17.2	-42.3	-83.8	-23.5	-6.3	-16.2
Pineapple	-3.8	3.8	3.5	0.1	1.2	-2.7	-0.4	-1.1	1.3	-0.9
Cassava	5.2	1.6	-3.0	-2.7	-8.9	-7.2	-3.9	-8.5	-0.8	-6.9
Rubber	-5.3	-8.5	-12.7	-7.5	1.0	-7.5	-4.6	-1.5	-8.9	-3.8
Sweet Potato	-7.5	-7.5	-5.5	-4.7	-9.0	-5.8	6.8	-7.1	-6.2	-3.4
Onion	6.4	3.4	165.1	-6.8	28.6	-37.4	98.6	-11.1	4.8	6.5
Eggplant	-1.3	-3.6	-13.9	3.0	-3.6	-7.0	3.3	-5.6	-4.0	-4.1
Coffee	1.3	1.8	5.5	-1.7	25.2	-1.9	0.8	-2.6	0.3	6.9
Tobacco	14.4	1.9	122.1	225.8	9.5	-1.9	5.1	25.6	29.1	6.2
Abaca	3.2	-1.8	-6.9	2.9	-1.5	-12.4	0.4	-0.2	-1.1	-3.4
Tomato	3.0	-1.8	2.0	2.6	0.5	-15.6	7.5	-2.7	1.1	-4.2
Potato	-4.4	2.1	-25.9	-5.3	-0.7	-1.0	36.5	-1.5	-6.8	2.0
Ampalaya	0.8	3.2	-7.5	4.0	-4.0	-5.1	-5.6	-1.4	0.1	-4.2
Cabbage	5.2	-4.5	-17.5	15.5	8.2	2.7	45.1	-1.0	4.5	7.3
Calamansi	-0.9	4.0	-8.9	-4.3	6.3	6.4	12.1	-0.7	-4.3	6.8
Mango	-1.6	-1.9	-21.1	1.9	-6.4	-14.0	3.4	-48.2	-2.1	-14.5
Cacao	-1.4	4.1	5.5	3.4	2.7	6.0	1.7	-5.1	3.0	0.8
Other Crops	0.5	3.1	-7.7	-1.7	-5.4	-5.4	8.1	-6.6	-1.3	-2.8

Source: Philippine Statistics Authority

On Livestock and Poultry

The value of livestock production at constant 2018 prices was estimated at PhP 67.67 billion in the fourth quarter of 2024, reflecting a 6.2% year-on-year decline and representing 14.0% of the aggregate value of agriculture and fisheries output. Declines were observed across several major livestock categories: hog production value fell 7.3%, goat dropped 4.1%, and cattle decreased 2.7%. Conversely, dairy and carabao production registered gains of 4.8% and 1.8%, respectively. For the full year 2024, the livestock subsector’s value at constant 2018 prices contracted by 4.3%²¹ By contrast, poultry production demonstrated resilience: valued at PhP 71.81 billion (constant 2018 prices) in Q4 2024, poultry output rose 6.1% year-on-year and accounted for 14.8% of total agriculture and fisheries production. Within poultry, chicken eggs recorded a 9.8% increase, chicken meat rose 5.0%, and duck production edged up 0.3%, while duck eggs declined by 3.1% for the quarter. On an annual basis, poultry production grew 6.6% for January–December 2024 (see Table 5).

Table 5. Growth Rates of Value of Livestock and Poultry Production at Constant 2018 Prices; First Quarter 2023 to Fourth Quarter 2024 (in percent)

Subsector/ Commodity	2022				2023				2024				January to December		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2022	2023	2024
Livestock	14.1	14.6	15.6	14.3	14.4	14.8	16.0	14.6	13.9	15.3	15.5	14.0	14.6	14.9	14.6
Hog	11.6	11.7	12.8	11.3	11.9	12.0	13.2	11.7	11.4	12.4	12.6	11.1	11.8	12.2	11.8
Cattle	1.3	1.5	1.4	1.6	1.3	1.5	1.4	1.5	1.3	1.6	1.4	1.5	1.5	1.4	1.5
Carabao	0.6	0.7	0.7	0.7	0.6	0.7	0.7	0.7	0.6	0.7	0.7	0.8	0.7	0.7	0.7
Goat	0.5	0.5	0.6	0.6	0.5	0.5	0.6	0.6	0.4	0.5	0.6	0.6	0.6	0.6	0.5
Dairy	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Poultry	15.0	14.7	15.2	12.8	15.1	15.1	15.7	13.7	16.0	16.9	17.3	14.8	14.4	14.9	16.2
Chicken	10.3	10.1	10.5	8.8	10.4	10.5	10.8	9.5	11.2	11.8	11.9	10.2	9.9	10.3	11.2
Duck	0.1	0.1	0.2	0.2	0.1	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2
Chicken Eggs	4.3	4.1	4.2	3.6	4.3	4.1	4.4	3.8	4.4	4.6	4.9	4.3	4.0	4.1	4.5
Duck Eggs	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3

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

Source: Philippine Statistics Authority

20 Ibid.
21 Ibid.

On Fisheries

Measured at constant 2018 prices, fisheries production was valued at PhP 62.55 billion in the fourth quarter of 2024, representing a 2.1% year-on-year decline and accounting for 12.9% of the combined value of agriculture and fisheries output. Over the full year (January–December 2024), the value of fisheries production decreased by 1.1% at constant 2018 prices (see Table 6).²²

Table 6. Growth Rates of Value of Fisheries Production at Constant 2018 Prices; First Quarter 2023 to Fourth Quarter 2024 (in percent)

Subsector/ Commodity	2022-2023				2023-2024				January to December	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2022-2023	2023-2024
Fisheries	0.5	-13.8	-6.1	-5.3	-0.2	3.0	-5.0	-2.1	-6.6	-1.1
Milkfish (Bangus)	7.0	-19.1	-12.0	-5.8	-8.0	-4.5	1.4	10.9	-8.8	1.6
Tilapia	10.8	-4.6	6.9	-7.5	8.8	-6.0	-2.1	-2.1	1.2	0.4
Tiger Prawn (Sugpo)	-24.2	0.9	-49.0	-15.4	3.6	-40.3	-19.7	-2.9	-18.8	-15.5
Skipjack (Gulyasan)	1.6	-49.2	-12.7	-1.3	28.8	142.4	14.2	-19.1	-16.4	28.5
Roundscad (Galunggong)	-13.3	30.7	15.7	-1.1	19.4	-14.6	-20.6	-14.3	10.4	-10.0
Seaweed	-1.0	-5.1	14.0	12.8	-0.4	-25.8	-2.4	-12.7	6.1	-10.7
Yellowfin Tuna (Tambakol/Bariles)	5.5	-22.7	28.4	6.7	12.8	44.7	-16.8	-15.0	4.6	1.7
Mudcrab (Alimango)	-37.6	-15.5	-28.1	19.0	-30.6	-18.3	-14.5	-28.9	-17.5	-24.7
Frigate Tuna (Tulingan)	-28.6	-13.7	-6.8	-3.7	29.0	43.1	-11.7	-17.0	-12.9	7.4
Big-eyed Scad (Matangbaka)	6.0	-1.6	32.9	-5.5	-6.0	-21.9	-28.8	-20.6	7.2	-20.3
Bali Sardinella (Tamban)	0.1	-3.8	-4.3	6.2	-29.6	3.3	-9.5	-4.3	-1.5	-8.8
Squid (Pusit)	18.1	-17.1	-26.3	-6.7	-5.0	-8.8	3.2	-12.4	-10.7	-5.9
Blue Crab (Alimasag)	10.7	-14.6	-17.7	-29.6	-29.7	5.9	6.1	7.2	-13.9	-3.8
Bigeye Tuna (Tambakol/ Bariles)	-35.0	-49.8	-41.4	88.0	48.2	94.0	27.1	0.1	-25.4	36.7
Grouper (Lapu-lapu)	4.6	-40.0	-15.5	-12.2	-26.7	-34.2	-39.6	-9.3	-17.6	-32.8
Indian Mackerel (Alumahan)	-21.1	-7.7	60.8	54.6	1.3	1.2	-21.0	-20.0	19.0	-12.2
Threadfin Bream (Bisugo)	-23.4	-11.1	-18.6	-31.2	-37.4	-2.5	16.3	4.0	-21.4	-7.0
Silpmouth (Sapsap)	-25.5	-19.8	2.3	-9.8	-25.0	-24.6	-17.1	-17.7	-13.0	-20.7
Cavalla (Talakitok)	-15.3	-2.9	-26.5	-3.4	2.5	4.0	-10.7	-24.9	-13.4	-6.9
Fimbriated Sardines (Tunsoy)	-11.7	-42.0	-37.8	-34.5	44.2	6.4	-19.8	-5.5	-33.8	3.0
P. Vannamei	42.3	1.1	22.7	-31.3	9.0	33.6	26.9	59.4	0.8	32.5
Other Fisheries	16.4	-19.7	-9.1	-9.3	-6.6	4.7	-1.6	3.8	-7.2	0.05

Source: Philippine Statistics Authority

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

DA's 10-Point Agenda & Infrastructure Expansion

In mid-2025, Agriculture Secretary Francisco Tiu Laurel Jr. signaled that the Department of Agriculture (DA) is advancing reforms under a multi-point agenda aimed at addressing key constraints in agricultural productivity and food security. Among the initiatives are the rollout of cold storage facilities, expansion of farm-to-market roads, construction of agricultural seaports, and development of mega food hubs in Clark and Quezon to improve market access and reduce post-harvest losses. Additionally, the DA is investing in upgrading rice post-harvest systems, modern warehouses, and input-output logistics networks. This reflects a strategic shift toward improving infrastructure to lower costs for both producers and consumers.²³

22 Ibid.
23 Department of Agriculture. (7 July 2025). DA chief: From crisis to reform as sector eyes record harvest. Retrieved from <https://da.gov.ph>
2025

Developments on MAV (Minimum Access Volume) Policy

The Department of Agriculture (DA) is currently revising rules for the MAV system for pork imports, which were originally set in 1996. Agriculture Secretary Francisco Tiu Laurel Jr. noted that the Policy and Planning Office is tasked to deliver an updated MAV framework by October 2025.²⁴ Under existing MAV quotas, imported pork enjoys a reduced tariff rate of 15%, compared to the standard 25% for quantities exceeding MAV. The MAV Plus program, which temporarily lowered tariffs to help stabilize supply, has been the subject of several adjustments. The most recent, E.O. 171, adjusted the MAV in-quota tariff for pork to 15% and the out-quota tariff to 25% but this expired in December 2023. As of September 2025, the MAV in-quota tariff for pork is at 30% and the out-quota tariff is 40%.²⁵ To help consumers, the DA is exploring using Kadiwa stores (government-run affordable food markets) to distribute pork under the MAV system at lower tariffs. This aims to moderate retail pork prices under high inflation and supply constraints.²⁶

Progress of the Rice Competitiveness Enhancement Fund (RCEF)

The government passed Republic Act 12078 in December 2024, which amends the Rice Tariffication Law to extend RCEF until 2031 and triple its annual budget from PHP 10 billion to PHP 30 billion. The expanded funding is earmarked for high-quality seeds (PHP 6 Billion), farm mechanization (PHP 9 Billion), and a broader mixed category (PHP 15 Billion) covering extension/training, financial assistance, soil health, water management, and irrigation support.²⁷ Mechanization coverage under RCEF remains modest but is expected to grow significantly under the enlarged budget. With the new allocations, PHiMech projects that mechanization coverage for rice farms could increase to about 44% nationwide by 2031, compared to much lower baseline coverage in prior years under the original fund.²⁸ RCEF's reach has also broadened geographically. From 2023 to early 2025, coverage of RCEF (mechanization, seed, extension) expanded from 57 to 77 provinces, including more remote and upland farming communities. It also improved access to modern equipment and farm-level infrastructure (warehouses, seedbeds, etc.). Tariff revenues (from rice imports) have also grown, enabling greater RCEF funding. In 2024, certified rice tariff collections reached PHP 34.23 billion, up from around PHP 29.93 billion in 2023. This excess revenue allows RCEF to fund a wider menu of programs.²⁹

Animal Industry Development and Competitiveness Act

A central feature of the law is the Animal Competitiveness Enhancement Fund (AnCEF), which earmarks PHP 20 billion annually for ten years, financed through tariffs on imported livestock, poultry, and dairy³⁰. Patterned after the Rice Competitiveness Enhancement Fund, AnCEF is

designed to provide predictable support for the following³¹:

1. *Herd Repopulation*
2. *Biosecurity*
3. *Credit*
4. *Shared Facilities*
5. *Food Safety*
6. *Training*

The legislative timeline highlights the following milestones³²:

- 4 February 2025 – The House of Representatives approved House Bill No. 11355 on third reading, with 196 affirmative votes and three negative votes
- 8 June 2025 – The bicameral conference committee ratified the reconciled version. It is now at the final stage pending executive signature³³.
- 5 September 2025 – PIDS submitted comments and recommendations to Malacañang
- 25 September 2025 – The DA Undersecretary Asis Perez mentioned in the 14th Arangkada Forum that this bill will lapse into law by 28 September 2025 if the President does not veto it.

Placed in a regional context, the Philippines' livestock sector has shown weaker growth compared to several of its ASEAN neighbors. The Livestock Production Index (LPI), which is indicative of aggregate output of key livestock products such as meat, milk, and eggs relative to a 2014–2016 baseline, provides a standardized measure of performance across countries. It also shows whether domestic output is keeping pace with demand and whether the sector is competitive regionally. Based on the most recent data from the World Bank, the Philippines' LPI fell to 86.5 in 2021 and only slightly recovered to 90.4 in 2022, placing the country as the second lowest in Southeast Asia. This puts the country just ahead of Brunei, which has shown evident stagnation since 2020. By contrast, Indonesia's index rose from 168.3 in 2020 to 190 in 2022, while Thailand edged upward from 101.3 to 103.3 and Cambodia improved from 90.2 to 95.8 during the same period. Malaysia hovered near baseline, while Singapore consistently registered values above 120, reflecting stronger production performance relative to the Philippines. This gap shows how Philippine livestock production has yet to regain momentum, highlighting the importance of the PHP 20-billion annual AnCEF in strengthening domestic output and improving the country's standing relative to its ASEAN peers.

²⁴ Department of Agriculture. (2 April 2025). DA revising 30-year-old MAV rules for pork. Retrieved from <https://da.gov.ph>

²⁵ BusinessWorld. (20 February 2025). Agri dep't finalizing MAV allocation for pork. Retrieved from <https://bworldonline.com>

²⁶ Philippine News Agency. (31 July 2025). Gov't eyes cheaper holiday pork via Kadiwa under MAV. Retrieved from <https://www.pna.gov.ph>

²⁷ Department of Agriculture. (9 December 2024). New law extends RCEF until 2031, triples budget to boost rice industry modernization. Retrieved from <https://da.gov.ph>

²⁸ Philippine News Agency. (27 January 2025). P9-billion annual mechanization fund to boost rice production under expanded RCEF. Retrieved from <https://www.pna.gov.ph>

²⁹ Philstar.com. (29 May 2025). Higher tariff collections boost funds for rice farmers to P34 billion. Retrieved from <https://philstar.com>

³⁰ Arcalas, J.E. (10 February 2025). Retrieved from <https://www.philstar.com/business/2025/02/10/2420385/>

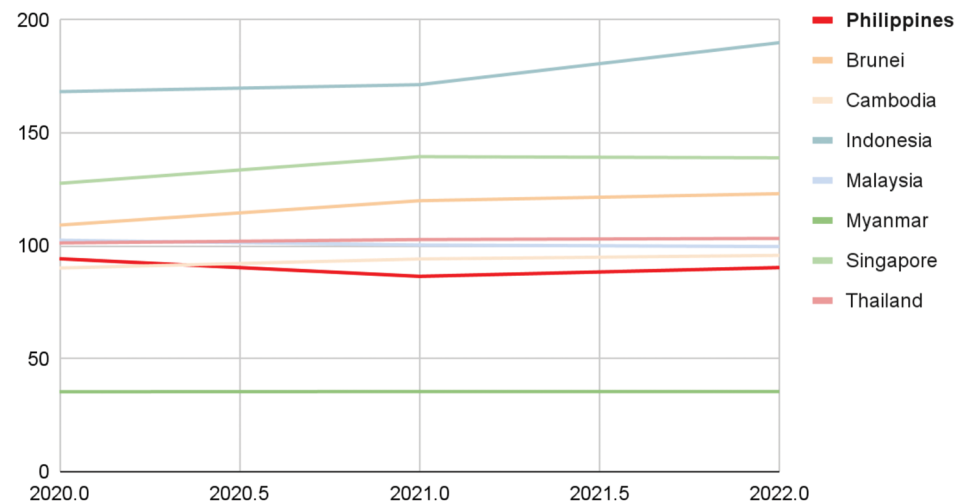
[food-security-gets-boost-p20-billion-animal-competitiveness-fund](https://www.philstar.com/business/2025/02/10/2420385/)

³¹ Philippine Institute for Development Studies. (5 September 2025). Comments on: An Act Enhancing Animal Industry Development and Competitiveness, Strengthening the Bureau of Animal Industry, and Creating for the Purpose the Animal Competitiveness Enhancement Fund. Retrieved from https://pidswebs.pids.gov.ph/CDN/document/1757079741_68bae8bd10915.pdf

³² Ombay, G. (4 February 2025). House OKs bill to boost PH's animal industry. Retrieved from https://www.gmanetwork.com/news/topstories/nation/935089/house-oks-bill-to-boost-ph-s-animal-industry/story/#google_vignette

³³ Office of the Speaker Ferdinand Martin G. Romualdez. (8 June 2025). Speaker Romualdez: Game-changer law on food, livelihood now ready for PBBM's signature. Retrieved from <https://congress.gov.ph/media/press-releases/view/?content=9346&title=Speaker+Romualdez%3A+Game-changer+law+on+food%2C+livelihood+now+ready+for+PBBM%E2%80%99s+signature>

Table 7: Livestock Production Index for 2020 to 2022³⁴



Source: World Bank Group

Beyond ASEAN, the Act also carries implications for the Philippines' trade relations with the EU. Under the EU GSP+, the Philippines benefits from reduced tariffs on thousands of products, including agricultural goods, provided it complies with labor, environmental, and governance commitments. Market access, however, also hinges on compliance with strict sanitary and phytosanitary (SPS) standards. By upgrading food safety, biosecurity, and disease control systems, the Act strengthens regulatory credibility, a long-standing concern in EU-PH trade dialogues³⁵. These reforms not only help safeguard existing GSP+ privileges but also position the Philippines to negotiate more effectively for a potential EU-PH FTA, where agricultural competitiveness and SPS alignment may be central.

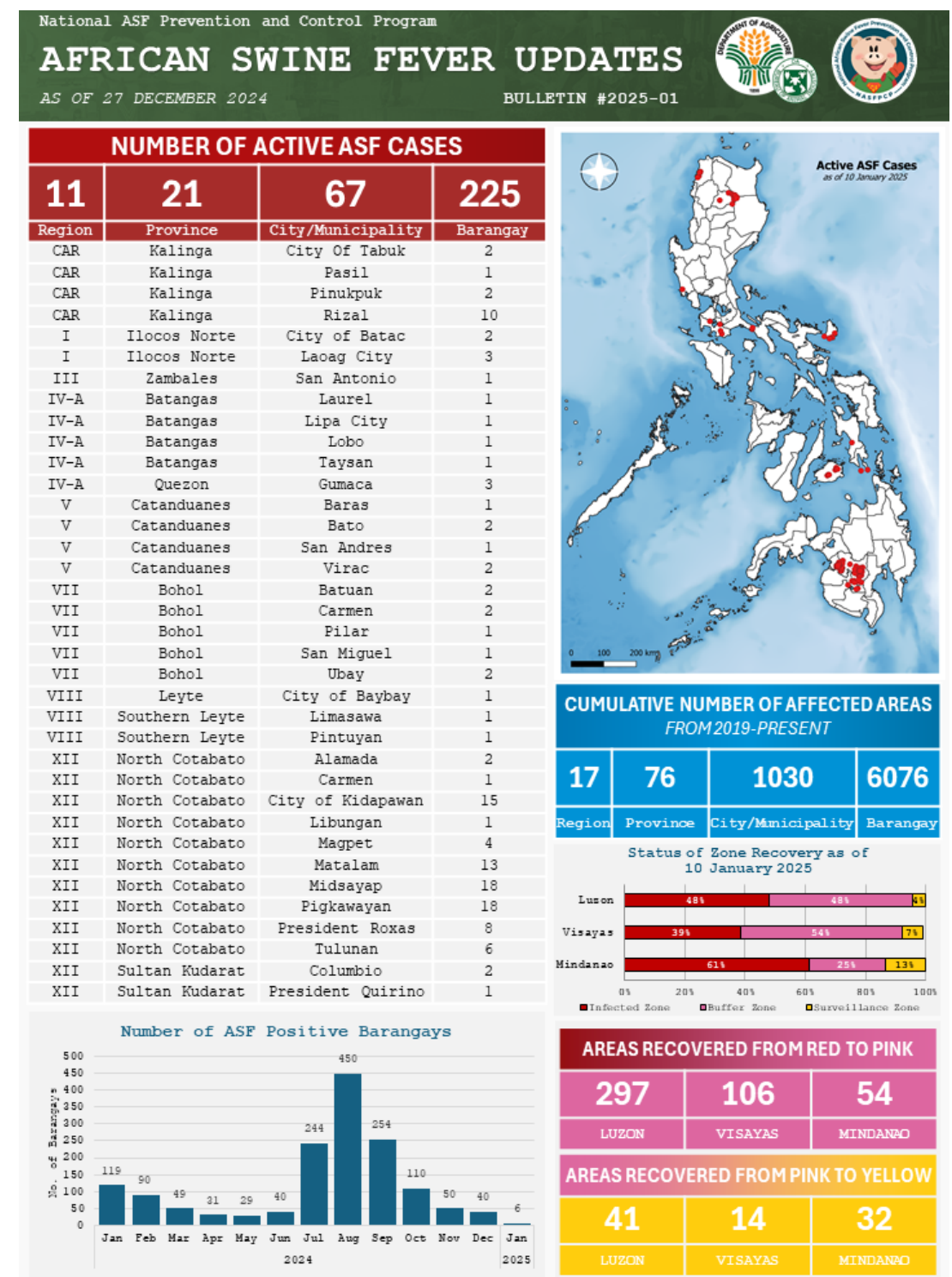
Alleviation of African Swine Fever cases due to DA initiatives

In recent years the Department of Agriculture (DA) has accelerated measures to mitigate African Swine Fever (ASF), including targeted regulatory changes to facilitate timely vaccination and improved surveillance, due to rising cases in Q4 2024.

³⁴ World Bank Group. (2023). World Development Indicators Livestock Production Index Data Set. Retrieved from <https://databank.worldbank.org/source/world-development-indicators/Series/AG.PR.D.LVSK.XD#>

³⁵ European Commission. (n.d.). EU trade relations with the Philippines: Facts, figures and latest developments. Retrieved from https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/philippines_en

Infographic 1. African Swine Fever Updates as of December 2024.



Source: Bureau of Animal Industry³⁶

³⁶ Bureau of Animal Industry. (n.d.). [Report PDF]. Retrieved from <https://www.bai.gov.ph/Reports/PreviewFile?Id=129&num=18>

In November 2024 the DA issued *Administrative Circular No. 13, Series of 2024*, which amends prior vaccination guidance to broaden participation criteria for commercial farms while strengthening post-vaccination monitoring and reporting requirements to better assess vaccine safety and field efficacy.³⁷ The DA also allocated a conditional PHP 350-million procurement budget, subject to FDA registration, to scale AVAC vaccine acquisition and nationwide rollout, and initiated controlled pilot administrations in selected sites to evaluate operational protocols under field conditions.³⁸ Concurrently, the DA reports measurable reductions in active ASF localities: by March 2025 the number of ASF-affected barangays had declined substantially, reflecting the combined effect of zoning/movement controls and targeted response operations.³⁹

To limit viral spread and protect remaining herds the DA has reinforced biosecurity measures—establishing livestock checkpoints and tighter movement controls—and advanced producer support through the INSPIRE recovery program, which finances construction of biosecure pens, starter stock and inputs (e.g., a PHP 362-million package deployed in Davao to support roughly 21,000 farmers).⁴⁰ These efforts combine disease-containment with livelihood recovery, though sustained vaccine supply, consistent backyard-level compliance, and long-term financing remain critical gaps for full sector recovery, as exponential improvement is seen.

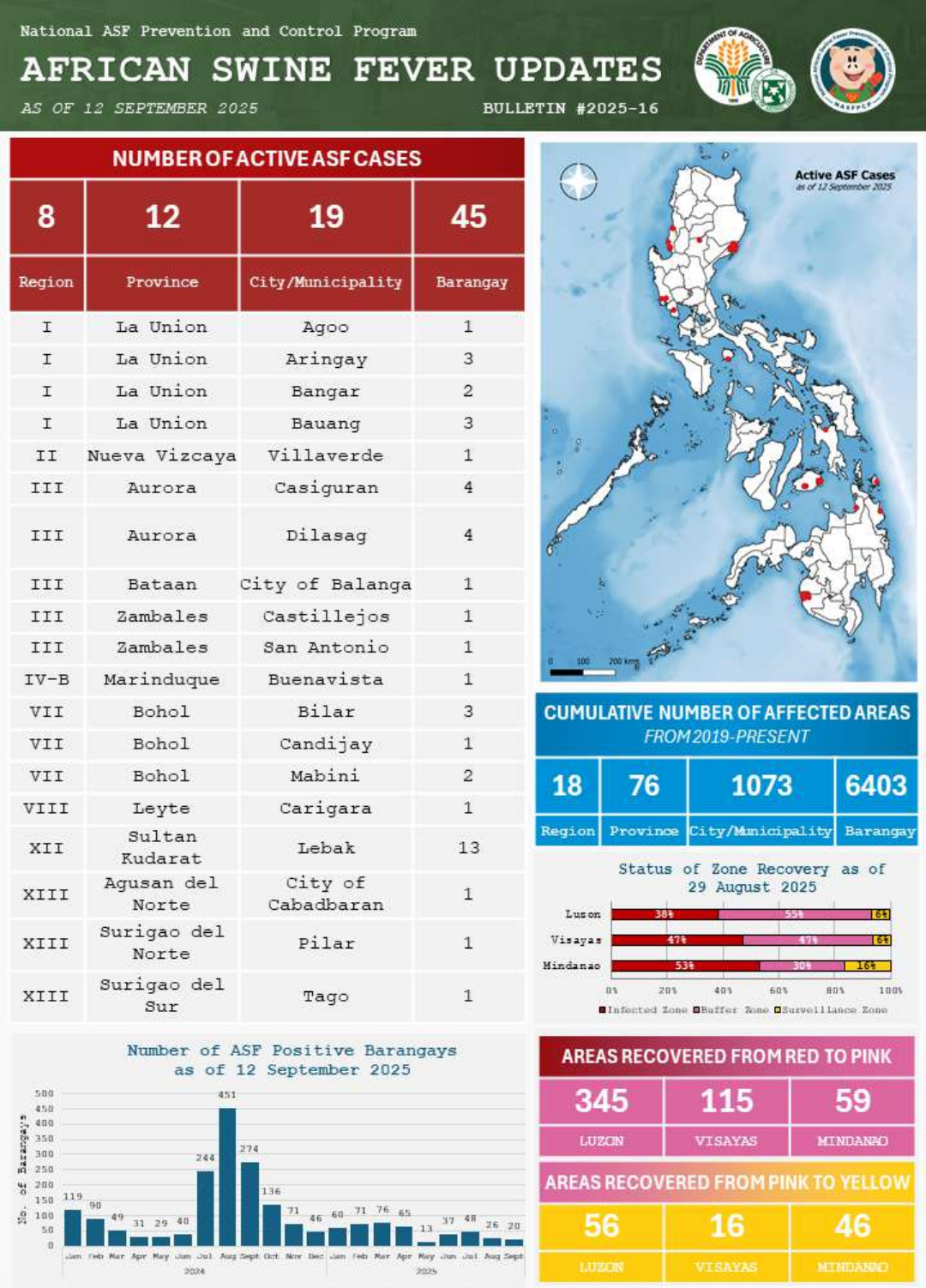
37 Department of Agriculture. (28 November 2024). *Administrative Circular No. 13, Series of 2024 – Amendments to the Guidelines on the Use of ASF Vaccines and Monitoring Requirements*. Department of Agriculture. Retrieved from <https://www.da.gov.ph/da-amends-guidelines-for-asf-vaccine-use-to-increase-swine-industry-protection/>

38 Department of Agriculture. (2024). *DA readies P350-million budget for ASF vaccine procurement after FDA clearance; pilot vaccine trials ongoing*. Department of Agriculture. Retrieved from <https://www.da.gov.ph/da-readies-p350-million-budget-for-asf-vaccine-procurement-after-fda-clearance/>

39 Philippine News Agency. (20 March 2025). *DA reports drop in ASF-affected barangays to 39 as containment measures take effect*. Philippine News Agency. Retrieved from <https://www.pna.gov.ph/articles/123a4567>

40 Philippine Information Agency / Department of Agriculture – Region XI. (14 February 2025). *DA-INSPIRE grants: PHP 362 million extended to ~21,000 Davao swine farmers for biosecure recovery and repopulation support*. Philippine Information Agency. Retrieved from <https://pia.gov.ph/da-gives-p-362m-grant-to-21000-davao-farmers-for-asf-recovery/>

Infographic 2. African Swine Fever Updates as of September 2025.



Source: Bureau of Animal Industry⁴¹

41 Bureau of Animal Industry. (n.d.). [Report PDF]. Retrieved from <https://www.bai.gov.ph/Reports/>

Developments on the Cold Examination Facility for Agriculture (CEFA)

The Department of Agriculture (DA) has committed to operationalize the first CEFA in Angat, Bulacan by January or February 2025. This facility, once completed, is intended to serve as a sanitary/phytosanitary inspection site (for animals, plants, fish, and other agricultural products) at the “first border” to strengthen food safety and prevent introduction of pests and diseases.⁴² Alongside Angat, the DA plans to establish four additional CEFAs by September 2025, with locations earmarked in Manila, Subic (Zambales), Davao, and General Santos City. Some of these will house full laboratory capabilities while others will have DA-funded labs.⁴³ Originally, the budget for the CEFA project was set at PHP 2.3 billion in 2023, but this was reduced to PHP 1.2 billion in current funding schemes. A partnership with private contractors (notably ICTSI for port-based facilities) has been leveraged in port locations to reduce government cost burden.⁴⁴ To mitigate delay in full operation, DA is introducing pre-shipment inspection rules (for ports of origin) as an interim measure until CEFA facilities are fully functional.⁴⁵

Coffee Industry Trends and Price Signals

Data from the PSA show that in Q1 2025 (January–March), coffee production reached 13,057.64 metric tons, which marks about a 10.7% increase year-on-year. This reflects a degree of recovery in production after prior declines.⁴⁶ Parallel to production increases, farm-gate prices of Robusta green coffee beans surged significantly—averaging PHP 265.75 per kilogram, up about 133.7% compared to the same period in the prior year. Arabica and Liberica varieties also recorded strong price gains of 64.1% and 57.1%, respectively.⁴⁷

The rise in prices is partially attributed to global supply constraints, increasing input costs, and higher demand for specialty coffee. Local producers have reportedly benefited from this trend, although increased costs (fertilizer, labor, transportation) continue to pose challenges to profitability for many smallholders.⁴⁸ There have also been quality and market positioning initiatives: in the 2025 Philippine Coffee Quality Competition (PCQC) held in May, producers from Bukidnon gained top awards for single owner farms, illustrating advances in both processing and branding of specialty coffee in the domestic market.⁴⁹

PreviewFile?Id=499&num=18

42 Philippine News Agency. (2 July 2024). “‘First border’ control measures for food safety in place by early 2025 – DA”. Retrieved from <https://www.pna.gov.ph/articles/1228129>

43 Department of Agriculture. (2 July 2024). DA press release: First border control measures for food safety in place by early 2025. Retrieved from DA official site

44 GMA News Online. (2 July 2024). First border examination facilities for imported agri products seen operation early 2025 – DA. Retrieved from GMA News

45 DA Press Office. (3 July 2024). First-border control measures and pre-shipment inspection plans. Retrieved from official DA release

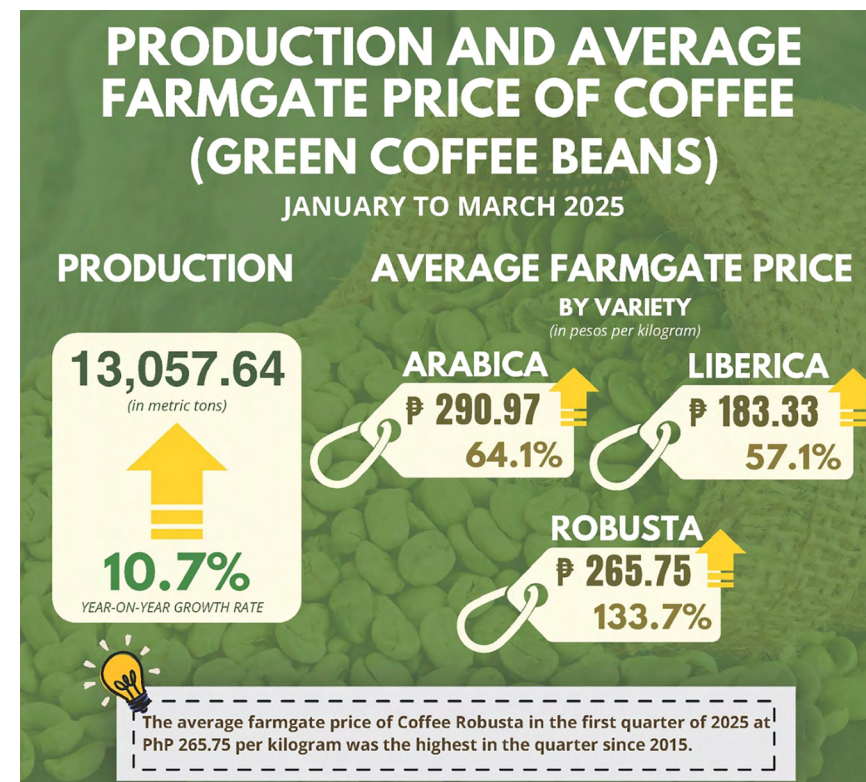
46 SunStar Business. (29 May 2025). PH coffee production climbs, farmgate prices hit record highs in Q1. Retrieved from <https://www.sunstar.com.ph/cebu/ph-coffee-production-climbs-farmgate-prices-hit-record-highs-in-q1>

47 Ibid.

48 Philstar.com. (6 April 2025). Rising costs brew bitter mix for coffee consumers, producers. Retrieved from <https://www.philstar.com/business/2025/04/06/2433751>

49 Philippine Information Agency. (13 June 2025). Bukidnon’s finest producers reign at the 2025 coffee quality competition. Retrieved from <https://pia.gov.ph/bukidnons-finest-producers-reign-at-2025-coffee-quality-competition>

Infographic 3. Production and Average Farmgate Price of Coffee (Green Coffee Beans), January to March 2025⁵⁰



Source: Philippine Statistics Authority

Rice Import Suspensions and Related Policy Measures

On August 29, 2025, President Ferdinand R. Marcos Jr. issued Executive Order No. 93, which imposes a 60-day suspension on the importation of regular and well-milled rice. The suspension period is set from September 1 to October 30, 2025, and is intended to protect local rice farmers from depressed farm-gate prices during the main harvest season.⁵¹ Agriculture Secretary Francisco Tiu Laurel Jr. described the import halt as a “measured response,” emphasizing that it provides flexibility to adjust import policies quickly if market or supply conditions change. The suspension was enacted without immediately increasing tariffs, to avoid adverse consequences for consumers.⁵²

To stabilize retail prices, the Department of Agriculture (DA) maintained the Maximum Suggested Retail Price (MSRP) for imported rice during the suspension period. Specifically, the MSRP for 5% broken imported rice was adjusted to PHP 43 per kilo, down from PHP 45 per kilo in mid-July 2025, demonstrating efforts to balance consumer interests and farmer support.⁵³

50 Philippine Statistics Authority. (28 January 2025). Technical Notes – Value of Production in Agriculture and Fisheries (Constant 2018 Prices). Retrieved from <https://psa.gov.ph/statistics/ppa-main/national/technical-notes>

51 Philippine Information Agency. (31 August 2025). 60-day rice import suspension takes effect Sept 1. Retrieved from <https://pia.gov.ph/articles/1258552>

52 Philippine News Agency. (6 August 2025). Marcos orders 60-day suspension of rice importation. Retrieved from <https://www.pna.gov.ph/articles/1255922>

53 Department of Agriculture. (14 August 2025). MSRP on imported rice to stay during the import ban—DA. Retrieved from <https://da.gov.ph>

Early reporting indicates that palay (unmilled rice) prices had dropped extremely low prior to the suspension—some farmers were reportedly receiving as little as PHP 8–PHP 10 per kilo, well below production costs—prompting urgent calls for intervention.⁵⁴ There is discussion within government bodies about possibly extending the suspension by 15 to 30 days, contingent upon data on palay supply, harvest yield, and price movements. This suggests the policy is being monitored and potentially adjustable in light of actual conditions.⁵⁵

On Food Logistics and Supply Chain Development

The Department of Agriculture (DA) established the Agricultural and Fisheries Logistics Office (AFLLO) in January 2025. This office is mandated to address bottlenecks in the supply chain, reduce post-harvest losses, expand cold storage and food hubs, improve transport infrastructure, enforce traceability, and adopt digital tools for logistics monitoring.⁵⁶ As part of the food logistics agenda, DA has fast-tracked the rollout of mega and modular cold storage warehouses. In late 2024 through mid-2025, plans were announced to build nearly 99 cold storage facilities nationwide, including refrigerated vans, dryers, packaging and ice plants, to strengthen the cold chain infrastructure.⁵⁷ Also under this agenda is the proposal for nationwide food hubs serving major agricultural regions: sites in Clark (Pampanga), Quezon Province, and others are planned to help stabilize supply, provide accessibility to markets, and reduce price volatility. These food hubs are intended to include cold storage and buffer stock capabilities.⁵⁸

The rice sector has seen several supply chain strengthening initiatives. One is the ODA project “Improving the Rice Supply Chain to Ensure Quality of Seeds and Milled Rice for Distribution and Buffer Stocks,” funded by Korea, which includes solar-powered seed warehouses in Muñoz (Nueva Ecija), San Mateo (Isabela), and Batac (Ilocos Norte), for improved seed preservation and buffer stock management.⁵⁹ The DA is developing its Command Center (anticipated operational in Q3 2025) to monitor agricultural commodity supply, production trends, and distribution in real time. This is part of efforts to enable data-driven decision making for producers, consumers, LGUs, and the private sector alike.⁶⁰ DA, PhilRice, and NFA held workshops (e.g., in June 2025) on “Advancing Information Systems for Rice Seed and Buffer Stock Management,” focusing on improving governance and digital platforms in the supply chain.⁶¹

54 Ibid.

55 Department of Agriculture. (19 September 2025). DA chief mulls extension of rice import freeze. Retrieved from <https://da.gov.ph>

56 Department of Agriculture. (19 January 2025). DA launches Agricultural and Fisheries Logistics Office to boost food security. Retrieved from <https://pna.gov.ph/articles/1249163>

57 Philstar.com. (30 June 2025). Cold chain support for food security sought: DA rolls out cold storage infrastructure. Retrieved from <https://www.philstar.com/world/2025/06/30/2454292/cold-chain-support-food-security-sought>

58 Context.ph. (26 March 2025). DA proposes nationwide food hubs, long-term logistics solutions. Retrieved from <https://context.ph/2025/03/26/da-proposes-nationwide-food-hubs-long-term-logistics-solutions/>

59 Manila Standard. (17 June 2025). DA, PhilRice, NFA strengthen the rice supply chain through Korea ODA Project. Retrieved from Manila Standard

60 Philippine News Agency. (20 February 2025). DA to operationalize Command Center in Q3 2025 to monitor agri-commodities. Retrieved from <https://www.pna.gov.ph/articles/1249163>

61 Manila Standard. (17 June 2025). DA, PhilRice, NFA strengthen the rice supply chain through the Korea ODA Project. Retrieved from Manila Standard.

Agri-Puhunan at Pantawid Program (AAP)

The Agri-Puhunan at Pantawid Program (APP) was officially launched in April 2025. It provides low-interest credit (up to Php 60,000) to eligible rice farmers, monthly subsistence allowances (Php 8,000 for four months), and aids in seeds, inputs, and machinery via cooperatives.⁶² In Capiz, the Rice Competitiveness Enhancement Fund–Rice Farmers Financial Assistance (RCEF–RFFA) program has disbursed cash subsidies of Php 7,000 to over 35,000 rice farmers in early 2025.⁶³

High-value crop support has also been extended. In August 2025, over 1,000 onion farmers in Nueva Vizcaya received Php 17.55 million in free seeds and fertilizers under the DA’s High Value Crop Development Program, aiming to improve productivity and competitiveness of these farming communities.⁶⁴ The SAAD-CAR (Special Area for Agricultural Development in the Cordillera Administrative Region) program is shifting focus in its second half of 2025 to enterprise building and strengthening systems among supported farmers’ groups. Training, production support for poultry, goat, and swine are ongoing across provinces Abra, Benguet, and Mountain Province.⁶⁵

ON LEGISLATION

Liberalization of foreign investments in the rice and corn industries

Debate over liberalizing foreign participation in the rice and corn sectors intensified through 2024 to mid-2025, driven by stakeholders’ assessments that modest liberalization could attract investment into value-added processing, cold-chain infrastructure, and mechanisation. Policy discussions have centred on whether to amend the legacy regulatory framework (notably provisions inherited from older decrees) to clarify equity caps, streamline licensing, and create carve-outs for strategic investments in seed systems, milling, and storage. Proponents argue that calibrated foreign equity reforms, coupled with safeguards for smallholders and targeted local content rules, could mobilise private capital while preserving food security objectives.⁶⁶

Despite active advocacy and several policy proposals circulated by think-tanks and industry associations, no statutory amendment had been enacted through Q2 2025. Government agencies signalled preference for a phased approach, beginning with regulatory harmonization, pilot investment windows, and strengthened monitoring, rather than an abrupt liberalization that could unsettle domestic markets. Parliamentary and executive stakeholders continue to consult with farmer organisations, local processors, and trade partners to design measures that balance investment attraction with social safeguards.⁶⁷

62 Daily Tribune. (12 April 2025). BBM launches Agri-Puhunan at Pantawid Program to aid rice farmers. Retrieved from Daily Tribune

63 Philippine Information Agency. (28 February 2025). Capiceño farmers get financial aid anew under RCEF–RFFA. Retrieved from PIA

64 Philippine Information Agency. (26 August 2025). Vizcaya onion farmers get P17.5-M agricultural support from DA’s High Value Crop Development Program. Retrieved from PIA

65 Department of Agriculture – Special Area for Agricultural Development (SAAD). (14 July 2025). SAAD CAR eyes farmer resilience, enterprise push in second half of 2025. Retrieved from <https://saad.da.gov.ph>

66 Foundation for Economic Freedom. (2025). Policy options for rice and corn sector liberalisation: an overview of proposed reforms. Foundation for Economic Freedom. Retrieved from <https://fef.org.ph/projects/rice-corn-liberalization/>

67 Department of Agriculture. (2025). Stakeholder consultations on investment frameworks for staple grains.

Implementation of the Fertilizer and Pesticide Authority (FPA) trade system for the licensing of fertilizer handlers

Through Q3 2024 to Q2 2025 the Fertilizer and Pesticide Authority (FPA) strengthened regulatory oversight of input markets by sharpening registration requirements and enforcement against unregistered handlers. The FPA issued administrative guidance clarifying the documentation and technical standards required of fertilizer importers, distributors, and retailers, and increased joint operations with law-enforcement partners to interdict substandard or illegally traded products. These measures sought to improve input quality, protect end-users, and reduce supply-chain vulnerabilities that can raise production costs for farmers.⁶⁸

Parallel to enforcement, the FPA accelerated plans to digitise licensing processes and provide an online registry of accredited fertilizer handlers to enhance transparency and traceability. Regional FPA offices have been rolling out capacity-building workshops for local dealers and municipal agricultural officers to improve compliance rates and reduce delays in license issuance. While progress has been notable on regulatory enforcement and system modernisation, stakeholders report ongoing challenges in reaching remote dealers and harmonising inter-agency data flows—points that remain priorities for the next phase of implementation.⁶⁹

Enact the Coffee Industry Development Act

Between late 2024 and mid-2025, legislative movement toward a dedicated Coffee Industry Development Act remained limited, while policy energy instead focused on programmatic investments and implementation of the existing Coffee Industry Roadmap (2021–2025). The Roadmap's actions, supported by DA, PhilRice, and regional development partners, continued to emphasise rehabilitation of farms, improved post-harvest processing, varietal dissemination, and marketing support for specialty coffees. Programmatic funding and ODA-assisted projects implemented infrastructure and enterprise development in key coffee provinces to raise productivity and quality.⁷⁰

Parliamentary proponents of a formal Coffee Industry Development Act have continued to advocate for a statutory framework that would institutionalise financing windows, seed systems, marketing support, and research-and-extension coordination. As of Q2 2025 no comprehensive coffee law has been passed; instead, policy instruments for coffee improvement have primarily been executed through DA programs, ODA projects, and local government initiatives. The legislative push remains active, with stakeholders urging that any future act integrate incentives for value-added processing, quality assurance, and smallholder cooperatives to ensure inclusive benefits.⁷¹

Animal Health and Veterinary Services Act (House Bill No. 7920)

House Bill No. 7920, which seeks to modernise veterinary public-health capabilities and institutionalise an integrated animal health system, remained under committee consideration through Q2 2025. The bill's principal provisions—strengthening animal disease surveillance,

professionalising veterinary services, and creating clear lines of authority for outbreak response—have attracted cross-sectoral support from livestock producers, veterinary associations, and public-health advocates, who highlight the bill's potential to reduce zoonotic risk and improve trade resilience.⁷²

Despite this consensus on technical merits, legislative advancement was constrained by prioritisation pressures in the House and the need to harmonise provisions with existing animal-health statutes and budgetary realities. Advocacy groups continued to press for accelerated passage, arguing that recent transboundary animal disease episodes and the economic importance of the livestock value chain warrant expedited legislative action. The bill's sponsors remain engaged in consultations to refine funding mechanisms and administrative arrangements to improve the prospects for enactment.⁷³

Livestock, Poultry, and Dairy (LPD) Industry Development & Competitiveness Act

The Senate approved Senate Bill No. 2558 on third and final reading in August 2024, marking a substantive legislative milestone for the LPD subsector. The bill proposes a comprehensive competitiveness strategy, establishing a competitiveness fund, creating dedicated institutional leadership, and promoting value-chain investments in genetics, feed, processing, and cold-chain logistics. The Senate's passage underscored recognition of the LPD subsector's strategic importance for nutrition security and rural livelihoods.⁷⁴

As of mid-2025, the draft was under bicameral and executive consideration pending reconciliation with the companion House measure. Implementation modalities, particularly funding mechanisms, institutional mandates, and the distributional rules for the Competitiveness Enhancement Fund, remained subject to negotiation. Stakeholders welcomed the Senate's approval but emphasised the need for rapid bicameral finalisation and concurrent budget appropriation to translate statutory commitments into tangible on-farm and processing investments.⁷⁵ During the 14th Arangkada Forum, last 25 September 2025, Undersecretary Asis Perez of the Department of Agriculture mentioned that SBN No. 2558 will officially lapse into law by 28 September if the President will not veto it.

Anti-Agricultural Economic Sabotage Act

Republic Act No. 12022, enacted in late September 2024, introduced stronger criminal and administrative sanctions for conduct deemed to constitute economic sabotage in agricultural and fishery markets, including severe penalties for systemic hoarding, price manipulation, and coordinated smuggling. The law broadened enforcement authorities' powers and established stiffer fines and custodial sentences intended to deter predatory behavior that undermines food security and market integrity. By mid-2025 implementing rules and initial enforcement priorities had been issued, and several high-profile seizures and administrative actions were

Department of Agriculture. Retrieved from <https://da.gov.ph>

68 Department of Agriculture. (1 June 2025). FPA and CIDG joint operation intercepts unregistered fertilizers; enforcement actions intensified. Department of Agriculture. Retrieved from <https://da.gov.ph>

69 Fertilizer and Pesticide Authority. (2025). FPA memorandum circulars and roadmap for digital licensing of fertilizer handlers. Fertilizer and Pesticide Authority. Retrieved from <https://fpa.da.gov.ph>

70 Philippine Council for Agriculture and Fisheries. (2021). Philippine Coffee Industry Roadmap 2021–2025. Philippine Council for Agriculture and Fisheries. Retrieved from <https://pcaf.da.gov.ph>

71 Philippine News Agency. (3 June 2024). DA-PRDP allocates P2.1 billion for Mindanao coffee projects under roadmap implementation. Philippine News Agency. Retrieved from <https://www.pna.gov.ph/articles/1226114>

72 House of Representatives, Republic of the Philippines. (3 May 2023). House Bill No. 7920 – Animal Health and Veterinary Services Act (consolidated version). House Legislative Documents. Retrieved from <https://hrep.gov.ph>

73 Philippine Veterinary Medical Association. (2025). Position paper on HB 7920: Strengthening veterinary services for animal and public health. Philippine Veterinary Medical Association. Retrieved from <https://pvma.org.ph>

74 Senate of the Philippines. (12 August 2024). Senate passes SB 2558 on Third Reading: Livestock, Poultry and Dairy Industry Competitiveness Act. Senate Press Office. Retrieved from https://legacy.senate.gov.ph/press-release/2024/0812_prib2.asp

75 National Livestock Producers' Federation. (2025). Commentary on SB 2558 and policy priorities for LPD competitiveness. National Livestock Producers' Federation. Retrieved from <https://nlpf.org.ph>

reported to signal active implementation.⁷⁶

Operationalization of RA 12022 required a suite of implementing regulations and inter-agency coordination platforms. Agencies such as the Department of Agriculture, the Bureau of Customs, the Department of Justice, and the National Food Authority moved to harmonise investigative procedures, evidence-sharing protocols, and rapid administrative remedies. Early enforcement activity focused on smuggling interdiction and supply-chain transparency; however, civil-society observers and some industry groups emphasised the necessity of calibrated enforcement that protects legitimate traders and smallholders from overzealous penalties. Continued monitoring and periodic policy reviews were recommended to ensure that the law's deterrent effects are balanced with due process and market stability goals.⁷⁷

Developments on the Seed Industry Development Act

Discussions in 2024–2025 emphasized strengthening seed systems to ensure timely access to certified seed, improved quality assurance, and expanded breeder and seed-multiplication capacity. While Republic Act No. 7308 remains the legal foundation, administrative reform and targeted funding, largely via the RCEF seed program, have been the primary instruments for expanding certified seed distribution. Implementation successes in coverage have been tempered by persistent challenges in timely delivery, varietal appropriateness, and storage logistics that can blunt yield gains.⁷⁸

Policy priorities included scaling public-private multiplication schemes, strengthening regional seed testing laboratories, and improving distribution logistics to align seed availability with planting calendars. Authorities and development partners piloted community seed banks and decentralized multiplication to address local needs. Stakeholders continue to evaluate whether statutory amendments are necessary for long-term structural reform, but immediate administrative fixes and stronger public-private coordination remain the focus in 2025.⁷⁹

Fisheries governance reforms and Department of Fisheries proposal

Fisheries governance in 2024–2025 emphasized regulatory consolidation, improved sanitary and phytosanitary controls, and increased aquaculture support. BFAR issued administrative orders to strengthen monitoring of fishing effort, enhance quarantine and certification for traded seafood, and pilot aquaculture zoning intended to increase productivity while protecting coastal ecosystems. Concurrent policy work examined the creation of a standalone Department of Fisheries to consolidate functions, improve enforcement, and accelerate investment in cold-chain and processing capacity for fish exports.⁸⁰

Operational priorities included upgrading port-based post-harvest facilities, expanding technical assistance for hatchery and grow-out systems, and piloting traceability systems

76 Republic of the Philippines. (26 September 2024). Republic Act No. 12022 – Anti-Agricultural Economic Sabotage Act. Official Gazette. Retrieved from https://lawphil.net/statutes/repacts/ra2024/ra_12022_2024.html

77 Department of Agriculture. (2025). Implementation guidelines and inter-agency framework for RA 12022 enforcement. Department of Agriculture. Retrieved from <https://da.gov.ph>

78 Republic of the Philippines. (1992). Republic Act No. 7308 – Seed Industry Development Act of 1992. Lawphil / Official Gazette. Retrieved from <https://lawphil.net> and <https://www.officialgazette.gov.ph>

79 PhilRice / Department of Agriculture seed program reports. (2024–2025). Seed distribution performance and implementation gaps under RCEF. Retrieved from <https://philrice.gov.ph> and <https://da.gov.ph>

80 Bureau of Fisheries and Aquatic Resources. (2024–2025). BFAR administrative orders on fisheries management, aquaculture zoning pilots, and SPS measures. Retrieved from <https://bfar.da.gov.ph>

for high-value species. Implementation also underscored the need for greater coordination with local government units to manage inshore fisheries and enforce closed seasons. While departmental reorganization requires legislation and remained under discussion in 2025, the administrative measures adopted sought immediate improvements in SPS compliance and value-chain efficiency to bolster both domestic food security and export competitiveness.⁸¹

Reform initiatives for the Philippine Crop Insurance Corporation (PCIC)

Reform initiatives for the Philippine Crop Insurance Corporation (PCIC) in 2024–2025 combined legislative proposals with administrative innovation to enhance risk transfer for farmers. Draft bills have proposed expanding PCIC's mandate beyond rice to include high-value and commercial crops, improving capitalization and reinsurance arrangements, and enabling public-private delivery partnerships. Administratively, PCIC piloted parametric insurance products and digital claims processing that shorten indemnity turnaround times and explored satellite and sensor data to trigger payments automatically. These innovations aim to reduce basis risk and improve farmer confidence in timely payouts after extreme weather events.⁸²

National Land Use Act (NLUA)

The National Land Use Act (NLUA) continues to attract legislative attention due to its potential to provide a consolidated national framework for allocating land among agriculture, forestry, conservation, settlements, and infrastructure. Renewed filings and policy dialogues in 2024–2025 highlighted NLUA's capacity to reduce ad hoc zoning conflicts, protect prime agricultural land, and increase investment certainty for agribusiness. In 2025 discussions focused on reconciling national directives with local planning autonomy and designing compensation and transition mechanisms where reclassification affects incumbent users.⁸³

ADVOCACY RECOMMENDATIONS

Proper implementation of the Animal Industry Development and Competitiveness Act or Senate Bill No. 2558

Passage of the Animal Industry Development and Competitiveness Act, or the Senate Bill No. 2558, is a timely and strategic policy priority as it addresses systemic weaknesses that have long constrained the productivity, resilience, and market access of the Philippines' animal-sector value chains. The proposed law creates a unified institutional and fiscal framework, including the design of a multi-year competitiveness fund and clearer mandates for implementing agencies, that would enable sustained investments in feed and genetics, slaughter and cold-chain infrastructure, and disease-control capacity rather than the ad hoc, year-to-year programming

81 Congressional proposals / DA policy briefs. (2024–2025). Proposals to create a Department of Fisheries and related governance reform analyses. Retrieved from the Department of Agriculture.

82 Philippine Crop Insurance Corporation. (2025). PCIC parametric pilot reports and modernization roadmap. Retrieved from <https://pcic.gov.ph>

83 Policy Research and Development Studies (PIDS). (2024–2025). Analyses and policy briefs on NLUA and land-use governance. Retrieved from <https://pids.gov.ph>

typical under the current architecture.⁸⁴ Establishing these predictable instruments will reduce fragmentation in public spending, enhance the targeting of scarce resources to smallholder producers, and unlock leveraged private investment in processing and logistics that are essential to lowering unit costs and raising quality for both the domestic and export markets.⁸⁵

Beyond financing and institutional consolidation, the bill strengthens regulatory foundations for animal health, biosecurity, and market compliance—areas that directly affect both supply stability and trade credibility. Recurrent transboundary animal diseases have imposed large production losses and market disruption; a statutory framework that empowers an adequately resourced implementing body, upgrades regional veterinary services, and institutionalizes rapid-response capabilities will shorten detection-to-containment timelines and reduce cumulative economic losses.⁸⁶ Moreover, clearer statutory provisions on traceability, sanitary controls, and quality assurance will help producers meet international SPS requirements and reduce the incidence of trade rejections—thereby protecting existing market access and improving the Philippines’ negotiating position in preferential trade discussions.⁸⁷

Finally, by explicitly linking competitiveness funding with farmer clustering, enterprise development, and inclusive credit windows, the law can prioritize smallholder integration into higher-value segments of the chain (e.g., processed meat, certified dairy, and contract-backed poultry supply). This design can simultaneously raise farmer incomes, create rural employment in processing and logistics, and reduce price volatility for consumers through more predictable domestic supply. The momentum behind the measure in both chambers—evidenced by committee work and bicameral action—suggests that decisive advocacy now will secure the enabling law that converts programmatic pledges into sustained institutional support and measurable outcomes for producers and consumers alike.⁸⁸

Scale value-chain investments around prioritized commodity roadmaps

To translate existing commodity roadmaps into measurable productivity and trade gains, public investment packages should be re-engineered to finance end-to-end value-chain nodes (e.g., breeder and feed centers, small-scale processing, quality-assured slaughterhouses, and aggregation/cold-chain hubs) in priority geographies. Empirical diagnostics show that targeted capital stacks—public grant for core infrastructure, concessional loans for SME processors, and risk-sharing guarantees for private partners—accelerate adoption of productivity-enhancing technologies and reduce post-harvest losses, thereby increasing farm incomes and narrowing import dependence.⁸⁹

Operationally, the package should be programmed around short (1–2 year), medium (3–5 year), and long (5–10 year) deliverables aligned to each roadmap’s milestones and measurable KPIs (yield gains, reduction in post-harvest loss, number of firms contracted). Where possible, RCEF and other multi-year funds should be coordinated to avoid duplication and to prioritize co-financing models that crowd in private agribusiness investment.⁹⁰

Accelerate climate-resilient cold-chain and aggregation infrastructure dispersal

Given the DA’s P3-billion program to build nearly 99 cold storage facilities in 2025, the government should fast-track deployment with standardized technical specifications, private-sector co-financing windows, and digitized monitoring (power usage, temperature logs), thereby converting capital spending into verifiable quality gains for perishables markets.⁹¹ Standardization and clear procurement/design templates reduce project fragmentation and speed up replication across provinces, while concessional finance (e.g., via DBP/LandBank) lowers barriers for cooperative-led ownership models.

Complementary investments must include decentralized, renewable-energy-powered cold units for off-grid areas, linkages between aggregation hubs and transport corridors, and training grants for operator cooperatives to maintain quality standards. These design features reduce post-harvest losses, stabilize prices for consumers, and create export-grade throughput that can feed value-added processing.⁹²

Institutionalize data-driven agricultural insurance as a national priority to strengthen farm resilience

The Philippine Crop Insurance Corporation’s (PCIC) parametric and satellite-based pilots show that insurance products that use objective triggers and automated payouts can drastically shorten indemnity timelines and keep farmers producing after shocks; scaling such products should be a national priority, with subsidies targeted to smallholders during early-adoption windows.⁹³ Parametric instruments reduce moral hazard and administrative delay, and when combined with georeferenced registries they permit rapid claims settlement for weather and yield shocks.

National scaling requires improving the PRISM/PROGIS geodata architecture, securing reinsurance capacity, and piloting blended finance to make premiums affordable for marginal producers. Public-private partnerships with reinsurers and climate funds can provide capitalization and help anchor index thresholds to locally validated yield models.⁹⁴

84 Senate of the Philippines. (12 August 2024). Senate okays bill to revitalize livestock, poultry and dairy industry (Senate Bill No. 2558). Senate Press Office. Retrieved from https://web.senate.gov.ph/press_release/2024/0812_prib2.asp

85 Philippine Institute for Development Studies (PIDS). (14 March 2024). Comments on un-numbered House Bill: An act to develop the animal and feed industry value chain, harmonizing disease prevention, control and regulatory functions, creating competitiveness funds, and other purposes. PIDS Discussion Paper / Policy Brief. Retrieved from https://pidswebs.pids.gov.ph/CDN/document/1710908541_65fa647d3cd27.pdf

86 Bureau of Animal Industry. BAI briefings and implementation notes. Retrieved from <https://www.da.gov.ph> and <https://www.bai.gov.ph>

87 BusinessWorld. (4 June 2025). Senate adopts animal industry modernization bicam report; P20-b fund, BAI reclassification among measures approved. BusinessWorld. Retrieved from <https://www.bworldonline.com/the-nation/2025/06/04/677267/senate-adopts-animal-industry-modernization-bicam-report/>

88 Philippine Star. (18 August 2024). Senate approves livestock development bill — policy direction, roadmaps, and institutional strengthening. Philippine Star. Retrieved from <https://www.philstar.com/business/2024/08/18/2378594/senate-approves-livestock-development-bill>

89 PhilRice. (27 December 2024). RCEF extension to 2031 brings enhanced support for rice industry modernization. PhilRice / Department of Agriculture. Retrieved from <https://www.philrice.gov.ph/farmers-to-benefit-from-rcef-until-2031>

benefit-from-rcef-until-2031

90 Republic of the Philippines — Department of Agriculture. (9 December 2024). Signing of RA 12078 — Amendments to the Rice Tariffication Law (RCEF extension). Department of Agriculture gallery/press. Retrieved from <https://www.da.gov.ph/gallery/signing-of-ra-12078-december-9-2024/>

91 Department of Agriculture — DA Press Office. (27 January 2025). DA to build P3-billion cold storage facilities for vegetables and high-value crops. Department of Agriculture. Retrieved from <https://www.da.gov.ph/da-to-build-p3-billion-cold-storage-facilities-for-vegetables-high-value-crops/> Ag Department Portal

92 FoodBusiness Africa. (19 February 2025). Philippines allocates US\$51M for cold storage construction to support farmers. FoodBusinessAfrica. Retrieved from <https://www.foodbusinessafrica.com/philippines-allocates-us51m-for-cold-storage-construction-to-support-farmers/>

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

94 BusinessWorld. (17 July 2025). PCIC rolls out a parametric insurance scheme to expedite payouts for rice farmers. BusinessWorld. Retrieved from <https://www.bworldonline.com/economy/2025/07/17/685955/pcic-rolls-2025>

Enhance Biosecurity through Dedicated Funding, Regional Labs and Rapid Response Units

Recent progress on African Swine Fever (ASF) vaccine procurement and roll-out planning underscores the importance of sustained biosecurity finance for veterinary services and labs; the legislature and executive should secure multi-year budgets for regional molecular diagnostics hubs and standing Animal Emergency Response Task Forces to shorten detection-to-containment times.⁹⁵ Such institutional investments reduce the need for disruptive culling and limit longer-term supply shocks to meat markets.

Funding modalities should combine core appropriations for BAI capacity, conditional AnCEF grants for regional lab upgrades, and contingency lines (rapid procurement, indemnity pools) to enable timely vaccination campaigns and repopulation programs. Embedding after-action reviews and tabletop exercises into the framework will improve readiness and stakeholder trust.⁹⁶

Harmonize veterinary product regulation and reconsider returning technical jurisdiction to animal-health authorities

Regulatory clarity on veterinary biologics and disinfectants reduces delays in vaccine roll-out and emergency approvals; the MOAs and advisories from DA/FDA in 2024–25 point to the utility of revisiting joint administrative arrangements that allocate veterinary drug oversight to the Bureau of Animal Industry (BAI) with FDA oversight for human-health intersections.⁹⁷ This reduces processing delays for critical animal health inputs during emergencies.

Where immediate legislative changes are not feasible, the DA and FDA should institutionalize a standing JAO (Joint Administrative Order) with explicit timelines for review and temporary emergency authorizations, and publish consolidated guidance for import permits, LTOs, and EUPs to reduce regulatory uncertainty for suppliers and accelerate access to vaccines and diagnostics.⁹⁸

Integrate market access and SPS Compliance as definite conditions for public agricultural investments

Public infrastructure and farmer finance programs should require compliance pathways to international SPS standards (traceability, residue testing, accredited labs) if public funds are used to build export capacity; this safeguards GSP+ preferences and preempts costly trade rejections. Embedding audit-ready criteria into grant agreements ensures that publicly funded labs and cold-chain assets are usable for export vetting.

Operationalizing this means matching investments with technical assistance (lab accreditation, certification training) and creating a fast-track unit focused on equivalence negotiations with

out-parametric-insurance-scheme/

95 Department of Agriculture. (31 July 2024). DA & FDA joint press conference – ASF vaccine rollout by Q3 (guidelines and schedule). Department of Agriculture. Retrieved from <https://www.da.gov.ph/asf-vaccine-rollout-by-q3-da-fda/>

96 SwineWeb. (16 June 2025). Philippines eyes ASF vaccine release by Q3 2025, opening path for herd recovery. SwineWeb. Retrieved from <https://www.swineweb.com/latest-swine-news/philippines-eyes-asf-vaccine-release-by-q3-2025-offering-hope-for-herd-recovery/> swineweb.com

97 Fertilizer and Pesticide Authority. (22 April 2021). FPA Memorandum Circular No. 2021-011. Transfer of product registration from BAI to FPA. Retrieved from <https://fpa.da.gov.ph/fpa-memorandum-circular-no-2021-011/>

98 Department of Agriculture. (4 June 2024). MOA: FDA to issue LTOs and assist BAI on veterinary vaccine testing – clarifying regulatory roles. Department of Agriculture. Retrieved from <https://www.da.gov.ph/fda-calls-upon-the-assistance-of-bai-to-undertake-veterinary-vaccine-testing/>

major trading partners (EU, Japan, ASEAN) to accelerate market access for upgraded value chains.⁹⁹

Expand inclusive finance such as micro-credit, digital KYC, and blended risk facilities for smallholder farmers

To improve bankability, the government should scale microfinance models that rely on simplified KYC and the Microfinance Data Sharing System (MIDAS), combine them with crop receivables financing and warehouse receipt programs, and top up with partial credit guarantees for agribusiness MSMEs and cooperatives.¹⁰⁰ These instruments reduce collateral constraints, speed approvals, and channel working capital where it is most productive.

Innovations such as pay-as-you-go asset leasing for mechanization, contract-farming finance linked to buyer offtake, and digital wallet disbursements for conditional grants can lower transaction costs and increase the uptake of improved inputs and practices. Pilots should be rigorously monitored and adapted before nation-wide scale-up.¹⁰¹

Invest in youth, gender, and entrepreneurship pathways to safeguard the future of the farm and agriculture workforce

Programs like the Young Farmers Challenge and Agri-Puhunan at Pantawid expand youth participation by combining seed funding, mentorship, and market access; these models should be expanded, mainstreamed, and linked to local vocational curricula to create career pipelines into agribusiness and ag-tech.¹⁰² Scaling these initiatives will lower the average age of producers and bring digital skills into farm management.

Complementary measures include gender-responsive credit windows, incubation grants for women-led agrifood startups, and scholarship-to-employment pathways in rural technical colleges. Evidence shows that combined finance-training interventions increase the likelihood of sustained youth engagement in agriculture and the uptake of entrepreneurial models.¹⁰³

Accelerate enactment of land-use safeguards to protect prime agricultural lands and support irrigation planning

A credible National Land Use Act would reduce ad hoc conversion of productive farmland, create predictable zones for high-value agriculture, and improve coordination of irrigation and transport investments—thereby improving long-term food security and investor confidence. PIDS and other analyses emphasize NLUA's capacity to harmonize conflicting local and national priorities and protect agricultural land.¹⁰⁴

99 Inquirer Business. (27 January 2025). DA lines up P3-billion cold chain package. Inquirer.net. Retrieved from <https://business.inquirer.net/503320/da-lines-up-p3-billion-cold-chain-package>

100 Department of Agriculture. (11 April 2025). APP launch and program design – low-interest credit and production support for rice farmers. Department of Agriculture press release. Retrieved from <https://www.da.gov.ph/president-marcos-launches-agri-puhunan-at-pantawid-in-mindanao/>

101 Agricultural Credit Policy Council. (19 June 2025). Agri-Puhunan at Pantawid. Retrieved from <https://acpc.gov.ph/support-grows-for-rice-farmers-through-the-agri-puhunan-at-pantawid-program/>

102 Department of Agriculture. (16 May 2025). DA opens applications for 2025 Young Farmers Challenge program (YFC) – youth agri entrepreneurship support. Department of Agriculture. Retrieved from <https://pia.gov.ph/da-opens-applications-for-2025-young-farmers-challenge-program/>

103 Department of Agriculture – Young Farmers Challenge reporting. (17 July 2025). YFC 2024 national awarding and program impacts. Department of Agriculture gallery/press. Retrieved from <https://www.da.gov.ph/gallery/young-farmers-challenge-batch-2024-national-level-awarding-ceremony-july-17-2025/>

104 Philippine Institute for Development Studies (PIDS). (2024). The need for a National Land Use Act (NLUA): 2025

Policy design should include clear safeguards for smallholder tenure, phased conversion processes with compensation, and data-driven land classification (cadastral harmonization) to ensure legitimate conversions are evidence-based and smallholder livelihoods are protected. Early action can minimize speculative land pressures and preserve contiguous tracts for mechanized value-chain investments.¹⁰⁵

policy briefs and analyses. PIDS. Retrieved from <https://www.pids.gov.ph/details/news/press-releases/pids-study-urges-passage-of-national-land-use-act-to-address-land-use-conflicts>

105 Senate of the Philippines. (9 July 2025). SBN-287 National Land Use Act of 2025 – status and filing. Senate of the Philippines records. Retrieved from https://web.senate.gov.ph/lis/bill_res.aspx?congress=20&q=SBN-287

ASSESSMENT OF THE 2024 RECOMMENDATIONS

2024 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Pursue agricultural value chain development to increase food production and achieve stable food supply	
Promote and strengthen the use of sustainable and climate-smart agriculture practices, innovation, and digitalisation in the Agriculture sector	
Facilitate easier access to finance for agriculture stakeholders	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
There have been steps toward value chain strengthening: e.g., the DA's High Value Crops Development Program (HVCDP) signed an MOU in early 2025 with private partner DENSO Philippines to foster agricultural innovation. Also, government financing programs like LandBank's AGRISENSO Plus in Bukidnon have been used to support value chain-based financing, credit, capacity building, market linkages for small farmers and MSMEs. However, the scale is not yet transformative; many gaps persist (logistics bottlenecks, processing infrastructure, scaling to national level) so the progress is partial.	
The Adaptation to Philippine Agriculture to Climate Change (APA) Project was signed in Sept 2024 to benefit ~1.25 million farmers focusing on climate-resilient farming practices, regulatory frameworks, and knowledge management. Also, there are innovation commitments like the DA's Command Center due Q3 2025, which will integrate remote sensing, AI analytics for decision making in supply chain / climate risk. Private sector partner activities (e.g. cooperative clusters adopting regenerative/agroecological principles) also show movement. However, widespread adoption remains uneven and there remains limited digital access or infrastructure in many rural areas.	
LandBank's AGRISENSO Plus program in Bukidnon extended financing support to 1,000 farmers in mid-2025, aimed at value-chain based financing and support for smallholders. Also, Young Farmers Challenge (YFC) program has continued to award seed capital and mentorship to youth agribusiness ventures in 2025. These are positive. However, financial inclusivity remains constrained by collateral requirements, low uptake in remote areas, and risk perception among lenders. Full structural reforms (e.g., credit guarantee schemes, insurance, loan processing simplification) are still in development.	

2024 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Invest in Sustainable Agricultural Infrastructure	
Boost efforts to encourage youth participation and promote gender equality in the agricultural sector	
Increase productivity and competitiveness of the Livestock and Poultry Sector	
Promote ease of doing business by pursuing a sound, transparent, efficient, and science-based regulatory framework	
Modernise, streamline, and maintain science- and risk-based regulations for fertilisers and pesticides	
Resolve the regulatory processing issue on animal industry disinfectants	
Delineate the regulatory jurisdiction of veterinary drugs and biologics	There has been significant progress as a formal inter-agency memorandum (MOA) and follow-on advisories established a clear division of roles—assigning primary registration authority and clarifying transitional procedures—thereby materially resolving institutional ambiguity in jurisdiction.

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
There are initiatives: the HVCDP includes infrastructure needs; the APA project includes efforts to strengthen market systems, regulatory frameworks, and some infrastructure related to climate adaptation. Also, the Food-logistics and cold storage / food hub proposals are being planned (partially reported) but many are yet to be built. However, large-scale national coverage remains limited, especially for remote provinces. Infrastructure gaps (road, water, storage) continue to constrain value chain improvements.	
The Young Farmers Challenge (YFC) program in 2025 was expanded significantly, with large numbers of provincial, regional, intercollegiate winners, seed capital, mentorship, training. Also scholarship programs, internships (like Youth Internship Program for Organic Agriculture in Region 1) have been launched. Gender inclusion and youth roles are more visible in policy discourse (e.g., references in national summits). These indicate this recommendation has been substantially acted upon.	
Government programs and stakeholder fora indicate active efforts to raise output and address shocks (disease outbreaks, input cost pressures). However, persistent structural constraints (value-chain bottlenecks, input affordability, and disease management gaps) limit the magnitude and spread of observed productivity gains.	
Institutional reforms (regulatory governance instruments, guidelines for regulatory impact assessment, and coordination mechanisms) have been promulgated, constituting foundational progress toward regulatory predictability. Implementation remains partial and heterogeneous across sub-national offices, delaying full attainment of ease-of-doing-business objectives.	
The FPA and coordinating agencies have advanced administrative measures (registration, handler licensing, emergency authorisations) and articulated modernization priorities. Legislative and capacity-building elements necessary for comprehensive, risk-based modernization remain works in progress.	
A transition of processing responsibilities produced an identifiable service-delivery disruption; subsequent inter-agency arrangements and resumed registrations indicate partial remediation. Nevertheless, residual operational frictions during the transition period and pockets of delayed processing persist.	

2024 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Rationalise the grant of budgetary support for various crops, especially High Value Crops, across the entire country	
Implementation of the commodity roadmaps	
Amend Republic Act No. 7308 or the Seed Industry Development Act (SIDA)	
Continued implementation of the Special Safeguard Measure (SSG) to ensure the growth of the domestic coffee industry	Significant progress: The Department of Agriculture formally requested continuation and expansion of price-based SSG coverage on specified agricultural tariff lines, and the Bureau of Customs has operationalised SSG duties on covered coffee tariff lines. These administrative and enforcement actions constitute a concrete, sustained policy instrument intended to protect the domestic coffee industry during the period under review.
Facilitate easier flow for agricultural products	
Promote foreign investments in the rice and corn industries	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
The Department of Agriculture has proposed and secured higher aggregate budgetary allocations (including a specific National High-Value Crops Development Program), and has signalled prioritization of HVC de-risking and support measures. Nevertheless, mid-year reports and execution statistics indicate uneven obligation and disbursement rates across regions, implying that while fiscal prioritization is evident, full rationalization (consistent, efficiently-targeted budget flows nationwide) remains incomplete.	
The Philippine Council for Agriculture and Fisheries (PCAF) and the DA have published and formally endorsed multiple commodity industry roadmaps (covering ~20 priority commodities) and convened sectoral committees for roadmap monitoring. Implementation is ongoing and institutionalized in planning documents, but progress is heterogeneous across commodities and sub-national units, indicating partial rather than comprehensive fulfillment.	
Legislative action to amend RA 7308 is underway (formal bill filing and committee referral) and agencies (Bureau of Plant Industry) have initiated public consultations on related IRR amendments. This demonstrates procedural and policy momentum; however, enactment and promulgation of amended law/IRR – the decisive step to complete reform – were still pending within the review period.	
Customs and trade agencies issued procedural memoranda and circulars intended to streamline import/export clearance (including updated CMOs/CMCs and guidelines to improve predictability), and inter-agency coordination (DA-BOC-FDA) has been strengthened in targeted port operations. These reforms indicate measurable facilitation steps, though persistent documentary and logistical frictions persist in practice.	
Investment promotion authorities (BOI) and economic planning documents have signalled interest in attracting agri-FDI (notably for high-tech/modernized agri projects), and broader foreign-investment liberalisation measures (regular updates to the Foreign Investment Negative List) create enabling conditions. However, dedicated, sector-specific policy instruments or legislative changes explicitly to open rice and corn to significant foreign capital remain limited in scope during the period, so progress is nascent rather than fully realised.	

AUTOMOTIVE ADVOCACY PAPER 2025

INTRODUCTION

In Southeast Asia, the Philippines has emerged as one of the fastest-growing markets, with the domestic industry building on its momentum from 2024 and sustaining a positive trajectory in early 2025.¹ For the first quarter of 2025, more than 115,000 vehicles were sold in the Philippines, reinforcing industry projections of an 8% rise in full-year sales, equivalent to 512,000 units by December.² Consolidated data confirm that full-year 2024 sales reached 467,252 units, an 8.7% increase from 2023, setting the stage for this year's growth.

Breaking down domestic sales, commercial vehicles remain the main driver of expansion. Additional data shows that from January to August 2025, light commercial vehicles (LCVs) and Asian utility vehicles (AUVs) both recorded positive year-on-year growth, with LCVs sustaining double-digit gains in several months.³ Trucks and buses also contributed strongly, particularly heavy-duty trucks, which expanded by 122% YoY in March 2025, reflecting demand from infrastructure and logistics.⁴ Passenger cars, however, remained subdued, declining by 8.5% in January and 15.4% in February before stabilizing in March.⁵ This shift underscores evolving consumer preferences, with buyers favoring SUVs, AUVs, and multipurpose vehicles that combine passenger comfort with resilience to local climate and road conditions.

In 2024, four-wheeler motor vehicle sales across ASEAN all varied which reflects divergent market conditions.⁶ Indonesia remained the region's largest market with 784,791 units sold, though it contracted by 14.7%, signaling demand softening after years of robust growth. Thailand, traditionally a regional automotive hub, also posted a steep 26.7% decline with 518,303 units sold, while Vietnam bucked the downtrend, expanding by 17.2% to 308,544 units. Singapore recorded the sharpest rebound, rising by 40.2% year-on-year to 46,491 units, albeit from a small base. Meanwhile, Malaysia demonstrated relative stability with 731,476 units sold, up 1.4%, and Myanmar saw a 31.3% increase, though from very limited volumes with 3,982 units. In contrast, the Philippines stood out as one of the region's stronger performers, with sales climbing 8.8% to 425,209 units, which shows strong domestic demand.

1 Brillantes, A.K. (28 April 2025). A progressive start for the Philippine auto industry. Retrieved from <https://www.bworldonline.com/special-features/2025/04/28/668425/a-progressive-start-for-the-philippine-auto-industry/>

2 *Ibid.*

3 MarkLines Information Platform. (n.d.). Philippines - new car sales in 2025 by vehicle type. Retrieved from https://www.marklines.com/en/statistics/flash_sales/automotive-sales-in-philippines-by-month#:~:text=Reported%20on%20March%2020%2C%202025,alongside%20sustainability%20and%20environmental%20concerns.&text=Feb.,-2025&text=

4 Brillantes, A.K. (28 April 2025). A progressive start for the Philippine auto industry. Retrieved from <https://www.bworldonline.com/special-features/2025/04/28/668425/a-progressive-start-for-the-philippine-auto-industry/>

5 *Ibid.*

6 ASEAN Automotive Federation. (n.d.). Sales: January-November 2024. Retrieved from https://www.asean-autofed.com/files/AAF_Statistics_ytd_nov2024.pdf

Table 1: Four-Wheeler Motor Vehicle Sales in Select ASEAN Countries⁷

Country	2024 (YTD September)	Year-on-Year Variance
Indonesia	784,791	-14.7%
Malaysia	731,476	1.4%
Myanmar	3,982	31.3%
Philippines	425,209	8.8%
Singapore	46,491	40.2%
Thailand	518,303	-26.7%
Vietnam	308,544	17.2%

Source: ASEAN Automotive Federation

Motorcycle sales in ASEAN during the first nine months of 2024 also showed varied outcomes. Indonesia remained the dominant market, selling nearly 5.93 million units, up 2.1% year-on-year, reflecting steady demand in the region's largest two-wheeler market. Thailand, traditionally a strong player, experienced a notable downturn with sales falling by 9.6% to 1.56 million units, signaling weaker consumer sentiment and market headwinds. The Philippines, by contrast, recorded a solid 7.6% increase to 1.55 million units, underscoring its importance as the region's third-largest motorcycle market and highlighting resilience in commuter-driven demand. Malaysia and Singapore also registered positive but modest gains, at 2.2% or 517,461 units and 2.0% or 11,176 units, respectively. Overall, the Philippine motorcycle market's strong growth relative to its neighbors reinforces the role of two-wheelers as an accessible and indispensable mode of transport for households, even as four-wheeled vehicle sales accelerate.

Table 2: Motorcycle Sales in Select ASEAN Countries

Country	2024 (YTD September)	Growth Rate
Indonesia	5,929,830	2.1%
Malaysia	517,461	2.2%
Philippines	1,550,676	7.6%
Singapore	11,176	2.0%
Thailand	1,558,446	-9.6%

Source: ASEAN Automotive Federation

The Philippine automotive market remains dominated by traditional internal combustion vehicles, though the electric vehicle (EV) segment is steadily expanding. By March 2025, EV sales had reached a cumulative 5,311 units, comprising 1,445 hybrid EVs, 146 battery EVs,

⁷ Ibid.

and 9 plug-in hybrids in January alone, followed by continued growth in February and March.⁸ This accounted for 5.7% of total market share in Q1, signaling growing consumer openness to alternative drivetrains. On the policy front, the government has accelerated support measures. In May 2024, the NEDA Board approved the expansion of Executive Order (EO) No. 12, extending tariff exemptions on EVs until 2028 and covering a broader range of vehicles, including e-motorcycles, e-tricycles, hybrid EVs, and plug-in hybrid EVs.⁹ This builds on earlier reforms under the EVIDA Law, and is complemented by fiscal incentives under the CREATE Act and Strategic Investment Priority Plan (SIPP).

EV INDUSTRY SITUATIONER

Total Sales of Electric Vehicles (EV)



2- and 3-Wheeled Electric Vehicles						4-Wheeled Electric Vehicles		
Sales by Year (Units Sold)							2023	2024
Year	L1	L2	L3	L5	Total Units Sold*	Battery Electric Vehicles (BEV)		
2023	18	-	16	138	172	Hybrid Electric Vehicles (HEV)	201	2,882
2024	2,976	40,298	45	122	43,441	Plug-In Hybrid Electric Vehicles (PHEV)	595	907
	2,994	40,298	61	260	43,613	Total	232	91
							1,028	3,880
								4,908

Source: EV Stakeholders Submission
*2023-2024 Sales

Source: Department of Energy¹⁰

In the ASEAN region, the Philippines maintains a mixed position given the year-on-year variance for vehicle sales compared to last year's baseline. While demand for cars and commercial vehicles is accelerating, motorcycle sales remain fragile, partly due to uneven policy incentives between four- and two-wheeled EVs. Regionally, the Philippines' growth trajectory sets it apart as a bright spot in an otherwise subdued ASEAN market, but sustaining competitiveness will require continued reforms in different areas such as tariff policy, industry incentives, and infrastructure rollout.

⁸ Brillantes, A.K. (28 April 2025). A progressive start for the Philippine auto industry. Retrieved from <https://www.bworldonline.com/special-features/2025/04/28/668425/a-progressive-start-for-the-philippine-auto-industry/>

⁹ Department of Finance. (22 May 2024). Recto: Approval of expanded electric vehicle incentive program will enhance ease of doing business, advance PH's climate ambitions, and generate more green jobs for Filipinos. Retrieved from <https://www.dof.gov.ph/recto-approval-of-expanded-electric-vehicle-incentive-program-will-enhance-ease-of-doing-business-advance-phs-climate-ambitions-and-generate-more-green-jobs-for-filipinos/>

¹⁰ Aquino, P. (11 September 2025). Presentation for 2025 ECCP Transportation Forum - Connecting the Philippines: Sustainable Transport, Safer Lives.

Table 3: 2024 Electric Vehicle Sales in select ASEAN countries

Country	2024	Year-on-Year Variance
Indonesia	113,809 ^{11 12}	153%
Malaysia	45,562 ¹³	63.81%
Philippines	18,690 ¹⁴	277.5%
Singapore	14,448 ¹⁵	164.3%
Thailand	186,912 ¹⁶	-9.29%
Vietnam	87,000 ¹⁷	150%

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

- After the Electric Vehicle Industry Development Act (EVIDA)¹⁸ lapsed into law on 15 April 2022, among its key provisions was the development of a **Comprehensive Roadmap for the Electric Vehicle Industry (CREVI)**, which outlines the government's goals to achieve increase the utilization of EVs in the domestic market. Along the same lines, it promotes sustainable economic growth and just e-mobility transition by protecting employment in the automotive industry and providing capacity-building activities and EV-specific transition programs

In addition, the CREVI also aims to deploy a sufficient number of EV charging points across the country between 2023 and 2040. Through continued support for research and development in battery research, EVCS technology, and digitalization the government hopes to spur technological innovations and strengthen the competitiveness of the local EV industry. This, in turn, will position the Philippine EV industry to become a producer and exporter of EVs by 2040.

11 Siahaan, M. (11 July, 2025). Sales volume of battery electric cars (BEV) in Indonesia from 2020 to 2024 (in units). Retrieved <https://www.statista.com/statistics/1609363/indonesia-electric-cars-sales-volume/>

12 Siahaan, M. (10 July 2025). Total production of hybrid electric vehicles (HEVs) in Indonesia in 2023 and 2024 (in units) Retrieved from <https://www.statista.com/statistics/1609469/indonesia-hev-production-volume/>

13 Siddharta, A. (30 July 2025). Sales of electric vehicles and their extended variants in Malaysia in 2024, by type. Retrieved from <https://www.statista.com/statistics/1619276/malaysia-xev-sales/>

14 Balita, Christy. (8 August 2025). Number of electric vehicles sold in the Philippines from 2019 to 2024. Retrieved from <https://www.statista.com/statistics/1250975/philippines-electric-vehicles-sold/>

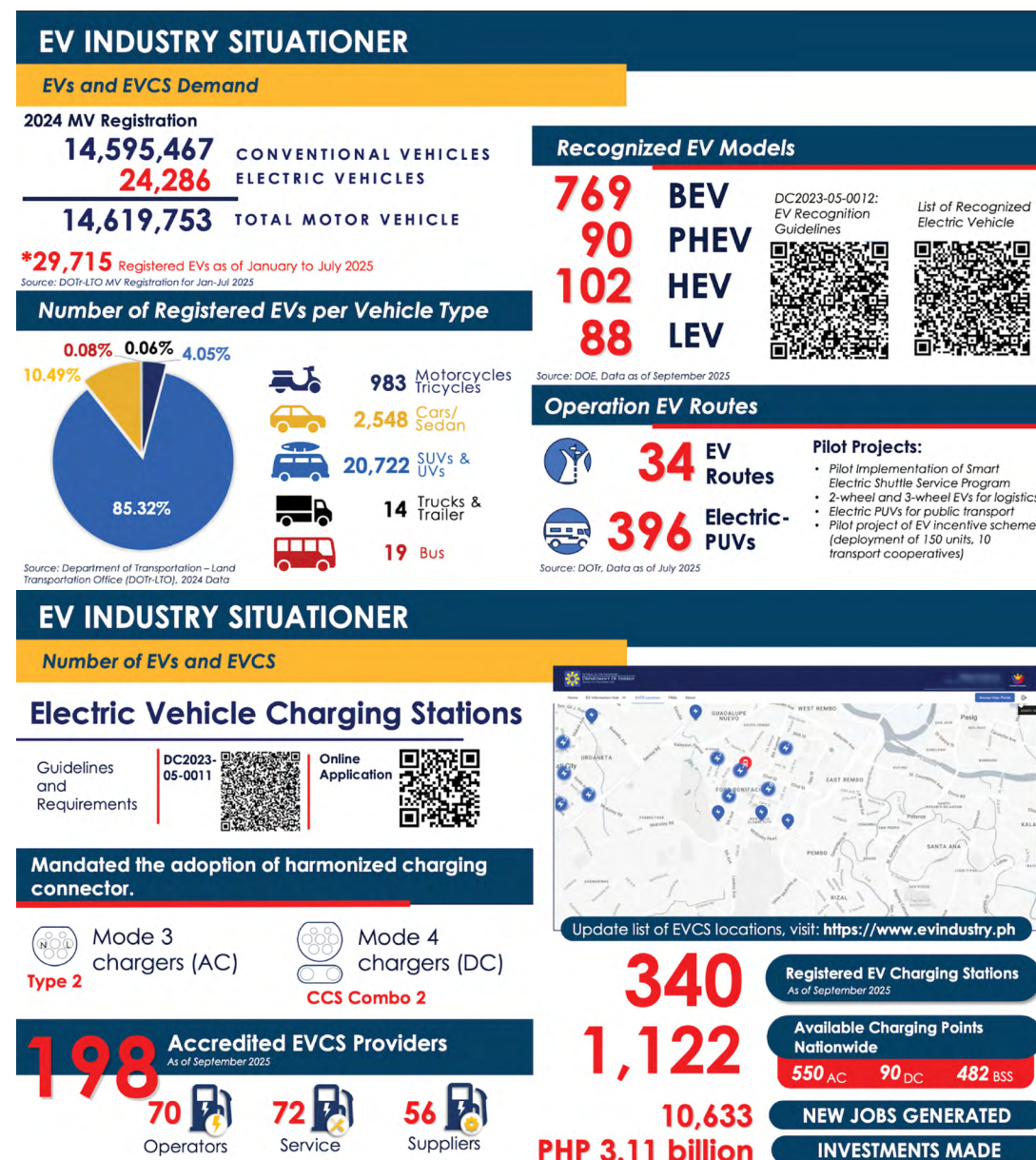
15 Statista Research Department. (6 August 2025). Number of newly registered electric vehicles (EVs) in Singapore from 2022 to 2024. Retrieved from <https://www.statista.com/statistics/1460627/singapore-ev-registrations/>

16 Walderich, A. (8 August 2025). Sales volume of electric vehicles in Thailand in 2024, by type . Retrieved from <https://www.statista.com/statistics/1020875/thailand-electric-vehicle-sales-volume-by-type/>

17 Nguyen, M.N. (8 August 2025). Number of electric cars sold by VinFast in 2024, by region. Retrieved from <https://www.statista.com/statistics/1613211/vinfast-electric-car-sales-in-by-region/>

18 Official Gazette. (26 April 2022). Republic Act No. 11697. Retrieved from <https://www.officialgazette.gov.ph/downloads/2022/04apr/20220415-RA-11697-RRD.pdf>

- The expansion of EV adoption is closely tied to the **rollout of charging infrastructure**. As of August 2025, the Department of Energy (DOE) had **accredited 186 EV charging station (EVCS) providers**, nearly quadruple the number in 2023.¹⁹ The DOE also launched an online EVCS locator to improve accessibility and continues to issue advisories on unbundling fees and charges for commercial facilities. These initiatives, together with private sector participation, are expected to support wider EV penetration and address range anxiety.



Source: Department of Energy²⁰

19 Department of Energy. (15 August 2025). List of DOE-Accredited EVCS Providers as of August 2025. Retrieved from https://evindustry.ph/news-and-update/content/List_of_DOE-Accredited_EVCS_Providers_as_of_August_2025

20 Aquino, P. (11 September 2025). Presentation for 2025 ECCP Transportation Forum – Connecting the

- On 30 March 2025, the DOE issued the **Implementing Guidelines on the Obligations of EVCS Providers, and EVCS Requirements, Specifications and Interconnectivity (ORSI)**. This policy is geared to provide installation requirements to ensure the safe and reliable operation of EVCS, and institutionalizes enforcement, monitoring, inspection, and verification (EMV) activities for all accredited providers and registered EVCS.²¹
- On 11 June 2025, the Department of Trade and Industry (DTI) approved the **Electric Vehicle Incentive Strategy (EVIS)**, which is projected to attract PHP 120 billion in capital investment. More than this, the strategy is also equipped to spur job creation, particularly in EV assembly, battery production, charging station installation, and maintenance services.^{22,23}

The EVIS sets a production target of 9 million EVs between 2028 and 2040, including two- and three-wheelers, passenger cars, buses, and trucks. In terms of EV infrastructure, the strategy aims to establish approximately 400,000 charging stations nationwide.

- Further supporting the EVIDA and CREVI, the DOE issued **Department Circular No. DC2025-08-0012** on 13 August 2025 mandating all Distribution Utilities (DUs) to provide necessary power requirements for the establishment and operation of EVCS and to ensure timely processing and energization of EVCS with the DUs.²⁴
- More recently, a **Department Circular Amending the DC2023-05-0012** was issued on 4 September 2025 providing further clarification on the EV Recognition process.^{25,26} Furthermore, it establishes a clearer classification of EVs and also includes additional classification and clarification on emerging EV Technologies and applicable application fees.

The amendments clarify the new classifications to include the following:

- Battery EVs (BEVs), or those with a traction battery as power source, including the pure electric vehicles (PEVs);
- Hybrid EVs (HEVs), or those with both rechargeable energy storage system (RESS) and a fueled power source, and have tailpipe emissions;
- Light EVs (LEVs), or those used in micromobility such as electric scooters,

electric bicycles or those that weigh less than 50 kg;

- Plug-in Hybrid EVs (PHEVs), or the HEVs with RESS that can be charged from an external energy source and have tailpipe emissions;
 - Range Extender/d EVs (REEVs), or the HEVs propelled by an electric motor only with a fueled power source specifically used for charging the RESS; and
 - Fuel Cell EVs (FCEVs), or those with no tailpipe emissions that use a fuel cell to generate power.
- The continued **enforcement of Euro 4 fuel standards** has significantly improved the air quality across the country according to data gathered by the Department of Environment and Natural Resources - Environmental Management Bureau (DENR-EMB). The DENR reported a 28.2% reduction in average particulate matter 10 (PM10), from 39 micrograms per normal cubic meter in 2016 to 28 micrograms per normal cubic meter in 2024.²⁷
 - On 20 June 2024, President Marcos signed **Executive Order No. 62**, which aimed to modify the import duty rates of various commodities to temper inflationary pressure and protect the purchasing power of Filipinos.^{28,29} With particular regard to the automotive industry, EO 62 reduced the Most Favored Nation (MFN) tariff rates on other battery EVs, HEVs and plug-in HEVs along with its certain parts and components, putting said vehicle classifications and components at zero duty until 2028.^{30,31}
 - In alignment with the existing **Philippine Road Safety Action Plan (PRSAP) 2023-2028**, the Metropolitan Manila Development Authority (MMDA) launched the **Metro Manila Road Safety Action Plan (MMRSAP)** on 26 June 2025, with support from the World Health Organization (WHO).³² It serves as a comprehensive, multi-stakeholder approach to improving road safety across the metropolis and aims to reduce the country's road traffic deaths by 35% in 2028. The plan is made up of five pillars, consisting of road safety management, safer roads, safer vehicles, safer road users, and improvements to post-crash responses respectively.³³
 - In February 2025, the Department of Trade and Industry (DTI) announced the proposed

Philippines: Sustainable Transport, Safer Lives.

21 Department of Energy. (30 March 2025). Implementing guidelines on the obligations of electric vehicle charging station (EVCS) providers, and EVCS requirements, specification and interconnectivity. Retrieved from [https://evindustry.ph/policy/IMPLEMENTING_GUIDELINES_ON_THE_OBLIGATIONS_OF_ELECTRIC_VEHICLE_CHARGING_STATION_\(EVCS\)_PROVIDERS,_AND_EVCS_REQUIREMENTS,_SPECIFICATIONS_AND_INTERCONNECTIVITY/IG_on_the_ORSI](https://evindustry.ph/policy/IMPLEMENTING_GUIDELINES_ON_THE_OBLIGATIONS_OF_ELECTRIC_VEHICLE_CHARGING_STATION_(EVCS)_PROVIDERS,_AND_EVCS_REQUIREMENTS,_SPECIFICATIONS_AND_INTERCONNECTIVITY/IG_on_the_ORSI)

22 Tabile, J.I. (23 June 2025). EV strategy expected to create 680,000 jobs. Retrieved from <https://www.bworldonline.com/economy/2025/06/23/680955/ev-strategy-expected-to-create-680000-jobs/>

23 Javier, T. (25 June 2025). Philippines hopes EV perks can hike investments, jobs. Retrieved from <https://www.rappler.com/business/philippines-hopes-ev-perks-hike-investments-jobs/>

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

25 Department of Energy. (4 September 2025). DC2025-09-0015: Amendments to the Electric Vehicle (EV) Recognition Guidelines. Retrieved from [https://evindustry.ph/policy/DC2025-09-0015:_Amendments_to_the_Electric_Vehicle_\(EV\)_Recognition_Guidelines](https://evindustry.ph/policy/DC2025-09-0015:_Amendments_to_the_Electric_Vehicle_(EV)_Recognition_Guidelines)

26 Villanueva, J. (9 September 2025). DOE revises guidelines on EVs, issues new classifications. Retrieved from <https://www.pna.gov.ph/articles/1258298>

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

28 Official Gazette. (20 June 2024). Executive Order No. 62, s. 2024. Retrieved from <https://www.officialgazette.gov.ph/2024/06/20/executive-order-no-62-s-2024/>

29 Ferreras, V.A. (20 June 2024). Marcos issues EO modifying import duty rates of various products. Retrieved from <https://www.gmanetwork.com/news/topstories/nation/910736/marcos-issues-eo-modifying-import-duty-rates-of-various-products/story>

30 Office of the President. (2024). Executive Order 62 - Modifying the Nomenclature and Rates of Import Duty on Various Products. Retrieved from <https://customs.gov.ph/wp-content/uploads/2024/07/20240620-EO-62-FRM.pdf>

31 Inosante, A.R. (19 March 2025). BoC says tariff cuts result in P35-B foregone revenues. Retrieved from https://www.bworldonline.com/top-stories/2025/03/19/660258/boc-says-tariff-cuts-result-in-p35-b-foregone-revenues/?utm_source=chatgpt.com

32 Mocon-Ciriaco, C. (26 June 2025). MMDA convenes Metro Manila Road Safety Summit 2025. Retrieved from <https://businessmirror.com.ph/2025/06/26/mmda-convenes-metro-manila-road-safety-summit-2025/>

33 World Health Organization. (31 May 2023). Department of Transportation, World Health Organization launch Philippine Road Safety Action Plan 2023-2028. Retrieved from <https://www.who.int/philippines/news/detail/31-05-2023-department-of-transportation--world-health-organization-launch-philippine-road-safety-action-plan-2023-2028>

Revitalizing the Automotive Industry for Competitiveness Enhancement (RACE) program, which will be implemented through a Joint Administrative Order (JAO) between the DTI, Department of Finance (DOF), and Department of Budget and Management (DBM).^{34,35} The program will serve as a successor to the previous Comprehensive Automotive Resurgence Strategy (CARS) as it seeks to continue the push to promote local assembly of cars in the country through incentives and fiscal support.³⁶

The RACE program has been provided a budget of PHP 250 million under the National Expenditure Plan for the production of three specific models of four-wheeled ICE vehicles with participants committing to manufacture 100,000 units.³⁷

LEGISLATIVE UPDATES

- On 15 January 2025, **House Bill No. 11293** was filed in the 19th Congress with the aim of mandating vehicle safety features to significantly reduce the likelihood of road accidents borne from reckless or negative behaviours.^{38,39} Among the proposed technology-based interventions were the installation of **anti-lock braking systems (ABS) for motorcycles** and **electronic stability control (ESC) for passenger vehicles**.

In addition, the DTI-BPS would be tasked with the oversight and enforcement of product safety standards. Moreover, comprehensive education and capacity-building programs shall be developed by the Department of Transportation (DOTr) in collaboration with DTI, Department of Education (DepEd), Department of Health (DOH), Department of Public Works and Highways (DPWH), Department of Interior and Local Government (DILG), Commission on Higher Education (CHED), and the Land Transportation Office (LTO).⁴⁰

- The **Philippine Motor Vehicle Manufacturing Industry Act**⁴¹ filed at the House of Representatives seeks to establish a comprehensive six-year National Motor Vehicle Manufacturing Development Plan in alignment with the Philippine Development Plan. Moreover, the proposed bill will also create the Motor Vehicle Manufacturing Development Council to act as the central body tasked with the formulation and implementation of policy reforms in support of the development plan. Through these measures, the proposal

is geared to strengthen the competitiveness of the Philippine motor vehicle and motor vehicle component manufacturing industries.

- The proposed **Amendments to the EVIDA**⁴² seek to further expand the definition of EVs to include two, three, and four-wheeled vehicles or such other vehicles with at least one electric drive for vehicle propulsion which may include a BEV, a hybrid electric vehicle, light electric vehicle, and a plug-in hybrid electric vehicle.

Moreover, it also calls for a zero-percent tariff for fully built EVs for a time-bound window as well as an extension and/or removal of the statutory time limits on some non-fiscal incentives.

- At the House of Representatives, the proposed **Act to Rename the Motor Vehicle User's Charge (MVUC) to the Motor Vehicle Road User's Tax (MVRUT)** has been re-filed from the 19th Congress to the 20th Congress.⁴³ Moreover, this proposal aims to increase the tax rates to better support road maintenance, enhance road safety and accelerate the implementation of PUV modernization initiatives.
- Filed on 14 July 2025, the **Government Sustainable Hybrid and Electric Fleet Transition (Government SHIFT) Act** promotes the use of electric or hybrid vehicles in 10% of all government-owned vehicles by 2030.⁴⁴ It intends to advance the transition towards clean, energy-efficient and sustainable transportation in government operations. The proposed bill highlights the government's central role in spearheading the national shift, covering National Government Agencies (NGAs), Local Government Units (LGUs), Government-owned and Controlled-Corporations (GOCCs) and other government instrumentalities.
- The proposed **Motorcycles-For-Hire Act**⁴⁵ intends to amend the Land Transportation and Traffic Code to legally recognize and regulate motorcycles as a form of public transport in the Philippines. In doing so, this bill expands mobility options for commuters, particularly in congested urban areas and underserved routes where traditional PUVs are limited. Furthermore, it offers significant socio-economic benefits through the provision of livelihood opportunities by formally opening the sector to more riders.
- Several pieces of legislation pertaining to the **Road Safety Education Act**⁴⁶ have been introduced in Congress. In consolidation, the various bills propose the mandatory inclusion of basic road safety, traffic, and comprehensive driver's education in the enhanced basic education curriculum, with the goal of developing well-rounded and responsible citizens at a young age.

34 Crismundo, K. (19 February 2025). DTI bares proposed perks under RACE program. Retrieved from <https://www.pna.gov.ph/articles/1244467>

35 Desiderio, L. (19 February 2025). Government readies new incentives for local automakers. Retrieved from <https://www.philstar.com/business/2025/02/19/2422459/government-readies-new-incentives-local-automakers>

36 Roces, I. (17 July 2025). CARS program to be succeeded by RACE program. Retrieved from <https://mb.com.ph/2025/07/17/cars-program-to-be-succeeded-by-race-program>

37 Tabile, J.I. (19 February 2025). Rules for new auto industry revival program due in March. Retrieved from <https://www.bworldonline.com/economy/2025/02/19/654407/rules-for-new-auto-industry-revival-program-due-in-march>

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

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

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

41 As of 21 September 2025, there have been two (2) bills filed at the House on the Philippine Motor Vehicle Manufacturing Industry – House Bill Nos. 1807 and 2050.

42 As of 21 September 2025, there have been bills filed at the Senate and House on EVIDA Amendments – Senate Bill No. 897; and House Bill Nos. 3924 and 4122.

43 As of 21 September 2025, there have been two (2) bills filed at the House on the Motor Vehicle Road User's Tax – House Bill Nos. 2051 and 2292.

44 Senate of the Philippines. (14 July 2025). Senate Bill No. 527. Retrieved from <https://web.senate.gov.ph/lisdata/47082430831.pdf>

45 As of 21 September 2025, there have been bills filed at the Senate and House on Motorcycles-For-Hire – Senate Bill Nos. 10, 356, 443, and 751; and House Bill Nos. 65, 196, 276, 304, 331, 1496, 1991, 2094, 2857, 3150, 4416, and 4687

46 As of 21 September 2025, there have been bills filed at the Senate and House on Road Safety Education – Senate Bill Nos. 98, 454, 907, 1133, and 1278; and House Bill Nos. 552, 2887, and 3037

ECCP AUTOMOTIVE RECOMMENDATIONS

Advancing trade facilitation and regulatory alignment in the automotive sector

Prioritize the elimination of import tariff duties for European automotive brands in preferential trade agreements

The ECCP reiterates its strong support for adopting measures in the EU-Philippines Free Trade Agreement (FTA) that eliminate import duties for automotive vehicles and automotive parts from the European Union (EU) with immediate effect upon ratification. The resumption of negotiations for the EU-Philippines FTA presents a pivotal moment for the country's automotive sector. Currently, tariff duties on European vehicles and automotive parts continue to limit consumer access to affordable, high-quality models and constrain the ability of European manufacturers to expand their market footprint in the Philippines.

Reducing or eliminating these duties should be prioritized in the FTA talks, as such reforms would significantly improve affordability for Filipino consumers, diversify product choices, and incentivize European firms to consider the Philippines as a stronger investment and distribution hub within ASEAN. A more open trade regime would also enhance technology transfer, competition, and innovation in the local market. In February 2025, the ECCP met with representatives from the European Commission and the Delegation of the European Union to the Philippines to discuss the pertinent chapter on automotive to be included in the EU-PH FTA.⁴⁷

We recognise that the timely conclusion of the FTA will result in significant socio-economic development, especially in areas such as trade and investment in the automotive industry. To this end, the ECCP welcomes the ongoing negotiations for the EU-PH FTA following its resumption. In addition, the Chamber supports the shared sentiments of the Philippine government and the European Commission in aiming to fast-track the completion of the negotiations for the FTA by mid-2026.^{48,49}

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

Beyond tariffs, automotive importers and distributors continue to face delays and higher

47 On 13 February 2025, several ECCP representatives met with with European Commission, Directorate-General for Trade Policy Officer Thomas Kuchtik and International Relations Officer Cecilia Rovelli, as well as EU Delegation to the Philippines Minister Counsellor and Head of Economic and Trade Section Philipp Dupuis to discuss the Automotive Chapter of the EU-PH FTA

48 Rocamora, J.A. (9 May 2025). EU wants to speed up FTA with PH amid tariff uncertainties. Retrieved from <https://www.pna.gov.ph/articles/1249739>

49 Desiderio, L. (24 September 2025). Philippines wants to conclude FTA talks with EU by mid-2026. Retrieved from <https://www.philstar.com/business/2025/09/24/2474909/philippines-wants-conclude-fta-talks-eu-mid-2026>

costs due to complex border procedures, inconsistent valuation practices, and manual documentation requirements. These inefficiencies increase overall supply chain costs and weaken the Philippines' attractiveness as a regional automotive hub. To address this, the ECCP recommends the Bureau of Customs (BOC) and related agencies to accelerate the full digitalization of import and export processes, streamline customs documentation, and harmonize valuation and classification practices across ports of entry. Such reforms would reduce clearance times, cut transaction costs, and align the Philippines with best practices in global trade facilitation. In relation, we laud the recent government efforts in demonstrating progress, such as the expansion of electronic processing systems and inter-agency portals.^{50,51} However, stronger implementation and enforcement will be critical to delivering measurable improvements.

At present, the Department of Trade and Industry's Bureau of Philippine Standards (DTI-BPS) continues to implement mandatory product certification through schemes such as the Philippine Standard (PS) Quality and/or Safety Mark and the Import Commodity Clearance (ICC).⁵² While these programs help assure quality, the requirements and procedures often result in duplication, extended processing times, and added costs for both importers and manufacturers.

To further modernize certification processes, the ECCP highlights the need for national standards and conformity assessments to be aligned with globally recognized frameworks such as the United Nations Economic Commission for Europe (UNECE) 1958 Agreement Concerning the Adoption of Harmonized Technical United Nations Regulations for Wheeled Vehicles, Equipment, and Parts, which the Philippines acceded to in November 2022.⁵³ This alignment will not only harmonize Philippine rules with international benchmarks but also reduce technical barriers to trade. In effect, the Chamber recognises the DTI-BPS technical regulations should be reviewed with the goal of limiting mandatory certification to products with genuine safety and environmental risks, while recognizing equivalent foreign certifications.

Further streamlining is possible under existing ease of doing business reforms. The Anti-Red Tape Authority (ARTA), in implementing Republic Act 11032 or the Ease of Doing Business and Efficient Government Service Delivery Act, has already pushed for reforms such as the removal of engine and chassis number stenciling requirements for motor vehicle registration. To this end, the ECCP acknowledges the outcome of this effort in reducing delays and redundant procedures for both distributors and consumers. In line with this, the ECCP further calls on the government to eliminate the Motor Vehicle Clearance Certificate (MVCC) requirement for vehicles imported by authorized distributors, as these vehicles are already covered by importation records, tax compliance, and type approval processes. Such reforms will remove unnecessary bottlenecks and signal a strong government commitment to regulatory efficiency.

50 Presidential Communications Office. (7 February 2025). BOC's accomplishments show reform gains of Marcos administration. Retrieved from https://pco.gov.ph/news_releases/bocs-accomplishments-show-reform-gains-of-marcos-administration

51 Gonzales, A.L. (7 March 2025). ARTA to push for further reforms to streamline gov't processes. Retrieved from <https://www.pna.gov.ph/articles/1245596>

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

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

Review existing motor vehicle development programs and institute incentives for industry player

The ECCP welcomes the government's introduction of the RACE program, which builds upon the Comprehensive Automotive Resurgence Strategy (CARS), but with broader eligibility, more flexible requirements, and greater emphasis on domestic content.⁵⁴ This program is designed to provide financial support for the local production of new car models, with incentives tied to production volume, local sourcing, and job creation. We understand the necessity for such programs, particularly as a vital measure to ensure the Philippines remains competitive against its regional peers in attracting investments in vehicle assembly. To this end, we likewise support the government's aim to expedite the release and the implementation of the JAO that will govern the program.⁵⁵

Recent announcements of new investments likewise signal confidence in the Philippines' potential as a vehicle production hub.⁵⁶ However, to sustain this momentum, we urge the government to ensure that policy incentives are predictable, regulatory frameworks are stable, and enabling infrastructure is in place. Public-private partnerships should be leveraged to further develop the automotive industry while also fostering lower entry barriers for smaller players. On the legislative front, the ECCP acknowledges the measures taken by the government to support the sector through the Philippine Motor Vehicle Industry Act. To further propel the movement of this bill, we stand ready to work with stakeholders to ensure the industry's sustainable growth and development.

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

Among the nuances that have to be considered in relation to EV adoption in the country are overlapping mandates and authority among agencies tasked with implementing EVIDA and its IRR. While there are clear delineations as EVIDA assigns charging infrastructure responsibility primarily to DOE, manufacturing and trade support to DTI, public transport electrification to DOTr, and local permitting oversight to LGUs/DILG, there are, oftentimes, instances of reported parallel technical guidelines, duplicate permitting, and inconsistent interpretations among implementing bodies creating bottlenecks. Understandably, each actor brings its own resources, perspectives, and also agenda and competing priorities to its involvement in EVIDA.⁵⁷

54 Desiderio, L. (19 February 2025). Government readies new incentives for local automakers. Retrieved from <https://www.philstar.com/business/2025/02/19/2422459/government-readies-new-incentives-local-automakers>

55 Tabile, J.I. (28 August 2025). Local automakers interested in participating in RACE program. Retrieved from <https://www.bworldonline.com/top-stories/2025/08/28/694168/local-automakers-interested-in-participating-in-race-program>

56 Presidential Communications Office. (6 February 2025). Mitsubishi to invest P7B in PH in 5 years. Retrieved from https://pco.gov.ph/news_releases/mitsubishi-to-invest-p7b-in-ph-in-5-years

57 Páez, D. & Gorodetsky, D. (2025). Driving a Just Transition to E-mobility in the Philippines: Blueprint for an EV Center of Excellence. Retrieved from <https://wdi.umich.edu/wp-content/uploads/WDI-E-mobility-in-the-Philippines-July-2025.pdf>

To this end, the ECCP urges the respective implementing bodies to observe clear governance, communication, and coordination as these remain crucial for effective implementation of EV adoption.

In addition to this, the Chamber reiterates its call for the development or review of existing industry policies for EV ecosystems, particularly through the expanded coverage of tax and duty treatments for a wide range of EVs and EV parts. In May 2024, the Philippines extended its zero-tariff policy on EVs and related parts until 2028, expanding preferential tax treatment to include hybrid vehicles, e-motorcycles, and e-bicycles.⁵⁸ In effect, this policy extension underlines the continued recognition of EVs as a strategic growth sector. However, to further translate this momentum into sustained investor confidence, incentive architecture must continue to broaden as well. In this light, we put forward the suggestion for battery modules, power electronics, EV recycling plants, and charging system components to likewise be considered eligible for tax and duty preferences.

Furthermore, we reiterate our position on providing greater incentives for PHEVs in comparison to conventional HEVs. This is justified by their higher reliance on electric motors. Whereas, on the supply side, scaling EV manufacturing and service capabilities requires a competent workforce. Relatedly, the Chamber looks forward to the rollout and implementation of the approved EVIS projected to spur job creation particularly in EV assembly.^{59,60}

Corollary to vehicles and incentives, charging infrastructure remains among the critical pillars in advancing the country's EV adoption. To this end, the ECCP lauds the DOE's commitment to consistently grow the number of charging stations nationwide enabling the Philippine EV industry to keep pace with its regional neighbors. As of September 2025, the Department has accounted for 340 registered charging stations, Type 2 and Combined Charging System (CCS) Combo 2.⁶¹ In addition, we further recognize and support the DOE's continued push for the improvement and standardization of charging infrastructure through the issuance of the Implementing Guidelines on ORSI alongside Department Circular No. DC2025-08-0012 in an effort to address range-anxiety among Filipino consumers.⁶² Nonetheless, the Chamber remains steadfast in urging the extension of substantial incentives to EV charging station (EVCS) operators to ensure the successful rollout of necessary infrastructure. More specifically, we propose that the following incentives be granted in accordance with the Renewable Energy Act of 2008:

- 7-year income tax holiday (ITH);

58 Reuters. (16 May 2024). Philippines extends zero tariff policy on electric vehicles, parts until 2028. Retrieved from <https://www.reuters.com/business/autos-transportation/philippines-extends-zero-tariff-policy-electric-vehicles-parts-until-2028-2024-05-16>

59 Tabile, J.I. (23 June 2025). EV strategy expected to create 680,000 jobs. Retrieved from <https://www.bworldonline.com/economy/2025/06/23/680955/ev-strategy-expected-to-create-680000-jobs/>

60 Javier, T. (25 June 2025). Philippines hopes EV perks can hike investments, jobs. Retrieved from <https://www.rappler.com/business/philippines-hopes-ev-perks-hike-investments-jobs/>

61 Aquino, P. (11 September 2025). Presentation for 2025 ECCP Transportation Forum - Connecting the Philippines: Sustainable Transport, Safer Lives.

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

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

Further promote and improve emission and roadworthiness testing standards

Develop effective and efficient implementation of the motor vehicle inspection system

The ECCP continues to recognize the DOTr’s commitment to enhance vehicle inspection standards and emission regulations in the Philippines through the continued expansion of Private Motor Vehicle Inspection Centers (PMVIC). However, as auto sales rise, the current infrastructure must likewise meet the country’s demand for mandatory vehicle inspections. The most recent gathered data on operational facilities accounts for 130 PMVICs nationwide, which collectively services over 2 million vehicles yearly.⁶³ Despite this, many industry stakeholders and consumers have expressed a lack of authorized centers, resulting in long queues and the inconvenience of traveling through traffic and long distances just to pass mandatory inspections. To this end, we reiterate our recommendation for the appointment of independent, certified workshops manned by qualified trained personnel and for the PVICs to have the necessary and effective test equipment. The appointment for the inspection could be accessed through a centralised online appointment system integrating all existing PMVICs where the vehicle owner could access and select the closest PMVIC in the area of residence and select the available time slot for the inspection. This would streamline the inspection process and ensure accessibility for vehicle owners. Meanwhile, to further improve efficiency, the Chamber likewise calls for the modernization of testing centers through the integration of digital monitoring and audit systems.

Equally important is the prohibition of non-appearance testing schemes, which undermine the integrity of the MVIS. The Chamber remains committed to encouraging public-private sector cooperation that will facilitate the full implementation of the MVIS program and the promotion of global best practices on modern, safe, and sustainable vehicle registration standards.

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

The Philippines has nominally adopted Euro 4 emission limits for new vehicles and fuel quality. Relatedly, enclosed in the Biennial Transparency Report is the government’s aim to ensure that public utility vehicles and passenger cars comply with Euro 4 or higher emission standards throughout the implementation of its modernization programs for the transport sector.⁶⁴ In this light, the ECCP recognizes the government’s ongoing efforts to align with its local and global

63 Roces, I. (11 June 2025). PMVICs report 45% of inspected vehicles failed brake test, 37% with defective headlights. Retrieved from <https://mb.com.ph/2025/06/11/pmvics-push-for-vehicle-inspection-as-solution-to-rising-road-crashes>

64 Philippine Climate Change Commission. (2025). Philippines’ Biennial Transparency Report. Retrieved from <https://unfccc.int/sites/default/files/resource/%5BFinal%5D%20Philippine%20Biennial%20Transparency%20Report.pdf>

commitments. The continued enforcement of Euro 4 fuel standards since 2016 has significantly improved the air quality across the country according to the DENR-EMB. The DENR reported a 28.2% reduction in average particulate matter 10 (PM10), from 39 micrograms per normal cubic meter in 2016 to 28 micrograms per normal cubic meter in 2024.⁶⁵

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

Source: United Nations Environment Programme⁶⁶

Looking ahead, The ECCP strongly proposes both strengthening the implementation and enforcement of the Euro 4 emission standards framework and earlier preparation for the adoption of Euro 5 standards and Euro 6 by 2028, in order to further improve emissions standards in a more timely manner. This will encourage better and higher compliance of the industry and the general public with global best practices on vehicle emission control. In particular, aligning testing facilities with higher emission standards and incentivising equipment upgrades will promote better environmental practices in the automotive industry. Taking this direction will put the country on the right track should it decide on official preparations for the gradual introduction of higher emission standards. We welcome the Draft Administrative Order of the DENR on the Implementation of Euro 5/V Emission Limits for Light-Duty and Heavy-Duty Vehicles, which outlines proposed emission limits, phase-in schedules, and vehicle categories subject to the new standards. To this end, the Chamber encourages the DENR, in close coordination with DOTr, DOE, and LTO, to publish a multi-year regulatory roadmap towards Euro 5/Euro 6 adoption by 2030.

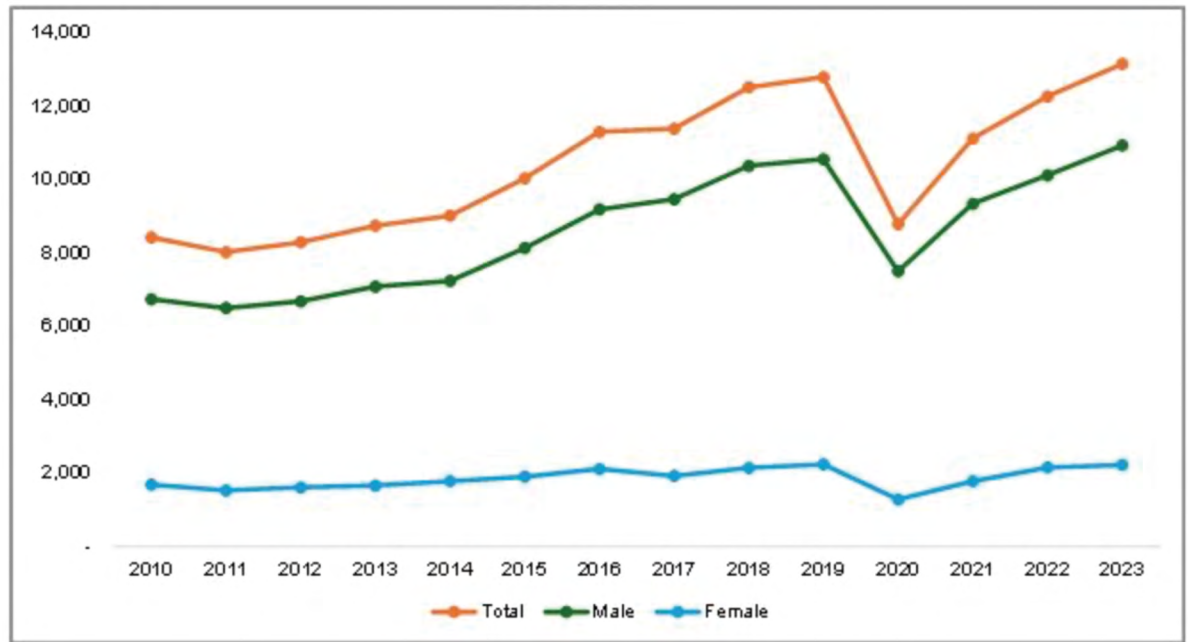
65 Atienza, K.A. (18 August 2025). Metro Manila air quality improved in 2024 due to Euro 4 fuel standards, says DENR. Retrieved from <https://www.bworldonline.com/the-nation/2025/08/18/692337/metro-manila-air-quality-improved-in-2024-due-to-euro-4-fuel-standards-says-denr>

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

Mandate Enhanced Safety Standards, Infrastructure & Road Safety Education

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

Based on the most recent data gathered by the Philippine Statistics Authority (PSA) land transport accidents rose to 13,125 in 2023 and accounted for 1.9% of all deaths nationwide from 2010 to 2023.⁶⁷ Supplementing this further, the Philippine National Police - Highway Patrol Group (PNP-HPG) recorded 19,550 road crash incidents in the country from January-August 2025.⁶⁸



Source: Philippine Statistics Authority (Data on deaths are based on registration at the Office of the City/Municipal Civil Registrars nationwide, and submitted to the Office of the Civil Registrar General; derived from Certificate of Death-Municipal Form No. 103)
Note: Causes of death are coded based on the ICD-10 Rules and Guidelines (ICD codes V01-V89)

Source: Philippine Statistics Authority

Taking these datasets into consideration, leveraging the use of more standard driver-assist technologies could prove to be vital in reducing the risk of road crashes moving forward. Earlier in June 2025, the MMDA launched the MMRSAP with support from WHO in alignment with the PRSAP 2023-2028 targeting to reduce the country’s road traffic deaths by 35%. The plan is made up of five pillars, consisting of road safety management, safer roads, safer vehicles, safer road users, and improvements to post-crash responses respectively.

Remaining consistent with the third pillar of the PRSAP, employing a policy in the Philippines to

67 Philippine Statistics Authority. (7 May 2025). Land transport accidents account 1.9 percent of deaths in the country, highest number of deaths recorded in 2023. Retrieved from <https://psa.gov.ph/content/land-transport-accidents-account-19-percent-deaths-country-highest-number-deaths-recorded>
68 Miguel, C. (15 September 2025). PH saw over 15k road accidents from Jan-Aug 2025. Retrieved from <https://www.zigwheels.ph/car-news/ph-saw-over-19k-road-accidents-from-jan-aug-2025>

mandate an anti-lock braking system (ABS) on two-wheeler vehicles may progress vehicle and road safety. ABS is a type of electronic assistance that modulates braking and prevents wheel lock automatically. Regardless of the rider’s brake input or the road condition, the mechanism allows the vehicle to stop within the shortest possible distance. An alternative technology for passenger vehicles would be the electronic stability control (ESC), which prevents skidding or loss of control when a driver over- or understeers and therefore contributes in significantly reducing the number of road deaths and serious injuries.

To this end, the ECCP continues to recognize and applaud the concerted efforts of several vehicle manufacturers who include such features in their model lineups. In conjunction, we urge the government to take this up further by mandating vehicle safety features such as ESC for passenger cars of vehicle category M1 and ABS for powered two-wheelers over 125 cubic centimetres sold and used in the country to promote road safety and facilitate innovation in transportation and mobility solutions. While a previous bill pertaining to this issue had already been filed in the 19th Congress,⁶⁹ the Chamber likewise calls on legislators to aid in the re-filing of the aforementioned measure in order to make these electronic aids more accessible to other automotive market segments and significantly reduce fatalities and injuries.

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

The ECCP maintains its position in advocating for measures that protect our young passengers and ensure the safety and general welfare of children on the roads. As such, we continue to urge the government to initiate dialogues with various stakeholders and address public concerns to fully implement the Child Car Seat Law for private vehicles following the deferment of the Child Safety in Motor Vehicles Act in 2021. Indeed, formulating the necessary guidelines for its full enforcement is imperative, especially in designing standards for fitting stations and technical standards for car seats. Similarly, concerned government agencies should work together in setting out a transition plan with concrete steps for the law’s full implementation, once the Office of the President approves the resumption of the measure’s enforcement. This will guarantee the safety and welfare of infants and children, and prevent traffic-related deaths and injuries.

Relatedly, the Chamber encourages lawmakers to revisit and reconsider the proposed bills mandating the installation of dashboard cameras or “dashcams” on motor vehicles and other public transport vehicles. We reiterate that the use of dash cams could prove to be critical in preventing criminal incidents from happening such as kidnapping, road rage, and carjacking. In instances of resolving such cases, dash cams may likewise serve as a great addition to closed-circuit televisions (CCTVs) and provide a different angle of incidents for accuracy. The Chamber further underlines that the use of such devices will be effective for evidence-based recording on the streets and for violations of traffic rules, which aids in promoting road safety and responsible driving.

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

Finally, we continue to support the government's proposal on restricting car tints on public and private vehicles for safety reasons and anti-crime purposes. Understandably, dark tinted windows are more susceptible to causing road accidents, especially at night due to low visibility of roads resulting in a much slower reaction time among drivers. The ideal vehicle light transmission level of tints for the front windshield and passenger windows is 70% and above. On top of this, restricting dark car tints will aid in effectively implementing the No Contact Apprehension Policy, which refers to active traffic management and road traffic safety measures devised to ensure accountability among drivers who committed violations. In addressing this concern, the Chamber maintains its position that safety and security should remain the primary consideration.

Incorporate road safety education into the basic education curriculum

Awareness and behavior change are essential complements to regulation and enforcement, particularly for road safety and etiquette. Along the same vein, various pieces of legislation have been filed at both Houses of Congress, backed by support from concerned stakeholders, with the aim of instilling responsible behavior in young learners, covering topics such as road signage, safe commuting, traffic rules and courtesies.⁷⁰⁷¹ In the absence of mandatory modules embedded in the national education system, the Philippines often relies on short and voluntary training and courses provided by the private sector and advocacy groups.

It is for this reason that the ECCP lauds the proposed bills on this particular matter and calls for the inclusion of road safety education in K-12 as a proactive policy toolset to guarantee the dissemination of practical knowledge on road and traffic safety, as well as other pertinent information to youth. This knowledge transfer will assist the next generation of drivers, commuters, and pedestrians, reducing road fatalities and enhancing the mobility environment. To this end, we remain ready to collaborate with policymakers, civil society organisations, and relevant stakeholders to achieve this shared commitment to instilling traffic standards and road safety regulations.

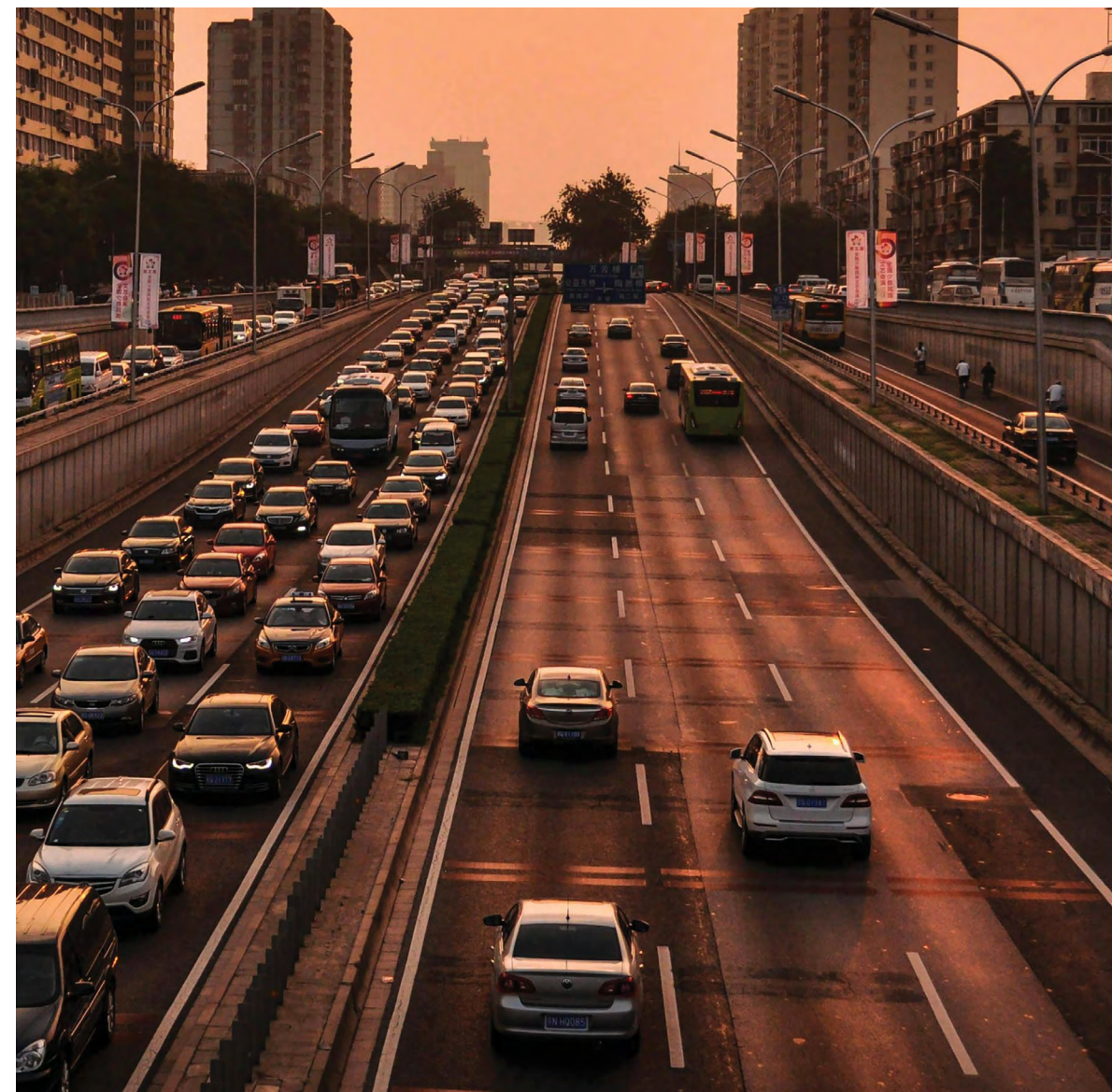
Regular calibration and testing for critical electronics in EVs

As EVs become more common with the continued push for EV adoption, it remains crucial for the electronic components of these vehicles to be maintained to ensure safety and reliability. Over time, wear, drift, thermal stress, software updates, or hardware degradation can degrade performance or create safety risks, making periodic calibration and testing essential to ensure continued roadworthiness.

While traditional internal combustion vehicles rely largely on mechanical checks, EVs require a higher standard of electronic diagnostics. The Chamber acknowledges the DOE's initiative for all EVs sold in the Philippines to undergo certification and comply with international safety standards, in alignment with the EVIDA. Likewise, we support the Technical Education and Skills Development Authority (TESDA) for including the inspection of EV electrical systems and

components as a core competency in its competency standards for EV servicing.⁷²

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



70 Hufana, C.M. (10 October 2024). CHR backs K-12 Curriculum bill. Retrieved from <https://www.bworldonline.com/the-nation/2024/10/10/627208/chr-backs-k-12-curriculum-bill>

71 Serquiña, M.C. (8 April 2025). DepEd, TESDA urged to integrate road safety in curriculum. Retrieved from <https://www.gmanetwork.com/news/topstories/metro/942087/deped-tesda-urged-to-integrate-road-safety-in-curriculum/story>

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

ASSESSMENT OF THE 2024 RECOMMENDATIONS

ISSUE	RECOMMENDATION	COMPLETED / SUBSTANTIAL PROGRESS
Facilitate ease of trade in the automotive sector	Eliminate import tariff duties for European automotive brands in preferential trade arrangements	
	Promote ease of doing business in the automotive sector	
Strengthen the competitiveness of the automotive industry	Review existing motor vehicle development programs and institute incentives for industry players	
	Develop a comprehensive support program for the domestic market adoption of electric vehicles	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
The Philippines has extended zero tariffs on EVs, parts, and related technologies until 2028, which is a step toward tariff liberalization and market alignment with global trade. However, the measure is still limited to EVs and has not yet been expanded to other categories such as European vehicles under broader FTAs. Full elimination of tariffs under EU-PH or other trade agreements remains pending.	
While government agencies are streamlining select import and registration processes, the automotive sector still reports delays in licensing, regulatory clearances, and customs procedures. ECCP continues to work with DOTr, ARTA, and other agencies on simplification, but nationwide consistency is still lacking.	
Discussions on the Philippine Motor Vehicle Manufacturing Industry Act (PMVMI) have been revisited, which would institutionalize incentives for local assembly and production. However, the existing Comprehensive Automotive Resurgence Strategy (CARS) program has had limited impact, and the industry is still reliant on imports.	
The extended zero tariff policy for EVs and components until 2028 supports consumer adoption and investor certainty. Charging infrastructure expansion remains slow, with limited incentives specifically targeting charging operators. A comprehensive EV adoption program has yet to be enacted.	

ISSUE	RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Further promote and improve emission and roadworthiness testing standards	Develop effective and efficient implementation of the motor vehicle inspection system	
	Strengthen the implementation and enforcement framework of the Euro 4 emission standards	
Institutionalise mechanisms to improve vehicle and road safety	Adopt compulsory vehicle safety standards for passenger cars and two-wheelers, including anti-lock braking systems (ABS) and electronic stability programs (ESP)	
	Fully implement the Child Seat Law, require the installation of dashboard cameras (dash cams), and restrict dark car tints on public and private vehicles	
	Incorporate road safety education into the basic education curriculum	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
The framework for MVIS is in place, but its rollout has been uneven, with inconsistent availability and operational challenges across regions. Some centers face calibration delays and gaps in capacity, affecting trust and compliance rates.	
Euro 4 standards are officially mandated, but enforcement remains inconsistent across testing centers and LGUs. Stakeholders continue to call for a transition roadmap to Euro 5 or Euro 6, which would align the Philippines with more advanced markets.	
	While discussions continue on mandating advanced safety features like ABS and ESP, there is no binding national requirement for all vehicles sold. Adoption is largely left to manufacturers, creating uneven safety standards across models.
The Child Seat Law exists but enforcement is inconsistent across LGUs, and compliance among motorists remains low. Proposals for dash cam requirements and tint restrictions are under discussion but not yet mandated nationwide.	
The Philippine Road Safety Action Plan (2023–2028) includes road safety awareness and education measures, but integration into school curricula remains partial and varies by LGU. Stronger coordination with DepEd is required for full mainstreaming.	

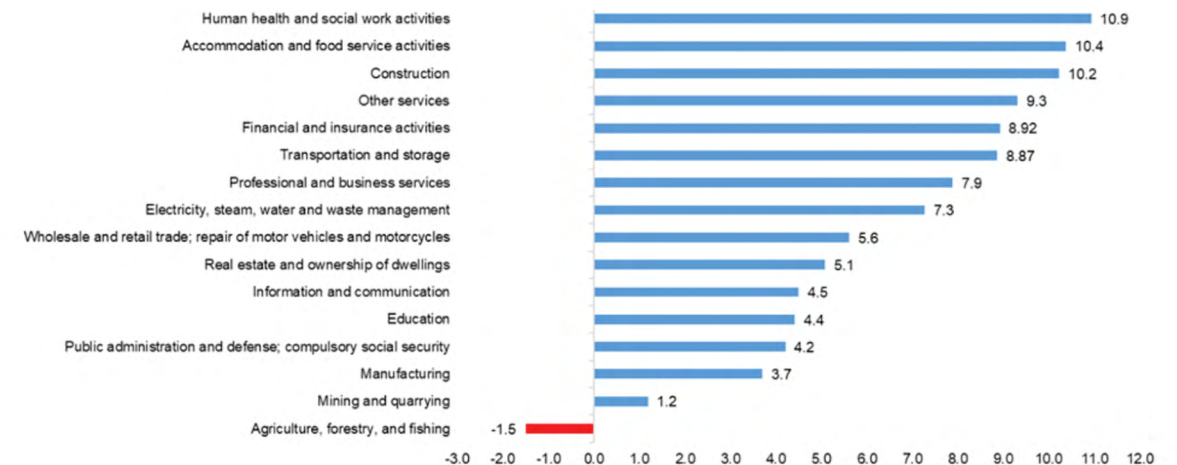
AVIATION ADVOCACY PAPER 2025

INTRODUCTION

The Philippine aviation sector remains a critical pillar of national economic growth, connecting commerce and tourism across the archipelago. Under the current administration, aviation is prioritized under the “Build Better More” program and integrated into the Philippine Development Plan (PDP) 2023–2028.¹ The economy expanded by 5.6% in 2024, despite weather-related disruptions, with forecasts from the IMF, ADB, and AMRO placing growth at 5.5–5.6% for 2025.² Tourism has been a major driver of recovery, the Department of Tourism (DOT) reported PHP 760 billion in visitor receipts in 2024, marking a strong rebound from pandemic lows.³ International arrivals reached 5.9 million in 2024, while receipts for January 2025 alone already exceeded pre-pandemic January 2019 levels at PHP 65.3 billion or USD 1.1 billion.⁴

Tourism’s contribution to the economy has strengthened, accounting for 8.9% of GDP in 2024, while tourism-related employment generated 6.75 million jobs in 2024, representing 13.8% of the country’s total employment.⁵ These figures highlight the aviation sector’s multiplier effect on economic activity. In addition, in a report by the Philippine Statistics Authority (PSA), the transportation and storage sector achieved a strong 8.87% growth rate. This expansion highlights its vital economic role in facilitating the movement of goods and services. Its performance places it among the highest-performing sectors, underscoring its importance to the modernizing Philippine economy (see Figure 1).⁶

**Figure 1. GDP by Industry, Growth Rates, 2023–2024
At Constant 2018 Prices (in Percent)⁷**



¹ National Economic and Development Authority. (2023). Philippine Development Plan 2023–2028. Retrieved from <https://pdp.neda.gov.ph>

² Reuters. (10 December 2024). Philippines GDP growth hit by typhoons, outlook robust – World Bank. Retrieved from <https://www.reuters.com/markets/asia/philippines-gdp-growth-hit-by-typhoons-outlook-robust-says-world-bank-2024-12-10>

³ The Filipino Times. (18 December 2024). DOT reports P712B in 2024 visitor receipts, unveils programs for 2025. Retrieved from <https://filipinotimes.net/latest-news/2024/12/18/dot-reports-p712b-in-2024-visitor-receipts-unveils-programs-for-2025>

⁴ Philippine News Agency. (8 February 2025). Tourism revenues in January exceed pre-pandemic levels. Retrieved from <https://www.pna.gov.ph/articles/1245493>

⁵ Presidential Communications Office. (20 August 2024). PBBM orders DOT to create more tourism-based employment. Retrieved from https://pco.gov.ph/news_releases/pbbm-orders-dot-to-create-more-tourism-based-employment

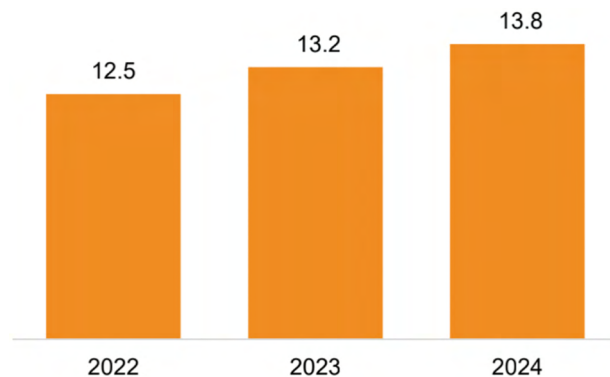
⁶ Philippine Statistics Authority. (2025). Gross Regional Domestic Product (GRDP). Retrieved from <https://psa.gov.ph/statistics/grdp>

⁷ Ibid.

Source: The Philippine Statistics Authority

Nearly 99% of foreign visitors enter the Philippines by air, making air connectivity central to achieving the DOT's target of surpassing the 8.2 million visitor record set in 2019 by late 2025.⁸ As of July 2025, the Philippine labor market remained heavily service-driven, with the services sector employing nearly two-thirds of the workforce (62.8%). Notably, the biggest year-on-year job gains were recorded in administrative and support services, which added about 296,000 workers, followed by **transportation and storage with 208,000 workers**.⁹ The consistent increase over the years in the percentage share of tourism to employment (see Figure 2)¹⁰, strengthens the claim for the growing demand and interest in the aviation sector as an industry.

**Figure 2. Percent Share of Tourism to Total Employment
2022 to 2024**



Passenger traffic volumes reflect this rebound. The Civil Aeronautics Board (CAB) reported that total air traffic rose to 59.9 million passengers in the latter half of 2024, an 11.3% increase from 2023, with 32.1 million domestic passengers and 27.8 million international passengers.¹¹ This recovery puts the Philippines close to matching ASEAN neighbors such as Thailand and Malaysia, both of which achieved pre-pandemic traffic levels in 2024.¹² The surge in demand underscores the urgent need for aviation infrastructure investments to decongest Manila and expand provincial airport capacity.

Total Air Arrivals by Nationality, January to December 2024 ¹³		
By Nationality	Total	% Share
Grand Total	5,949,350	100%
Total Overseas Filipinos	510,383	9.39%
Total Foreign Tourists	5,438,967	90.61%

Source: Department of Tourism

8 Department of Tourism. (2024). Tourism Performance Report. Retrieved from <https://tourism.gov.ph>
9 Philippine Statistics Authority. (August 2025). Labor Force Survey, July 2025. Retrieved from <https://psa.gov.ph/statistics/labor-force-survey>
10 Philippine Statistics Authority. (2024). Tourism contributes 8.9 percent of Philippine economy in 2024. Retrieved from <https://psa.gov.ph/content/tourism-contributes-89-percent-philippine-economy-2024>
11 Malaya Business Insight. (15 February 2025). Airlines' 2024 passenger traffic rises 11.33% to 59.9M – CAB. Retrieved from https://malaya.com.ph/news_business/airlines-2024-passenger-traffic-rises-11-33-to-59-9m-cab
12 ASEANStats. (July 2025). International Air Passenger Traffic (by country). Retrieved from <https://data.aseanstats.org/indicator/ASE.TRP.AIR.C.308>
13 DOT. (01 January 2025). Visitor Arrivals Ranking by Country of Residence January to December 2024. Retrieved from http://www.tourism.gov.ph/files/2025/tourism_demand/01/01-05/Arrivals/December.pdf

Total Air Arrivals by Nationality, January to July 2025 ¹⁴		
By Nationality	Total	% Share
Grand Total	3,467,536	100%
Total Overseas Filipinos	317,536	10.08%.
Total Foreign Tourists	3,150,000	89.92%

Source: Department of Tourism

The government has set an ambitious target of 8.4 million foreign arrivals for 2025, a significant increase from the 5.4 million recorded in 2024. This goal, if achieved, would mark a new peak for the aviation industry, surpassing the pre-pandemic record of 8.26 million international visitors in 2019. Attaining this level of growth requires a multi-faceted approach that not only attracts more visitors but also ensures the necessary infrastructure and services are in place to support them. The strategic framework for this endeavor is detailed in the NTDP 2023-2028, which moves beyond simple arrival numbers to focus on the quality and sustainability of tourism growth.¹⁵

Acknowledging the pivotal role of Philippine aviation as a driver of trade, tourism, and investment, the sector's continued growth will demand bold and coordinated action. To sustain momentum and address persistent challenges, stakeholders must not only modernize infrastructure and policies but also ensure these are harmonized with global aviation standards. Equally vital is forging stronger partnerships with allied industries—from logistics to tourism—to create an integrated ecosystem that enhances competitiveness and positions the Philippines as a leading hub for aviation.

RECENT REFORMS AND INDUSTRY DEVELOPMENT

Airport Infrastructure and Public-Private Partnerships (PPPs)

The country's airports are undergoing major transitions. At NAIA, passenger traffic reached a record 50.1 million in 2024, surpassing its 2019 peak.¹⁶ Management under the New NAIA Infrastructure Corporation (NNIC), a San Miguel-led consortium, has initiated efficiency upgrades including improved on-time performance, expanded taxiways, and modernized passenger processing.

Provincial airports are also benefiting from public-private partnerships (PPPs). In June 2025, Aboitiz InfraCapital formally took over Bohol-Panglao International Airport under a PHP 4.53 billion concession, with expansion plans to increase annual capacity to 3.9 million passengers by 2030.¹⁷ The Department of Transportation (DOTr) announced in May 2025 its plan to privatize

14 Philippine Information Agency. (n.d.). PHL hits record high tourism revenue in 2024. Retrieved from <https://pia.gov.ph/phl-hits-record-high-tourism-revenue-in-2024/>
15 Philippine Institute for Development Studies. (12 May 2025). PHL tourist arrivals to hit 9.7 million by 2028. Retrieved from <https://www.pids.gov.ph/details/news/in-the-news/phl-tourist-arrivals-to-hit-9-7-million-by-2028>
16 GMA News Online. (2 January 2025). NAIA operator: Passenger count hit record high 50.1M in 2024. Retrieved from <https://www.gmanetwork.com/news/money/companies/931610>
17 Philippine Information Agency. (19 June 2025). Panglao airport is set for ₱4.53B upgrades after Aboitiz turnover. Retrieved from <https://pia.gov.ph/news/2025/06/19/panglao-airport>

15–20 additional airports by 2028, bundling smaller airports to attract investment.¹⁸ This follows earlier successful PPPs at Clark, Cebu, and Laguindingan.

Airline Growth & Connectivity

Philippine carriers have seen sustained growth. Cebu Pacific reported a 15.2% increase in passenger traffic from January–August 2025 compared to the same period in 2024, serving 18.1 million passengers, with growth in both domestic (14%) and international (19%) markets.¹⁹ Philippine Airlines is likewise expanding its long-haul routes to North America and the Middle East while completing restructuring efforts. Low-cost carriers are strengthening their positions in ASEAN, competing directly with AirAsia and Scoot on regional routes.

Sustainability & Innovation

The government and private sector are advancing sustainable aviation fuel (SAF) initiatives. Cebu Pacific conducted its first SAF-powered flights in 2024 and committed to broader adoption by 2030, while PAL is preparing to introduce SAF use by 2026.²⁰ The Department of Energy (DOE) and DOTr are drafting SAF regulations and exploring local production facilities. Parallel to this, CAAP has invested PHP 12.4 billion in 2025 for night-rating upgrades, navigational systems, and communications infrastructure to enhance safety and efficiency.²¹

Regional Competitiveness

ASEAN counterparts are also accelerating investments. Singapore's Changi and Bangkok's Suvarnabhumi airports surpassed 2019 traffic levels in 2024, while Kuala Lumpur International Airport reported strong cargo and passenger growth. The Philippines, though smaller in scale, is narrowing the gap in regional competitiveness through its privatization and modernization drive.

18 BusinessWorld. (1 May 2025). *DOTr hopes to privatize 15 airports by 2026*. Retrieved from <https://www.bworldonline.com/top-stories/2025/05/01>

19 Insider Philippines. (11 September 2025). *Cebu Pacific traffic up 15.2% in Jan–Aug 2025*. Retrieved from <https://insiderph.com/business/aviation/cebu-pacific>

20 BusinessWorld. (21 May 2024). *Philippines in talks for sustainable aviation fuel plant*. Retrieved from <https://www.bworldonline.com/top-stories/2024/05/21>

21 Philippine News Agency. (28 January 2025). *Expect more airport system upgrades in 2025: CAAP*. Retrieved from <https://www.pna.gov.ph/articles/1214567>

ON LEGISLATION

The aviation sector continues to be shaped by legislative reform efforts aimed at strengthening safety, governance, and infrastructure financing.

Philippine Transportation Safety Board (PTSB) Act

Senate Bill No. 2739, filed in 2024, seeks to establish an independent Philippine Transportation Safety Board tasked with investigating accidents across air, land, and sea transport.²² This measure mirrors global best practice, such as the U.S. National Transportation Safety Board, and is designed to address conflicts of interest since CAAP currently serves both regulatory and investigatory roles.

Philippine Airports Authority Act

Senate Bill No. 1073 proposes the creation of a Philippine Airports Authority as a dedicated entity for managing airports nationwide.²³ A counterpart measure, House Bill 2234, seeks to establish a Philippine Airports Corporation with similar mandates. These proposals aim to separate regulatory and operational functions, enabling CAAP to focus solely on safety oversight.

CAAP Charter Amendments

Several bills filed in both chambers propose amendments to Republic Act 9497 (CAAP Charter) to strengthen CAAP's fiscal autonomy and governance.²⁴ Suggested reforms include exempting CAAP from the dividend law, enhancing its technical leadership, and adding ex-officio members from the Departments of Tourism and Defense to its Board.

Tax Reform and Investment Incentives

The passage of the CREATE MORE Act or Republic Act No. 12066 reduced the corporate income tax rate from 25% to 20%, creating a more competitive environment for aviation investors.²⁵ This measure has been welcomed by airlines and infrastructure developers as it improves capital flow for fleet modernization and airport development projects.

22 Senate of the Philippines. (23 July 2024). *Senate Bill 2739 – Philippine Transportation Safety Board Act*. Retrieved from https://legacy.senate.gov.ph/lis/bill_res.aspx?congress=19&q=SBN-2739

23 Senate of the Philippines. (September 2022). *Senate Bill 1073 – Philippine Airports Authority Act*. Retrieved from https://legacy.senate.gov.ph/lis/bill_res.aspx?congress=19&q=SBN-1073

24 House of Representatives. (January 2023). *House Bill 6774 – Amendments to the CAAP Charter*. Retrieved from https://hrep.gov.ph/bills_search

25 Department of Finance. (2024). *Republic Act 12066 – CREATE MORE Act*. Retrieved from <https://www.dof.gov.ph>

ADVOCACY RECOMMENDATIONS

Invest in the modernization of transport infrastructure specifically geared to enhance regional competitiveness, improve tourist experience, and ensure efficient logistics flows

The modernization of the Philippines' airport infrastructure is a critical step towards enhancing its global competitiveness and improving the overall value proposition of its destinations. The Department of Transportation (DOTr) has demonstrated a commitment to this goal, with numerous projects underway or recently completed. As of July 2025, the DOTr's consolidated report on the aviation sector highlights several ongoing infrastructure projects, including the development of new runways at Busuanga and Kalibo airports and the rehabilitation of existing facilities at places like Vigan and Laoag.²⁶ These initiatives are vital for accommodating the increasing passenger and cargo traffic. According to a 2024 policy brief on Philippine air transport, new airport development projects were in the government pipeline as of June 2024, signaling a sustained effort to build a more modern and efficient airport network.²⁷

However, the pace and scope of these projects must be accelerated and broadened to meet growing demand and overcome persistent challenges. While physical infrastructure is being addressed, the modernization of services and processes is equally important. This includes the integration of modern technologies to streamline passenger and cargo processing, which is key to improving the "EASE of travel and movement of goods." The goal is not just to build new structures, but to create seamless, customer-centric air transport systems that can handle a projected increase in both international and domestic travelers. We must ensure that these upgrades encompass not only runways and terminals but also efficient air traffic management systems and digital solutions that enhance the passenger experience and facilitate the flow of commerce.

Increase funding and strengthening nationwide frameworks for aviation safety oversight and security assurance

A robust and proactive safety and security framework is indispensable for any country seeking to position itself as a regional aviation hub. The Civil Aviation Authority of the Philippines (CAAP) has made strides in reinforcing national safety oversight through stakeholder collaboration, regulatory updates, and infrastructure improvements. For example, in July 2025, CAAP participated in Cebu Pacific's inaugural Safety Workshop, underscoring the value of a collaborative approach to risk management that engages both regulators and airlines.²⁸ At the infrastructure level, airports such as Bicol International Airport and Zamboanga International Airport were commended in 2025 for successfully implementing safety-enhancing projects, ranging from upgraded emergency response systems to improved airside monitoring.²⁹

Beyond individual initiatives, CAAP has pursued systemic modernization, including the digitalization of air traffic management systems, the adoption of electronic safety reporting tools, and alignment with the International Civil Aviation Organization (ICAO) Universal Safety

26 Department of Transportation. (n.d.). *Infrastructure Projects*. Retrieved from <https://dotr.gov.ph/infrastructure-projects>

27 Arangkada Philippines Project. (October 2024). *Philippine Air Transport Infrastructure: A Policy Brief Update*. Retrieved from <https://arangkadaphilippines.com>

28 Civil Aviation Authority of the Philippines. (9 July 2025). *CAAP reinforces aviation safety at Cebu Pacific's inaugural Safety Workshop*. Retrieved from <https://caap.gov.ph>

29 Department of Transportation. (2025). *DOTr Infrastructure and Safety Milestones 2025*. Retrieved from <https://dotr.gov.ph>

Oversight Audit Programme (USOAP) standards.³⁰ These reforms are critical, particularly as the Philippines seeks to maintain its compliance record and avoid the reputational setbacks experienced in past years when safety deficiencies led to international restrictions.

However, sustaining this progress requires the institutionalization of comprehensive aviation safety and security management systems that extend beyond compliance to embrace proactive risk identification, prevention, and response. The ECCP recommends the establishment of a national Security Management System (SeMS) to harmonize safety oversight across all operators, service providers, and regulators. This approach would not only consolidate fragmented initiatives but also ensure consistency with best practices being rolled out globally by ICAO and the International Air Transport Association (IATA).³¹

A critical area requiring more attention is cybersecurity. The CrowdStrike outage of July 2024, which disrupted airline operations worldwide, was a stark reminder of aviation's dependence on digital infrastructure and its vulnerability to systemic failures.³² In the Philippines, where airlines and airports are rapidly digitalizing operations—from e-gates and ticketing systems to AI-enabled scheduling tools—robust cybersecurity frameworks are now as essential as physical safety protocols. The country should therefore establish a national cybersecurity risk management strategy for aviation, incorporating mandatory reporting, threat monitoring, and information-sharing platforms accessible to airlines, regulators, and service providers.

Finally, safety and security reforms must be underpinned by capacity-building. CAAP and other aviation institutions require continued support to recruit, train, and retain highly skilled inspectors, auditors, and cybersecurity specialists. Strengthening human capital ensures that institutional reforms translate into effective oversight and sustainable safety outcomes.

By embedding safety and security in every level of aviation governance—from regulatory processes and institutional capacity to digital resilience—the Philippines can build the trust of passengers, airlines, and investors. This, in turn, will reinforce the country's position as a competitive aviation hub within ASEAN and ensure long-term operational resilience in an increasingly complex global aviation environment.

Reinforce and upgrade the institutional frameworks regulating the air transport sector

The performance of the Philippine aviation sector is inseparable from the strength and adaptability of its governing institutions. While infrastructure projects under the Department of Transportation's (DOTr) 2025 consolidated report demonstrate significant progress in physical capacity upgrades, modernization must also extend to institutional frameworks and regulatory capacity.³³

The ECCP notes the growing value of structured dialogue between government and industry, including roundtables, consultations, and policy briefs held between June 2024 and July 2025.³⁴ These platforms have been instrumental in identifying systemic bottlenecks—ranging from

30 International Civil Aviation Organization. (2024). *Universal Safety Oversight Audit Programme (USOAP) Continuous Monitoring Report*. Retrieved from <https://www.icao.int/safety>

31 International Air Transport Association. (2024). *IATA Safety and Security Report 2024*. Retrieved from <https://www.iata.org>

32 BusinessWorld. (21 July 2024). *Airlines disrupted as global CrowdStrike outage hits systems*. Retrieved from <https://www.bworldonline.com>

33 Department of Transportation. (2025). *DOTr Consolidated Infrastructure Report 2025*. Retrieved from <https://dotr.gov.ph>

34 European Chamber of Commerce of the Philippines. (2025). *Policy Dialogues and Roundtable Reports: Aviation Committee (June 2024–July 2025)*. Retrieved from <https://eccp.com>

regulatory overlap to limited technical capacity—that hinder investment and innovation in the sector. However, without a more proactive and agile institutional framework, the Philippines risks falling behind its ASEAN peers in competitiveness.

Strengthening the Civil Aviation Authority of the Philippines (CAAP) is particularly urgent. Ensuring that CAAP is equipped with sufficient resources, fiscal autonomy, and technical capacity will allow it to function as an independent regulator in line with international standards.³⁵ Streamlining regulatory processes, enhancing transparency, and integrating digitalized systems are equally essential to ensure faster approvals and greater investor confidence.

Policy reforms such as the amendments to the Public Service Act (RA 11659), which allow full foreign ownership in key transport sectors, send a clear signal of openness to investment.⁴⁼³⁶ Yet these reforms will only yield tangible benefits if the implementing agencies can effectively manage increased investor activity, ensure fair competition, and uphold safety and service standards. A comprehensive institutional review and reform program is therefore recommended to promote efficiency, accountability, and responsiveness—key elements for positioning the Philippines as a credible player in the global aviation market.

Advance Aircraft Financing through Ratification of the Cape Town Agreement

Ratifying the Cape Town Agreement (CTA) and its Aircraft Protocol is a pivotal step for the Philippines to unlock access to more competitive aircraft financing and accelerate fleet modernization. As of July 2025, the Philippines remains outside the group of over 80 countries that have ratified the treaty, which establishes a standardized international legal framework for transactions involving high-value mobile assets such as aircraft, engines, and helicopters.³⁷

The benefits of ratification are widely recognized. According to an ICAO analysis in 2024, the CTA can reduce average global contract enforcement delays from 10 months to just 2 months, significantly lowering risks for creditors.³⁸ This translates into lower financing costs for airlines, as creditors and lessors are more willing to extend favorable terms in jurisdictions with predictable enforcement mechanisms.³⁹ For the Philippines, this could mean reduced leasing rates and better access to global financing pools, directly supporting carriers' expansion and modernization plans.

The timing is crucial. Philippine Airlines (PAL) has announced plans to introduce 22 new aircraft starting in late 2025,⁴⁰ including its first Airbus A350-1000, as part of a long-term fleet renewal strategy.⁴¹ More broadly, a 2025 EY report estimates that up to USD 1.5 trillion in investment will be required globally in the coming decades to achieve sustainable aviation growth, much of it

35 Senate of the Philippines. (2023). Proposed Amendments to RA 9497 – Civil Aviation Authority Act. Retrieved from https://legacy.senate.gov.ph/lis/bill_res.aspx?congress=19

36 Republic of the Philippines. (2022). Republic Act No. 11659 – Amendments to the Public Service Act. Retrieved from <https://www.officialgazette.gov.ph/2022/03/21/republic-act-no-11659/>

37 UNIDROIT. (2025). Status of the Cape Town Convention and Aircraft Protocol. Retrieved from <https://www.unidroit.org/instruments/security-interests/cape-town-convention/status/>

38 International Civil Aviation Organization. (2024). Economic Impact Assessment of the Cape Town Convention. Retrieved from <https://www.icao.int/>

39 Aviation Working Group. (2024). Cape Town Convention Benefits: Creditor Risk Reduction and Lower Financing Costs. Retrieved from <https://www.awg.aero/cape-town-convention>

40 Philippine Airlines. (n.d.). Philippine Airlines reports a 48-percent increase in net income in Q2 2025. Retrieved from <https://www.philippineairlines.com/ph/en/newsevent-listingpage/press-releases-statements/philippine-airlines-reports-a-48-percent-increase-in-net-income-in-Q2-2025.html>

41 Ibid.

tied to aircraft replacement and financing.⁵ Without the legal certainty provided by the CTA, Philippine carriers face higher borrowing costs and reduced access to international capital markets.

The ECCP therefore urges for the prioritization of the CTA ratification and adopts the necessary declarations to ensure that treaty provisions prevail over conflicting domestic laws. Doing so would not only align the Philippines with global best practices but also position the country as a more attractive and reliable hub for aircraft financiers and lessors, strengthening its aviation competitiveness in ASEAN and beyond.

Building an Incentive Framework for Competitive and Sustainable Aviation

To establish the Philippines as a regional aviation hub, the government must create a comprehensive system of incentives tailored specifically to the sector. The amendments to the Public Service Act (Republic Act 11659) in 2022, which allow up to 100% foreign ownership in transport and telecommunications, represent an important reform to attract capital and expertise.⁴² Yet, as underscored during the Philippine Aviation Summit 2024 co-organized by the European Chamber of Commerce of the Philippines (ECCP) and the Asian Business Aviation Association (AsBAA), these reforms must be complemented by sector-specific incentive measures to fully unlock growth potential.⁴³

Such an incentive framework should go beyond broad investment liberalization and address the unique requirements of airlines, maintenance, repair, and overhaul (MRO) facilities, cargo operators, and air service providers. The ECCP recommends a multi-faceted approach, including:

- Income tax holidays (4–6 years) for new or expanding aviation businesses, similar to those granted in manufacturing and IT-BPM sectors.
- Duty-free importation of capital equipment and parts for airlines, MROs, and ground handling firms. Zero-rating of VAT on local purchases directly tied to registered aviation activities.

Embedding sustainability-linked incentives will also be critical. For instance, fiscal support could help offset the high cost of Sustainable Aviation Fuels (SAF), which remain up to six times more expensive than traditional jet fuel.⁴⁴ According to EY's 2025 aviation decarbonization report, SAF adoption could reduce aviation emissions by up to 65%, but without government support, airlines face a prohibitive cost barrier.³ Linking tax incentives and financing programs to SAF use, renewable-powered airport infrastructure, and fleet modernization would not only advance the Philippines' competitiveness but also align it with global environmental commitments.

In sum, an aviation-specific incentive framework will help attract investment, ease operating costs, and accelerate the transition to green technologies. By tying incentives to both competitiveness and sustainability, the Philippines can position itself as a leader in sustainable air service development in ASEAN.

42 Republic of the Philippines. (2022). Republic Act No. 11659 – Amendments to the Public Service Act. Retrieved from <https://www.officialgazette.gov.ph/2022/03/21/republic-act-no-11659/>

43 European Chamber of Commerce of the Philippines & Asian Business Aviation Association. (2024). Aviation Summit 2024 Proceedings. Retrieved from <https://eccp.com/events/philippine-aviation-summit-2024>

44 Ernst & Young. (2025). Decarbonizing Aviation: Scaling Sustainable Aviation Fuel. Retrieved from <https://www.ey.com/aviation-sustainability>

Strengthen Human Capital for a Growing Aviation Sector

A resilient and competitive aviation sector depends on the availability of a skilled and sustainable workforce. In the Philippines, the demand for aviation professionals is rising rapidly as the industry undergoes expansion. Philippine Airlines (PAL) reported a 48% increase in Q2 2025 net income and a 9% growth in passenger volume, driven by the recovery of both domestic and international markets.⁴⁵ To support this trajectory, PAL announced the acquisition of 22 new aircraft beginning late 2025, further intensifying the need for trained personnel.⁴⁶ Cebu Pacific and other carriers have likewise projected double-digit growth in passenger traffic for 2025, reinforcing the urgency of workforce development.⁴⁷

The government has recognized the importance of human capital. The President's Report to the People (2022–2025) highlights reforms in the education curriculum and training initiatives.⁴⁸ However, aviation requires more targeted interventions to close the talent gap. The Civil Aviation Authority of the Philippines (CAAP) continues to face shortages of qualified air traffic controllers, maintenance engineers, and inspectors, even as traffic surges to pre-pandemic levels.⁴⁹

To address these challenges, a national aviation human capital strategy is essential. This should include:

- Curriculum alignment between universities, technical schools, and industry to ensure graduates meet ICAO standards.
- Scholarships and training programs for pilots, aircraft engineers, mechanics, and air traffic controllers.
- Public-private partnerships with international aviation academies to bring global best practices to the Philippines.
- Reskilling and upskilling programs for current workers to adapt to emerging technologies, such as digital flight operations, AI-driven traffic systems, and the adoption of Sustainable Aviation Fuels (SAF).

As highlighted in IATA's 2024 Annual Review, the aviation workforce must evolve in parallel with digital transformation, where areas like AI-assisted operations, big data analytics, and cybersecurity are becoming core competencies.⁵⁰ Embedding continuous professional development into aviation workforce planning will not only ensure operational safety and integrity but also enhance the Philippines' competitiveness in the ASEAN aviation market.

45 Philippine Daily Inquirer. (10 August 2025). PAL net income up 48% in Q2, passenger volume rises 9%. Retrieved from <https://business.inquirer.net/>

46 Rappler. (2 June 2025). Philippine Airlines to acquire 22 new aircraft from 2025 to 2028. Retrieved from <https://www.rappler.com/business/philippine-airlines-fleet-expansion-2025/>

47 Insider Philippines. (11 September 2025). Cebu Pacific traffic up 15.2% in Jan-Aug 2025. Retrieved from <https://insiderph.com/business/aviation/cebu-pacific>

48 Office of the President. (2025). President's Report to the People, 2022–2025. Retrieved from <https://op-progresstracker.gov.ph>

49 Philippine News Agency. (3 July 2023). PH aviation sector recovery to boost tourism, create jobs – DOTr. Retrieved from <https://www.pna.gov.ph/articles/1258552>

50 International Air Transport Association. (2024). IATA Annual Review 2024. Retrieved from <https://www.iata.org/en/publications/annual-review/>

Integrating Sustainability into Philippine Aviation Strategy

The Philippine aviation sector must embed sustainability as a central pillar of its long-term development strategy. Globally, the industry faces mounting pressure to decarbonize, with international aviation emissions projected to triple by 2050 if unaddressed.⁵¹ Sustainable Aviation Fuel (SAF) is considered the most immediate solution, with a 2025 EY report noting it could reduce lifecycle emissions by up to 65%.⁵² Yet the adoption of SAF remains constrained by cost, which is currently four to six times higher than conventional jet fuel.⁵³

At the policy level, the United Nations Sustainable Development Cooperation Framework (UNSDCF) 2024–2028 with the Philippines underscores the need for low-carbon growth and renewable energy as national priorities.⁵⁴ The challenge for Philippine aviation is to translate these broad commitments into sector-specific, actionable measures.

A phased strategy is recommended. Phase one should focus on creating a regulatory framework that incentivizes the use of SAF and other green technologies, potentially through a national SAF roadmap, fiscal incentives, and support for domestic production.⁵⁵ Phase two should prioritize investments in infrastructure to enable sustainable operations, including energy-efficient terminals, renewable-powered ground facilities, and modern air traffic management systems. Phase three must institutionalize monitoring, reporting, and verification mechanisms aligned with ICAO's Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).⁵⁶ This would ensure accountability, strengthen investor confidence, and appeal to an increasingly sustainability-conscious global traveler base.

By mainstreaming sustainability into aviation development plans, the Philippines can safeguard competitiveness in the ASEAN region, align with global environmental standards, and secure a resilient future for the industry.

51 International Civil Aviation Organization. (2024). ICAO Environmental Report 2024. Retrieved from <https://www.icao.int/environmental-report-2024>

52 Ernst & Young. (2025). Decarbonizing Aviation: Scaling Sustainable Aviation Fuel. Retrieved from <https://www.ey.com/aviation-sustainability>

53 International Air Transport Association. (2024). Net Zero by 2050: SAF Outlook. Retrieved from <https://www.iata.org/en/programs/environment/saf/>

54 United Nations Philippines. (2023). UN Sustainable Development Cooperation Framework 2024–2028. Retrieved from <https://philippines.un.org/en/unsdcf-2024-2028>

55 BusinessWorld. (21 May 2024). Philippines in talks for sustainable aviation fuel plant. Retrieved from <https://www.bworldonline.com/top-stories/2024/05/21/>

56 International Civil Aviation Organization. (2023). Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) Implementation Report. Retrieved from <https://www.icao.int/environmental-protection/CORSIA>

ASSESSMENT OF THE 2024 RECOMMENDATIONS

2024 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Upgrade airport infrastructure	The Philippine government has launched major airport expansion and modernization projects. Nationwide upgrades are underway: Ninoy Aquino International Airport’s modernization aims to increase capacity to over 60 million passengers annually by 2025. The New Manila (Bulacan) International Airport project is advancing, with land reclamation largely completed and terminal construction expected in 2026. In early 2025, the government also highlighted upgrades at Laguindingan, Panglao, Caticlan, Bukidnon, and Tacloban airports under PPP schemes. Regional airports such as Iloilo, Davao, Bacolod, Siargao, Kalibo, and Dumaguete are also slated for privatization or upgrades. Collectively, these projects reflect substantial progress on infrastructure modernization.
Enact laws to restructure the Civil Aviation Authority of the Philippines(CAAP)intoaregulatory body, including the amendments of the Civil Aviation Authority Act of 2008, the establishment of the Philippine Airports Authority, and the creation of the Philippine Transportation Safety Board (PTSB)	
Strengthen the competitiveness of the aviation industry by instituting incentives for industry players and bridging the pay disparity of aviation professionals in the Philippines vis-a-vis other countries	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
Legislative work has begun but no new laws have yet been enacted. Stakeholders and foreign chambers have urged separating CAAP’s regulatory functions from airport operations and creating both a Philippine Airports Authority (PAA) and a Philippine Transportation Safety Board (PTSB). In 2024–2025, related bills were filed in both houses of Congress, including Senate and House proposals amending the CAAP Act and creating the PAA and PTSB. However, all remain pending in committee. Thus, this recommendation shows some progress in legislative proposals but no enacted reform.	
	Calls have been made to address pay disparities for Filipino pilots and engineers relative to ASEAN peers and to introduce incentives for aviation businesses. However, as of 2025 no concrete policy or program has been implemented to close the wage gap or provide industry-specific incentives. Advocacy papers and industry groups continue to recommend income tax holidays, import duty exemptions, and other fiscal supports, but none have been adopted. Therefore, this remains unaddressed.

2024 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Ratify the Montreal Protocol 2013 to tackle the growing issue of unruly passengers	
Facilitate the Philippine Aircraft Finance by ratifying the Cape Town Agreement (CTA)	
Upgrade the Philippine aviation safety systems and operations including cybersecurity	
Combat illegal charters and grey or illegal maintenance	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
	The Montreal Protocol 2014, which strengthens legal measures against unruly passengers, has not been ratified by the Philippines. Aviation stakeholders urged immediate ratification in 2024, but no Senate approval or executive action has occurred as of 2025. This recommendation remains pending with no progress.
	The Philippines has not ratified the Cape Town Convention and its Aircraft Protocol, despite strong advocacy from industry groups highlighting its benefits for aircraft financing. Ratification would reduce financing costs and improve investor confidence, but no government action has been taken to adopt the treaty. As of mid-2025, this recommendation shows no progress.
There have been concrete improvements in safety oversight, such as upgrades to the Air Traffic Management System, facility modernization, and regulatory updates. The Civil Aviation Authority of the Philippines (CAAP) continues to adopt ICAO standards and is actively engaged in international safety programs. However, a comprehensive national cybersecurity framework specific to aviation has yet to be institutionalized. Progress is ongoing but incomplete, so this category is rated as some progress.	
Regulators have strengthened enforcement against unauthorized charter operations and counterfeit licenses. In 2025, CAAP, together with law enforcement agencies, conducted training and crackdowns on illegal charter practices and unlicensed maintenance. While enforcement efforts are visible, unregulated operators continue to pose challenges. This reflects some progress, though full resolution remains pending.	

2024 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Incorporate sustainability in a long-term strategy for the development of the Philippine aviation industry	

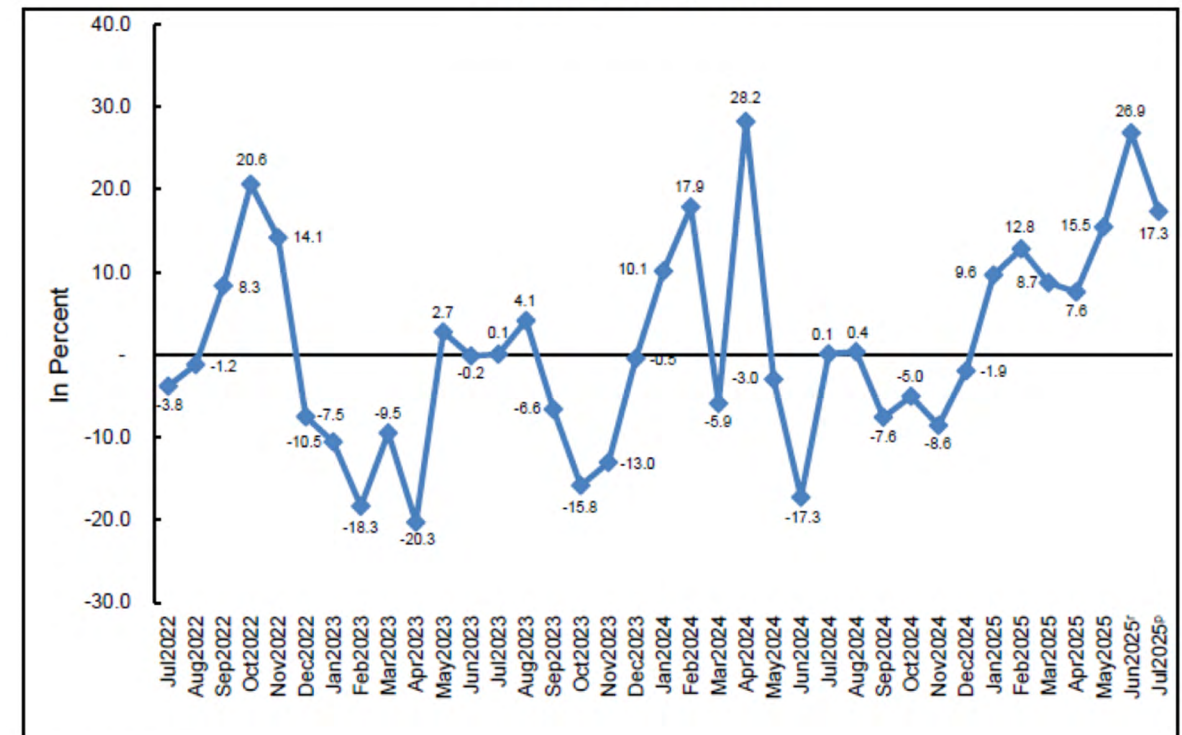
SOME PROGRESS	NO PROGRESS/ RETROGRESSION
The Philippines has begun incorporating sustainability into aviation policy. Initiatives include a national study on Sustainable Aviation Fuel (SAF) in partnership with Airbus, the formation of an SAF committee, and alignment with ICAO's net-zero 2050 targets. Awareness activities and green aviation campaigns have also been conducted. However, a fully integrated national sustainability roadmap for aviation has not yet been published. Thus, this recommendation shows some progress but remains in development.	

CUSTOMS AND LOGISTICS ADVOCACY PAPER 2025

INTRODUCTION

In an ever-increasing globalized world, customs play an important role in the collection of revenue, which comes in the form of taxes and duties, which for the Philippines amounted to 931.046 billion pesos in 2024.¹ Furthermore, customs also plays a role in the safety and security of the nation, where it plays a role in the direct enforcement of laws via regulations and standards. This can be seen in the role that customs plays in both environmental and health protection, which can come in the form of the application of international conventions that dictate global standards for goods in the environmental field. Lastly, there is the case of counterfeit goods or illegal trafficking, in which customs play an important part in compliance and enforcement of domestic law.²

Figure 2. Year-on-Year Growth Rate (%) of Value of Philippine Exports
July 2022 to July 2025^p



p - preliminary

r - revised

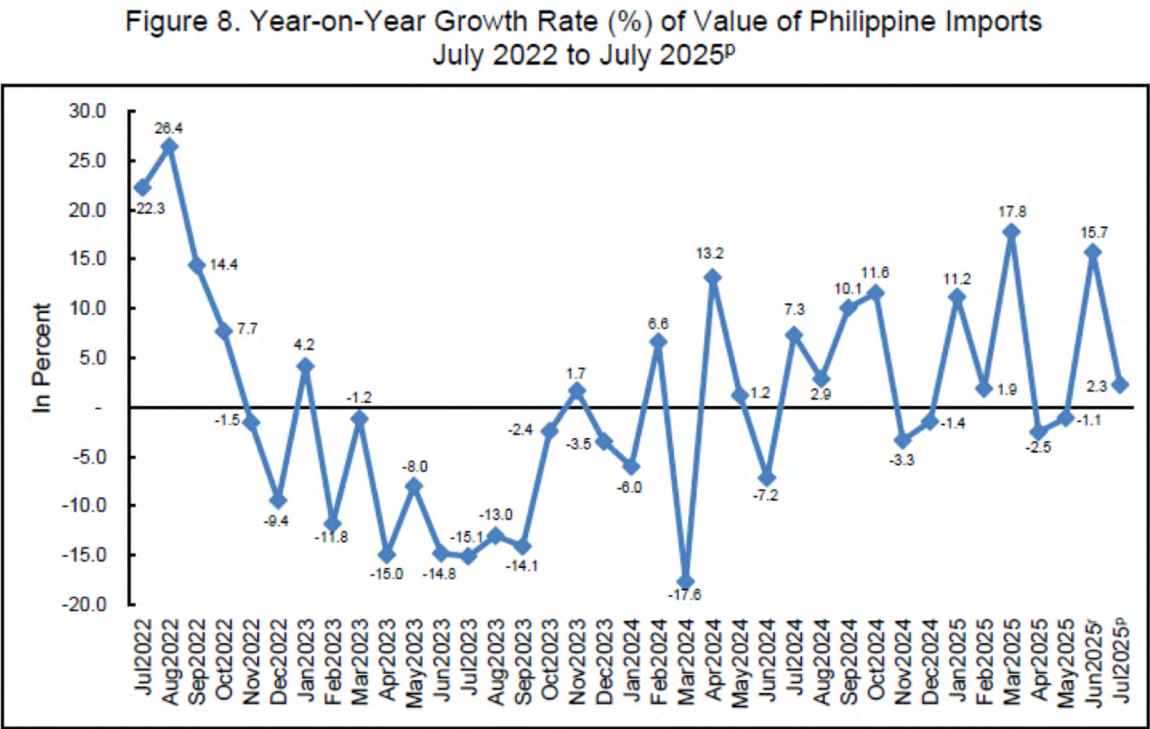
Source: Philippine Statistics Authority

For the year 2025, the value of the total exports of the Philippines amounted to 48.62 billion

1 Bureau of Customs. (15 February 2025). BOC Collects PhP931.046 Billion in 2024, Contributes to National Development. Retrieved from <https://customs.gov.ph/boc-collects-php931-046-billion-in-2024-contributes-to-national-development/#:~:text=The%20Bureau%20of%20Customs%20%28BOC,Memorandum%20Order%20%28CMO%29%20No.>

2 Montagnat-Rentier, G. & Bremeersch, C. (15 June 2022) The Multifaceted Role of Customs and Its Importance for the Economy and Society. Retrieved from <https://www.elibrary.imf.org/display/book/9798400200120/CH001.xml#:~:text=The%20Role%20of%20Customs%20in,countries%20%28see%20Figure%201.3%29.>

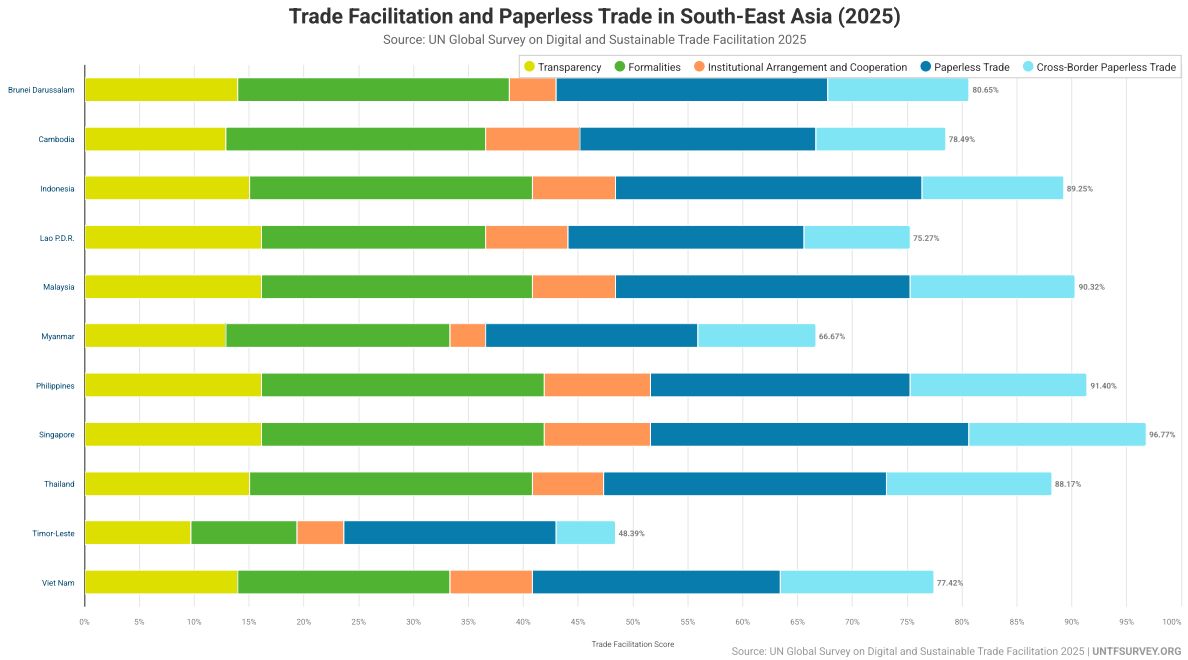
USD, which represents an annual increase of 13.9 percent when compared to last year, in which the export value of the country was 42.69 billion USD. According to the report released by the Philippine Statistics Authority (PSA), electronic products remain the top export product of the country, where the total export value amounted to 3.92 billion or 53.5 percent of the overall exports of the country.³



p - preliminary
r - revised
Source: Philippine Statistics Authority

Meanwhile, according to the PSA, the imports of the Philippines for the year 2025 saw an increase of 2.3 percent. The commodity group with the highest annual increase were electronic products, which amounted to 259.59 million USD. This was followed by animal and vegetable oils and fats, which increased by 109.88 million USD. Then telecommunication equipment and electrical machinery, which saw an annual growth of 78.47 million USD.⁴

3 Philippine Statistics Authority. (29 August 2025). Highlights of the Philippine Export and Import. Retrieved from <https://psa.gov.ph/statistics/export-import/monthly>
4 Ibid.



According to the 2025 Global Survey on Digital and Sustainable Trade Facilitation of the UN, the Philippines in terms of trade facilitation, ranks second among its peers in Southeast Asia, achieving a score of 91.40 percent. This reflects the overall efforts of the country in creating a digital transformation in this sector and promoting inclusive economic growth through streamlined trade processes.⁵

With regards to infrastructure, the Philippines suffers from a lack of a developed logistical infrastructure, which costs the Philippines 27.5 percent of the country's GDP, significantly hindering the economic potential of the country as well as weakening the competitiveness of the country on the world stage. The country continues to struggle with congested ports, substandard cold chain facilities, and inadequate infrastructure, all of which prolong the delivery timelines of goods. This can be seen in the ports within Metro Manila, in which the port normally exceeds operations capacity reaching at 120 percent. This is despite these ports managing 70 percent of the national container volume.⁶

The lack of adequate logistical infrastructure has a severe impact on both the business in question and the consumers. In which, due to the logistical expenses that businesses experience, the consumers bear the brunt of it.⁷

Despite the problems related to this area, there are several initiatives that are being undertaken by the government to help improve the situation. This includes the introduction of a mandatory

5 UN Global Survey on Digital and Sustainable Trade Facilitation. (2025). Trade Facilitation and Paperless Trade in Asia and the Pacific. Retrieved from <https://www.untfsurvey.org/region?id=ESCAP>
6 Pascual, A., E. (22 April 2025). The Philippines' logistics challenge: Charting pathways forward. Retrieved from <https://www.bworldonline.com/opinion/2025/04/22/666953/the-philippines-logistics-challenge-charting-pathways-forward/#:~:text=Historically%20celebrated%20for%20its%20remarkable,networks%2C%20all%20prolonging%20delivery%20timelines.>
7 Ibid.

e-Invoicing for customs, which would streamline the custom process and improve the efficiency of the supply chain. In addition, there is the Luzon Economic Corridor (LEC), which is a trilateral economic development project that was launched in April 2024 by the Philippines, Japan, and the United States. The project aims to enhance the connectivity between key economic hubs within Luzon by coordinated investment projects such as advanced railway systems and the modernization of ports.⁸

Table 2. Breakdown of Philippines’ LPI Score

Customs Score	Infrastructure Score	International Shipments Score	Logistics Competence Score	Tracking & Tracing Score	Timeliness Score
2.8	3.2	3.1	3.3	3.3	3.9

Source: World Bank 2023 Logistics Performance Index¹¹

The difficulties that the country faces in terms of logistics can be highlighted by the World Bank 2023 Logistics Performance Index, in which the Philippines ranks 43rd globally, hence despite the initiatives that the government has undertaken, there is still much to be done.⁹

Recent Reforms and Industry Developments

- Administrative Order (AO) No. 23** mandates the implementation of a Digital and Integrated System for the Pre-border Technical Verification and Cross-Border Electronic Invoicing of all import commodities. The purpose of AO 23 is to expedite the inspection of all imported goods that enter the country via a pre-border technical verification system. This in turn would strengthen national security as well as safeguard consumer rights and the environment. This is done by ensuring that neither sub-standard nor dangerous goods enter the country¹⁰. AO 23 will undergo a three-phase implementation that will apply to the following commodities in order:
 - Phase 1: *Agricultural Goods*
 - Phase 2: *Non-agricultural goods with health and safety issues*
 - Phase 3: *Other goods with misdeclaration to avoid duties and taxes*

Through this phased approach, AO No. 23 aims to institutionalize a modernized inspection framework that enhances border protection and ensures higher compliance with trade and regulatory standards¹¹.

- Joint Administrative Order (JAO) No. 001-2025** provides for the implementation of Administrative Order No. 23. It enumerates the specific roles and responsibilities of

the assigned agencies, importers, exporters, the Pre-border Technical Verification and Cross-Border Electronic Invoicing Compliance and Control System (PTV ATIVCCS), and the Cross-Border Electronic Invoicing (CEI) System Provider¹².

- Custom Administrative Order 01-2025** establishes a standard customs clearance process for cross-border e-Commerce goods that are purchased via online shopping platforms.¹³ The order requires accreditation of all stakeholders in the e-commerce chain—including digital platform providers, e-retailers, Value Added Service Providers, freight forwarders, and brokers—with the Bureau of Customs (BoC)¹⁴. The measure aims to prevent revenue leakage by ensuring the proper collection of lawful duties, taxes, and other charges on e-commerce imports.
- OCOM Memorandum No. 15-2025**, issued by the Bureau of Customs (BoC) on 7 February 2025, expands the list of commodities subject to Import Assessment Service (IAS) clearance. The memorandum now requires that all heavy equipment and other machinery secure IAS clearance prior to release by the Bureau. The measure took effect immediately upon issuance¹⁵.
- Customs Administrative Order (CAO) No. 02-2025** directs the standardization of service fees, dues, and charges collected from various stakeholders. The order seeks to ensure uniformity in the rates of all fees and charges imposed by the Bureau of Customs (BoC), while also identifying discrepancies and differences in fees that need to be addressed¹⁶
- Customs Administrative Order (CAO) No. 02-2024**, aims to identify the different service fees, dues, and charges that the Bureau of Customs must collect from its various stakeholders, in which the CAO aims to unify the rates of service fees, dues, and charges that the Bureau must charge.¹⁷
- Bureau of Customs has extended the validity of importer accreditation to three years** as part of a wider effort by the Marcos administration to improve the ease of improving business. This is because the reform will reduce the administrative burden on importers by simplifying the bureaucratic processes involved in this endeavor. This will also allow these businesses to focus on operations and lead to smoother transactions.¹⁸
- During a **Special PTFC session in March 2025**, the Philippines confirmed its commitment to digital trade facilitation and the UN’s Framework Agreement on Cross-Border Paperless Trade (CPTA)—boosting interoperability among national e-systems.

8 Ibid.
 9 World Bank. (2023). Logistics Performance Index (LPI). Retrieved from <https://lpi.worldbank.org/international/global>
 10 The LawPhil Project. (13 May 2024). Administrative Order No. 23. Retrieved from https://lawphil.net/executive/ao/ao2024/ao_23_2024.html
 11 Ibid.

12 Department of Finance. (2025). Joint Administrative Order No. 001-2025. Retrieved from <https://www.dof.gov.ph/resources/issuances/joint-administrative-order-no-001-2025>
 13 Bureau of Customs. (2025). Cross-Border Control on E-Commerce Importations. Retrieved from <https://customs.gov.ph/wp-content/uploads/2025/02/2025CAO-01-2025.pdf>
 14 Inosante, A.R. (16 February 2025). Bureau of Customs to set up e-commerce clearing system for imported goods sold online. Retrieved from <https://www.bworldonline.com/economy/2025/02/16/653599/bureau-of-customs-to-set-up-e-commerce-clearing-system-for-imported-goods-sold-online/>
 15 Bureau of Customs. (3 February 2025). Additional Commodities Subject to IAS Clearance. Retrieved from <https://customs.gov.ph/wp-content/uploads/2025/02/2025-15-OCOM-MEMO.pdf>
 16 Cordero, T. (17 May 2024). BOC Standardizes Fees, Charges. Retrieved from <https://www.gmanetwork.com/news/topstories/nation/907118/boc-standardizes-fees-charges/story>
 17 Bureau of Customs. (3 May 2024). Customs Dues, Fees, and Charges. Retrieved from https://customs.gov.ph/wp-content/uploads/2024/05/2024CAO-02-2024_1.pdf
 18 Bureau of Customs. (21 July 2025). BOC to Extend Importer Accreditation Validity to Three Years. Retrieved from <https://customs.gov.ph/boc-to-extend-importer-accreditation-validity-to-three-years>

- **The Philippine-Korea Free Trade Agreement (PH-KR FTA)** was signed by the aforementioned countries on September 7, 2023, which was then ratified by the Philippine Senate on September 23, 2024 and in November 2024 by the National Senate of the Republic of Korea.¹⁹ The agreement aims to reduce or eliminate customs duties on goods originating from either country, with the expected date of full implementation to be in 2038.²⁰
- **Republic Act (RA) No. 12022, or the Act Defining the Crimes of Agricultural Economic Sabotage**, forms part of the role of the State in promoting the productivity of the agricultural sector, including the protection of farmers and fisherfolk from illegal trade practices. Republic Act (RA) No. 12022, aims to impose sanctions on acts that affect the supply and production of these goods. This includes smuggling, hoarding, profiteering, and the formation and operation of cartels in the agricultural and fishery sectors.²¹ This RA also has the added benefit of ensuring the health and soundness of the economy by ensuring that all products entering the country avoid the duties and taxes that are imposed on them.²²
- **The Blue Economy Bill or Senate Bill No. 2450** aims to enhance the marine biodiversity of the country by providing a policy development framework that is designed to guide the nation towards a diversified and sustainable ocean economy.²³ The objectives of this framework are to:
 - Ensure a cross-sectoral and inclusive approach to sustainability of the blue economy while creating value chains to become a new engine of economic growth.
 - Develop a common understanding of the blue economy
 - Provide a foundation for regional actions related to the blue economy.

This bill was approved by the Senate on its third and final reading.²⁴

- **Ariel F. Nepomuceno was newly appointed as the Commissioner of the Bureau of Customs**, he formally assumed office on 1 July, 2025.²⁵ Commissioner Nepomuceno brings years of experience in public service, where he previously held key leadership positions in various sectors of the government, such as the National Disaster Risk Reduction, where he served as the Executive Director.²⁶ He emphasized the importance of continuity and collaboration, where he pledged to build on the previous achievements of the previous leadership, while at the same time plans to introduce further strategic innovations in

19 Tariff Commission. (n.d.). Philippines-Korea Trade Agreement (PH-KR FTA). Retrieved from <https://finder.tariffcommission.gov.ph/phkrfta>

20 Ibid.

21 The LawPhil Project. (26 September 2024). Republic Act No. 12022. Retrieved from https://lawphil.net/statutes/repacts/ra2024/ra_12022_2024.html

22 Ibid.

23 Candano, R. (20 September 2024). Senate enacts the Blue Economy Act. Retrieved from <https://ispweb.pcaarrd.dost.gov.ph/senate-enacts-the-blue-economy-act>

24 Ibid.

25 Bureau of Customs. (2 July 2025). New Customs Commissioner Officially Assumes Post. Retrieved from <https://customs.gov.ph/new-customs-commissioner-officially-assumes-post>

26 Ibid.

digitalization, enforcement, and stakeholder engagement.²⁷

- To ensure that the Bureau of Customs is on par with global standards, a modernization program is being implemented, under the **Philippines Customs Modernization Program (PCMP)**. The PCMP aims to streamline the operation and processes of the Bureau by upgrading the systems, procedures, and operational activities of the organization.²⁸
- **The Philippines has officially abandoned its \$88.8-million loan from the World Bank to fund the modernization of the Bureau of Customs** after the project faced multiple delays amid legal obstacles, leading it to be no longer viable as per the World Bank.²⁹
- President Ferdinand R. Marcos Jr. on May 5, 2025 formally recognized the Bureau of Customs (BOC) for its vital role in the **country's removal from the Grey List of the Financial Action Task Force (FATF)**, removing the economic and reputational risks that come with.³⁰
- **The Anti-Illicit Trade Bill or House Bill No. 11279** aims to curb illicit trade and recover government revenues, it is currently gaining more support from lawmakers due to the increasing recognition of the harm that illegal trade brings to both the economy of the country and public health.³¹

Advocacy Recommendations

Promote Ease of Doing Business in the Customs and Logistics Industry.

The Philippines, a country heavily reliant on imports for many of its exports, live in a time where global trade continues to increase, where supply chains continue to be disrupted, and where technological innovation is constantly changing the customs and logistics landscape. The ability of a country to move goods efficiently and affordably has become a key factor in economic competitiveness. For countries like the Philippines, with majority imports and seeking to expand its exports, the efficiency of customs and logistics systems directly affects everything from prices to foreign investment.

Expedite the operationalization of the National Single Window (NSW) and pursue integration with the ASEAN Single Window (ASW)

Developed jointly by the Department of Finance (DOF) and the Department of Information and Communications Technology (DICT) in 2017, TradeNet is intended to serve as the Philippines' National Single Window (NSW), replacing the earlier NSW version under the Bureau of Customs (BOC) launched in 2010. The main goal was to simplify and

27 Ibid.

28 Business World. (7 February 2025). Bureau of Customs' legacy and vision for a modernized future. Retrieved from <https://www.bworldonline.com/special-features/2025/02/07/651947/bureau-of-customs-legacy-and-vision-for-a-modernized-future>

29 Cigara, I., N., P. (28 December 2024). PH officially drops World Bank loan for Customs modernization project. Retrieved from <https://business.inquirer.net/499191/ph-officially-drops-world-bank-loan-for-customs-modernization-project>

30 TVN. (8 May 2025). PBBM commends Bureau of Customs for role in FATF Grey List Exit. Retrieved from <https://thevoicenewsweekly.com/PBBM-commends-Bure>

31 Inquirer. (25 January 2025). Clamor for passage of Anti-Illicit Trade bill snowballs. Retrieved from <https://newsinfo.inquirer.net/2028111/clamor-for-passage-of-anti-illicit-trade-bill-snowballs>

harmonize red tape including permitting, licensing, certification, and clearance steps that regulated trade (import, export, and transit) must undergo across different Trade Regulatory Government Agencies (TRGAs).

Under the old system, traders frequently faced redundant documentation, overlapping agency systems, and multiple physical offices. TradeNet streamlines this to a 6 step process: 1) inputting trader data, 2) selecting commodities, 3) uploading documents, 4) submitting agency-specific permit requests, 5) undergoing evaluation, and 6) paying for authorizations.³²

By February 2023, the DOF and DICT formalized their joint commitment through memorandum of agreement (MOA) to designate TradeNet as the country's official NSW, stabilize governance, and initiate the onboarding of all 73 TRGAs. In that MOA, the DOF was tasked with coordinating TRGA onboarding, while DICT was assigned responsibility for operating, maintaining, and technically enhancing the platforms. At that time, 18 priority TRGAs were identified for early entry.³³ The agreement also onboarded the 18 priority TRGAs which are Bureau of Plant Industry, Fertilizer and Pesticide Authority, Philippine Nuclear Research Institute, Bureau of Agriculture and Fisheries Standards, Bureau of Quarantine, DTI-Export Marketing Bureau, National Meat Inspection Service, Philippine Coconut Authority, Philippine National Police-Civil Security Group -Firearms and Explosive Office; Sugar Regulatory Administration, Philippine Fiber Industry Development Authority, Bureau of Internal Revenue, Bangko Sentral ng Pilipinas, National Commission for Culture and the Arts, Philippine Gaming Corporation, Forest Management Bureau, Office of the Protocol, and Board of Investments.³⁴

Since late 2024, there has been notable progress, but it has also become more complex. DICT is now driving a public-private partnership procurement for a new, unified NSW-Integrated Trade Facilitation Platform (NSW-ITFP) under a build-operate-transfer model, with a 12-year concession period, performance metrics, and interoperability requirements.³⁵ The unsolicited proposal from a joint venture between Ascent Solutions Philippines, Inc. and JAMC Holdings Corp. to build the NSW-ITFP is expected to be completed by December 2026.³⁶

The establishment of the NSW would also allow the country to maximize the benefits of being a member of the Association of Southeast Asian Nations (ASEAN) by utilizing the ASEAN Single Window (ASW). The key goal of the NSW-ITFP would be to integrate with the ASW. The NSW-ITFP design mandates interoperability to support cross-border

exchange of e-certificates.³⁷ Once fully operational, TradeNet is expected to enable online applications for regulated goods such as sugar, rice, medicines, used vehicles, among others, through the National Single Window website.

However, gaps remain, and serious governance and institutional conflicts persist. Multiple platforms continue to be in place, raising ambiguity over the officially recognized single window. Ultimately, there is no single legally or institutionally recognized platform across all agencies. The new PPP may widen this challenge unless there is disciplined phasing-out of legacy systems such as the old National Single Window and other independent electronic platforms of different government agencies. Furthermore, the Bureau of Customs' pending court cases related to the old NSW and on NSW development, as well as the absence of a dedicated funding clause in EO 482 (which created the NSW Task Force), complicates regular financing for system development.

Additionally, the slow pace of aligning regulations and implementation across government agencies continues to delay the full rollout of the National Single Window (NSW). This delay is rooted in weak inter-agency coordination, conflicting mandates, and different political or institutional incentives. Strong executive leadership is essential to bridge strategic policy direction and operational implementation, unify business processes, and enforce convergence in system governance. A transparent, well-coordinated, and efficient operationalization of the NSW will ultimately enhance communication between government agencies, combat smuggling and red tape, and facilitate smoother flow of domestic and international trade in the country.

Streamlined Cross-Border Trade with the ATA Carnet

The ATA Carnet system, which took effect on 15 July 2024, is a key development for streamlining cross-border trade in the Philippines. Under the system, the country joined over 80 customs administrations in allowing duty and tax-free temporary import and export of goods such as commercial samples, professional equipment, and items for exhibition. This, provided that they are re-exported within the prescribed timeframe.³⁸ The system is more commonly known as a **"passport for goods,"** reducing redundant documentation and facilitating smoother customs processing.

The Philippine Chamber of Commerce and Industry (PCCI) serves as the National Issuing and Guaranteeing Association (NIGA), handling issuance, guarantees, and coordination with customs under the ATA Carnet and Istanbul Convention framework.³⁹ To prepare for the role, PCCI offered accreditation for interested businesses ahead of the launch, along with workshops to inform stakeholders about the requirements and benefits of

32 House of Representatives-CPBRD. (2022). CPBRD Policy Brief No. 2022-04. Retrieved from https://cpbrd.congress.gov.ph/images/PDF%20Attachments/CPBRD%20Policy%20Brief/PB2022-04_Institutionalizing_the_Philippines_National_Single_Window_TradeNet.pdf.

33 PortCalls. (07 February 2023). TradeNet's full implementation underway with DOF, DICT agreement. Retrieved from: <https://portcalls.com/tradenets-full-implementation-underway-with-dof-dict-agreement>.

34 Ibid.

35 Department of Information Communication Technology. (17 March 2025). National Single Window through an Integrated Trade Facilitation Platform (NSW - ITFP) Project Information Memorandum. Retrieved from: <https://cms-cdn.e.gov.ph/DICT/pdf/Project%20Information%20Memorandum%20-%20National%20Single%20Project%20Information%20Window%20Through%20an%20Integrated%20Trade%20Facilitation%20Platform%20%E2%80%93%20NSW-ITFP%29.docx%20-.pdf>.

36 Department of Budget and Management. (13 August 2025). Budget of Expenditures and Sources of Financing FY 2026. Retrieved from: <https://www.dbm.gov.ph/wp-content/uploads/BESF/BESF2026/I2b.pdf>.

37 Department of Information Communication Technology. (17 March 2025). National Single Window through an Integrated Trade Facilitation Platform (NSW - ITFP) Project Information Memorandum. Retrieved from: <https://cms-cdn.e.gov.ph/DICT/pdf/Project%20Information%20Memorandum%20-%20National%20Single%20Project%20Information%20Window%20Through%20an%20Integrated%20Trade%20Facilitation%20Platform%20%E2%80%93%20NSW-ITFP%29.docx%20-.pdf>.

38 Bureau of Customs. (15 July 2024). BOC and PCCI Launch ATA Carnet System in the Philippines. Retrieved from: <https://customs.gov.ph/boc-and-pcci-launch-ata-carnet-system-in-the-philippines>.

39 Department of Finance. (26 July 2024). DOF: PH's full implementation of int'l merchandise passport will showcase Filipino-made products globally and provide wider access to foreign market opportunities. Retrieved from: <https://www.dof.gov.ph/dof-phs-full-implementation-of-intl-merchandise-passport-will-showcase-filipino-made-products-globally-and-provide-wider-access-to-foreign-market-opportunities/>.

the ATA Carnet system.⁴⁰ The Bureau of Customs (BOC) issued a Customs Memorandum Order (CMO) defining procedures for implementing ATA Carnet in existing customs systems.⁴¹

One of the earliest operational milestones was when PCCI issued the first ATA Carnet to Themics Philippines Inc. for transporting exhibition goods to China in May 2025.⁴² The practical application of the system demonstrates its viability and showcases to businesses and MSMEs that the system can work in real trade situations. It also provides a model case for what documentation, customs coordination, and logistical planning looks like under the new system.

There are numerous benefits that the ATA Carnet provides. First, it lowers cost barriers by exempting temporary imports from duties and VAT, which makes participation in international trade shows, fairs, and exhibitions more accessible.⁴³ By simplifying the customs procedures into fewer, more standardized processes, the ATA Carnet system will reduce administrative overhead, delays, and uncertainties. This would benefit particularly smaller exporters of firms with limited resources. Additionally, it enhanced the Philippines' overall competitiveness and reputation in global trade, signalling that the country is committed to modernize its trade facilitation by adhering to international norms.

However, the ATA Carnet system in the Philippines is still in its infancy and the full realization of these benefits will require attention to several challenges. First, awareness among exporters, especially MSMEs, must continue so they would know about ATA Carnet's existence, eligibility, and the correct use. Effective capacity building is also crucial, particularly training of customs staff and port/airport personnel to avoid procedural errors or rejections. Additionally, ensuring that enough ports and airports are ready to process Carnets (including in provinces) is key to address geographic bottlenecks. Another risk is non-compliance (ex. goods not re-exported or documentation lapses) which could lead to added regulation fees or duty enforcement.

To strengthen this initiative as part of a wide-scope ease-of-doing-business strategy, the Chamber recommends that the government integrate the ATA Carnet module into the NSW/Tradenet system, so issuance, tracking, and customs validation are cohesive. The chamber also recommends the institutionalization of monitoring metrics with regular reports, as well as ensuring legal/regulatory clarity for duty reversion in case of non-compliance. Supporting awareness campaigns would also help in ATA Carnet's implementation, targeting exporters, trade associations, and other professional sectors. Through the proper implementation, the ATA Carnet has the potential to transform the customs and logistics landscape of the country. This would ultimately

streamline cross-border trade, boost export participation, and reinforce the Philippines' standing in regional and international trade systems.

Enforcing & updating Citizen's Charters for transparent service delivery

To further promote ease of doing business in the customs and logistics sector involves ensuring that the BOC and all trade-regulatory government agencies (TRGAs) fully realize their service delivery commitments as defined in their Citizen's Charters. Under RA 11032 or the Ease of Doing Business and Efficient Government Service Delivery Act of 2018, Citizen's Charters are legal obligations that must clearly state what services are offered, the procedures to obtain the services, required documents needed, persons responsible, performance timeframes, fees, and how complaints may be filed. ⁴⁴For importers, exporters, and other stakeholders, consistent, transparent, and reliably enforced Charters reduce uncertainty, delay, and discretionary decision-making that often increases costs and risk.

Recent BOC reforms show the potential and remaining gaps in these commitments. In December 2024, the BOC revised its Citizen's Charter to better reflect modernization efforts and reinforce accountability. ⁴⁵ New initiatives such as the Customs Industry Consultative and Advisory Council (CICAC), which the chamber is a part of, created to engage industry feedback and resolve bottlenecks, show promise in practically implementing the Citizen's Charter.⁴⁶ Yet despite these improvements, many agencies TRGAs still lack fully updated Charters. Timeframes may also be vague or not uniformly enforced and there are some procedural requirements that remain nontransparent. Many Charters also do not yet reflect recent digitization changes or evolving trade-facilitation norms.

To strengthen its implementation, it is crucial to align all TRGA's Citizen's Charters with RA 11032 deadlines (the 3-7-20 working day rule for simple, complex, and highly technical transactions) and make these standards of service accessible and regularly updated. Agencies should also adopt standard templates for Charters. It should ensure that steps are clearly described, responsible persons identified, required documents specified, and fees/timeframes stated in concrete and practical terms. Additionally, performance metrics must be tracked, published, and audited. This could be by measuring how often services fall within the prescribed timeline, rates of customer satisfaction, complaints filed and resolved, and other procedural bottlenecks.

The Chamber lauds the Anti-Red Tape Authority (ARTA) for its work in reducing red tape in the country. As an ARTA-Champion, the chamber recommends further empowering and an increase in resources for ARTA to monitor compliance to Charters, issue sanctions or corrective orders for non-compliance, and ensure that stakeholders are aware of their rights. ARTA's recent inspections and calls to the public to assert their

40 Daily Tribune. (09 June 2024). PCCI offers ATA Carnet accreditation. Retrieved from: <https://tribune.net.ph/2024/06/08/pcci-offers-ata-carnet-accreditation/>.

41 Department of Finance. (26 July 2024). DOF: PH's full implementation of int'l merchandise passport will showcase Filipino-made products globally and provide wider access to foreign market opportunities. Retrieved from: <https://www.dof.gov.ph/dof-phs-full-implementation-of-intl-merchandise-passport-will-showcase-filipino-made-products-globally-and-provide-wider-access-to-foreign-market-opportunities/>.

42 PhilExport. (23 May 2025). Issuance of 1st ATA Carnet marks start of more streamlined trade facilitation era: PCCI. Retrieved from: <https://mailchi.mp/cd8c3903ff61/philexport-news-and-features?e=4741750e05#1/>.

43 Ayeng, R. (22 December 2024). ATA Carnet allows seamless trade, duty-free entry of products. Retrieved from: <https://tribune.net.ph/2024/12/21/ata-carnet-allows-seamless-trade-duty-free-entry-of-products/>.

44 The LAWPHIL Project. (28 May 2018). Republic Act No. 11032. Retrieved from: https://lawphil.net/statutes/repacts/ra2018/ra_11032_2018.html

45 Bureau of Customs. (24 June 2025). Philippines Customs puts integrity at the heart of its modernization. Retrieved from: <https://mag.wcoomd.org/magazine/wco-news-107-issue-2-2025/philippines-customs-puts-integrity-at-the-heart-of-its-modernization/>.

46 Bureau of Customs. (13 February 2025). BOC Drives Trade Facilitation Through Transparency and Innovative Reforms in 2024. Retrieved from: <https://customs.gov.ph/boc-drives-trade-facilitation-through-transparency-and-innovative-reforms-in-2024/>

rights under RA 11032 is a step in the right direction.⁴⁷ Meanwhile, the Bureau of Customs has also undertaken actions to clean up procedural inconsistencies. In July 2025, the newly appointed BOC Commissioner ordered the suspension of the implementation of all previously approved but unserved letters of authority (LOAs) and mission orders (MOs).⁴⁸

Finally, TRGAs must continually update their charters. Each TRGA must commit to at least annual review, or whenever major changes in processes, technology, or regulations occur. For example, this may be when new trade facilitation reforms or digital single window components are introduced. Frontline staff should be trained, and feedback and collaboration with the private sector must be established. This would allow the Charters to reflect not just what agencies want or commit to, but to what they actually deliver. Constant updating along with enforcement and transparency would ensure that Citizen's Charters become a vital tool for trade facilitation.

Promote competitive shipping costs by establishing fair guidelines to regulate the application of local charges at origin and destinations imposed by international shipping lines to comply with existing laws on obligations and contracts and international commercial terminology (INCOTERMS)

The Philippine logistics and trade sector continues to be plagued by high shipping costs and various origins and destination charges, surcharges, and fees imposed unilaterally by international shipping lines and their agents. These local charges, often opaque and inconsistently applied, inflate the costs of imports, raise consumer prices, squeeze margins from local producers, and complicate tax administration. To address this, the government should adopt clear rules to regulate changes (in harmony with INCOTERMS and contractual obligations) and expand MARINA's oversight powers to include fair and transparent destination/local charges practices by international carriers and freight forwarders.

The INCOTERMS are a set of 11 individual rules issued by the International Chamber of Commerce (ICC) which define the responsibilities of sellers and buyers for the sale of goods in international transactions. Each INCOTERMS rule clarifies the tasks, costs, and risks to be borne by buyers and sellers in these transactions.⁴⁹

The "prepaid" INCOTERMS arrangement is subverted to zero or negative freight at origin and consequently is recovered by charging exorbitant amounts at destination to recover the cost of such negative or highly subsidised freight, to the detriment and injury of the consignee of the shipment.

Under prepaid INCOTERMS arrangements, it is the shipper's responsibility to shoulder all

47 Acobo, H. (02 June 2025). ARTA urges citizens to assert right to timely, transparent government services. Retrieved from: <https://pia.gov.ph/news/arta-urges-citizens-to-assert-right-to-timely-transparent-government-services/>.

48 Patinio, F. (03 July 2025). BOC chief suspends unserved letters of authority, mission orders. Retrieved from: <https://www.pna.gov.ph/articles/1253493>.

49 International Trade Administration. (2020). An Overview of Incoterms® 2020. Retrieved from <https://www.trade.gov/know-your-incoterms>

expenses needed to move the goods to the consignee's agreed delivery point. Yet some carriers have adopted questionable practices by passing these freight costs on to the consignee as so-called "destination charges," even though the consignee has no contract of carriage with the shipping line, which is a clear breach of the privity-of-contract principle. Although shipping lines are not direct parties to the INCOTERMS agreement between buyer and seller, they are bound by the contract of affreightment they entered into with the shipper and must honor its terms. Therefore, international carriers should not levy origin or destination fees on Philippine consignees when no contractual relationship exists with those consignees or when such payments are not required under the applicable INCOTERMS.

Non-adherence to INCOTERMS standards through the practice of negative freight arrangements directly impairs the government's right to collect the correct amount of taxes from importers. To address this, international shipping lines calling at Philippine ports should be mandated to justify and clarify all destination and local charges, including the nature of the services rendered for those fees. This separation is crucial for the government to accurately identify local service activities within the Philippines, which are distinct from the freight costs paid outside the country, and ensure proper tax assessment.

It is also crucial that the type and origin of revenue generated by destination charges be clearly established so the taxing authority can properly classify them as local services. By achieving this clear identification, the government can ensure that all destination charges generated for local services within the Philippines by international shipping lines are subjected to the correct taxes (including income tax and VAT for services) under the applicable provisions of the Tax Code.

In light of ongoing challenges in shipping cost transparency and regulatory oversight, the ECCP strongly supports the introduction of legislation during the 20th Congress that would codify key principles for fair maritime trade. The proposed law would affirm (1) the sanctity of contractual relations; (2) mandatory transparency in destination and local charges; (3) strict observance of INCOTERMS when stipulated in the contract of carriage; (4) the regulation of demurrage and detention fees; and (5) systematic study and appropriate taxation of destination charges.

One bill during the 19th Congress aimed to address some of these issues. **House Bill No. 1397** or the Standardization of International Shipping Local Charges Act sought to shield the import-export sector from "excessive and unnecessary fees, charges and surcharges" levied at origin or destination, including unconscionable costs associated with empty container management. It also intended to raise standards for corporate conduct in the shipping industry and enforce compliance with INCOTERMS to better protect local manufacturers, exporters, and importers.⁵⁰

Emerging in the 20th Congress in mid 2025, is **House Bill No. 1338** or the International Maritime Trade Competitiveness Act, which proposes stronger oversight over international shipping line charges. Under HB 1338, international carriers, non-vessel operating common carriers (NVOCCs), and freight forwarders must file and publish their regular shipping charges with MARINA, with changes subjected to a 30-day notice period. The bill also disallows imposing local charges not defined in the contract of carriage, mandates justifications and transparency and prescribes limits on demurrage/detention practices.⁵¹

50 House of Representatives. (06 July 2022). House Bill No. 1397. Retrieved from https://hrep-website.s3.amazonaws.com/legisdocs/basic_19/HB01397.pdf.

51 Pablo, R. (31 July 2025). Bill eyes stronger government oversight on international shipping line charges.

In relation, the ECCP proposes further broadening MARINA's mandate to give it explicit authority over international shipping lines and freight forwarding agents, ensuring these maritime enterprises fall under its regulatory and jurisdictional scope. MARINA already has statutory power for instance, to register international liners that call at Philippine ports and to exercise quasi-judicial authority, allowing it to adjudicate legal infractions and impose penalties under the law. Expanding these powers would allow for a full, end-to-end regulatory framework covering registration, oversight of charges, enforcement of contracts, and adjudication of disputes involving shipping firms and their agents.

Impose fair, commensurate and graduated fines and surcharges for clerical errors, misdeclaration, misclassification and undervaluation.

In order to discourage repetition of errors on goods declarations, Section 4.1 of Customs Administrative Order (CAO) No. 01-2020⁵² provides that “the concerned District Collector, through the Deputy Collector for Assessment, shall, in addition to the assessed duties, taxes, fees, fines or surcharges due, collect a fine of Five Thousand Pesos (PHP 5,000) for every clerical error determined to have been committed in the covering Goods Declaration upon the Lodgment thereof.”

However, the Customs Modernization and Tariff Act (CMTA) or Republic Act No. 10863, contains an important safeguard in Section 108, which states that the Bureau shall not impose substantial penalties for inadvertent errors where there was no fraudulent intent or gross negligence, while still allowing a penalty to discourage repetition so long as it is not excessive. This statutory standard requires that penalties for clerical mistakes be proportionate to the nature of the error.

Recent BOC action has introduced clarifications affecting how clerical errors and related charges are handled. In CAO No. 02-2025(issued May 31, 2025), the Bureau amended and clarified provisions on customs dues, fees and charges, including rules on cancellation or modification of goods declarations arising from clerical or inadvertent errors. The CAO 02-2025 text clarifies the charges applicable for cancellation/modification and sets out procedures to facilitate collection and administration, while noting exceptions (for example, where system errors are the cause). These amendments indicate administrative movement toward greater procedural clarity in handling lodgement errors and related charges.⁵³

Given CMTA Section 108 and the new CAO clarifications, it remains necessary to determine whether the fixed PHP 5,000 penalty per clerical error, and the absence of an explicit statutory cap on aggregate penalties per goods declaration, remains proportionate, especially where the clerical mistake has no bearing on valuation, classification, or tax/duty assessment. Penalties should be graduated and commensurate with the impact of the error, to avoid confiscatory or arbitrary outcomes for inadvertent mistakes. The BOC’s recent guidance (and its amendment in CAO 02-2025) offers some procedural relief, but it does not, on its face, eliminate the baseline PHP 5,000 per clerical error in all instances.

Furthermore, the imposition of the PHP5,000 penalty for every clerical error (without limitation)

is burdensome to importers and could result in extra-legal means to settle the penalty at a lesser amount. As a result, we advise that importers and declarants not be fined or penalised for the following items: 1) E2M system limitations; 2) Changes/revisions to Goods Declarations triggered by the Bureau for the proper assessment of duties and taxes of the goods, changes/ revisions that are not connected to the data input made by the importer or Declarant; and 3) Revisions that do not fall under the definition of clerical error as provided under Section 4.1.1 of this CAO.

On Customs Memorandum Order (CMO) No. 12-2021’s guidelines on the imposition of penalties relative to the Customs Accreditation of Importers, we respectfully submit our recommendations and comments on the following sections of said CMO:

SECTION	RECOMMENDATIONS AND COMMENTS
Section 2 - General Provision Section 2.2 The accreditation of the importer or broker may be preliminarily suspended pending proper administrative proceedings to ensure border protection, suppress all forms of smuggling and other frauds committed against the collection of lawful revenues.	The temporary suspension of a maximum period of 90 days could have a significant impact on the importers’ or brokers’ other shipments not covered with any derogatory report or suspected violation of the Customs laws, rules, and regulations. While the CMO provides the guidelines in requesting for continuous processing of the importers or brokers’ other shipments, the below specific requirements and limitations will result in delays in clearing the goods from customs: (1) The CMO will only cover shipments in transit or which arrived at ports prior to preliminary suspension; (2) The request for continuous processing will need to be filed at the legal service for resolution and approval of the Customs Commissioner; and (3) The 100% examination of the goods regardless of selectivity screen will need to be conducted with cost to be incurred by the requestor.

Retrieved from: <https://aisl.ph/bill-eyes-stronger-government-oversight-on-international-shipping-line-charges/>.
52 BOC. (21 January 2020). Customs Administrative Order No. 01-2020. Retrieved from https://customs.gov.ph/wp-content/uploads/2023/01/CAO_01-2020-Fines_and_Surcharges_for_Clerical_Error-1.pdf.
53 BOC. (22 April 2025). Customs Administrative Order No. 02-2025. Retrieved from: <https://customs.gov.ph/wp-content/uploads/2025/04/2025CAO-02-2025.pdf>.

6.1 Light Infractions –	Infractions are grave penalties that are not commensurate with the acts being penalised.
Suspension of accreditation privileges for a period of 1 month to 6 months:	The acts penalised under Section 6.1 are in nature ‘excusable negligence’, honest mistake or delays in submission of updated documentation. These are merely administrative requirements that do not involve defrauding the government or impairing the government’s right to collect the correct duties and taxes. Therefore, the imposition of a maximum of six (6) months of suspension of customs accreditation is confiscatory and may be subject to abuse or misuse.
(a.) Inadvertent mistake or erroneous information in the submitted documents, not substantial in nature;	
(b.) Failure to report changes in requirements after approval of accreditation;	As such, the ECCP urges BOC to review and consider the deletion of Sec. 6.1 Light Infractions or at the very least 6.1(a), or a reduction of penalties as the same is too much for the light infractions contemplated therein.
(c.) Late submission of import permit/clearance issued by government agencies for regulated and restricted imports/exports;	
(d.) Excusable negligence in protecting E2M password from abuse and misuse; and	
(e.) Other analogous circumstances.	

In connection with the points above, the ECCP has long called for the elimination of the vague phrase “other analogous circumstances” as a ground for preliminary suspension under Section 4 of the CMO, reasoning that its ambiguity invites discriminatory application. In support of this, the ECCP initially lauded CMO No. 06-2024, issued February 12, 2024, which provided that “no preliminary suspension may be imposed against accredited Licensed Customs Brokers transacting with the Bureau until an appropriate administrative charge for suspension or revocation of their customs accreditation has been filed against them,” as an interim safeguard to protect the livelihood and practice of licensed brokers.

However, in a significant reversal, the BOC has revoked Memorandum No. 06-2024 as of September 2025.⁵⁴ Under a memorandum dated September 5, 2025, the BOC reinstated CMO 12-2021, which permits the imposition of preliminary suspension on importers or brokers pending the filing of administrative charges. The BOC cited the need to reinforce customs enforcement and prevent abuse or smuggling risks. This effectively removes the protection that CMO 06-2024 had extended to accredited brokers.

54 PortCalls. (07 September 2025). BOC restores preliminary suspension order on brokers, importers. Retrieved from: <https://portcalls.com/boc-restores-preliminary-suspension-order-on-brokers-importers/>.

This development substantially changes the regulatory landscape. The ECCP’s concern about vague suspension grounds remains valid, but the prior interim protection is no longer in force. The reinstatement of CMO 12-2021 means that licensed customs brokers once again may be subject to preliminary suspension before formal administrative charges are filed, according to the guidelines in CMO 12-2021.

Given this shift, it is more urgent than ever to pursue legal or administrative reforms to ensure due process, prevent arbitrary use of preliminary suspension authority, and provide clarity on what constitutes valid grounds for suspension. The ECCP continues to advocate for removal of vague grounds, insistence on specific notice and charges before suspension, and codification of protections against discriminatory enforcement.

Promotion of the Blue Economy

The Philippines’ maritime and ocean economy continues to grow in significance. According to the Philippine Statistics Authority, in 2024, ocean-based industries, including shipping, fisheries, coastal tourism, marine manufacturing, and related sectors, surpassed PhP 1.01 trillion in value, representing 3.8 % of GDP.⁵⁵ This milestone underscores both the scale and the potential of the blue economy in driving growth, jobs, and resilience for an archipelagic nation.

To support this trajectory, the ECCP lauds recent legislative momentum. The chamber welcomes the passage of Republic Act No. 12064 (Philippine Maritime Zones Act), signed in November 2024, which formally delineates the Philippines’ internal waters, archipelagic waters, territorial sea, contiguous zone, exclusive economic zone, and continental shelf, all foundational legal underpinnings of maritime jurisdiction. At the same time, MARINA has been intensifying stakeholder engagement in 2025, hosting focus group discussions and forums on the Philippine International Ship Registration Bill and related fiscal incentives, pushing for more transparent registration processes, incentives, ease of inter-agency processes, and safeguards for shipowners.⁵⁶ These efforts reflect a growing consensus that an attractive ship registry is a key pillar of maritime competitiveness.

On the shipbuilding, repair, and ship registry (SBSR) front, there has been growing momentum to strengthen SBSR in the country. A collaborative legislative agenda is under development with the SBSR Development Bill and SBSR Fiscal Incentives Bill, both seeking to push modernization, investment, and integration of ship repair & construction in the country.⁵⁷ According to the OECD’s 2025 Peer Review of the Philippines’ Shipbuilding Industry, the country’s updated Maritime Industry Development Plan (MIDP 2028) sets out eight flagship programs aimed at boosting domestic shipbuilding capacity, supporting the maritime workforce, and enabling sustainable maritime transport. These include: 1) Modernization and Expansion of Domestic Shipping; 2) Promotion and Expansion of the Overseas Shipping Industry; 3) Modernization, Expansion, and Promotion of the Shipbuilding and Ship Repair Industry; 4) Promotion of a Highly-Skilled and Competitive Maritime Workforce; 5) Enhancement of Maritime Transport Safety and Security; 6) Promotion of an Environmentally Sustainable Maritime Industry; 7) Implementation

55 Philippine Statistics Authority. (18 September 2025). Ocean-based Industries Reach the Trillion Mark, Accounted for 3.8 Percent of GDP in 2024. Retrieved from: <https://psa.gov.ph/statistics/ocean-economy>.

56 MARINA. (13 September 2025). MARINA Holds FGD on Priority Bills Related to Ship Registry. Retrieved from: <https://marina.gov.ph/2025/09/13/marina-holds-fgd-on-priority-bills-related-to-ship-registry/>.

57 Lagnition, L. (21 August 2025). Philippines: Stakeholders unite for shipbuilding, registry reform. Retrieved from: <https://maritimefairtrade.org/philippines-stakeholders-unite-for-shipbuilding-registry-reform/>.

of a Sustainable Maritime Innovation, Transformation, Digitalization, and Knowledge Center; and 8) Adoption of an Effective and Efficient Maritime Administration Governance System.⁵⁸

The ECCP commends the full implementation of the Maritime Industry Development Plan 2028 (MIDP). This plan mandates the Maritime Industry Authority (MARINA) to adopt a system for effective execution, monitoring, and review of key programs, which include the modernization, expansion, and promotion of the domestic and overseas shipping and shipbuilding industries. Crucially, the roadmap focuses on strengthening the Philippine ship registry, expanding the country's merchant fleet to reduce reliance on foreign-flagged ships, and creating substantial employment opportunities for Filipino seafarers and shore-based maritime workers.

Given these developments, the ECCP continues to push for practical policy steps:

- Incentivize Philippine-flagged vessels and foster local shipping players to boost domestic fleet participation;
- Enact legislation and regulatory reform to establish a modern, competitive ship registry, one that offers fiscal and non-fiscal incentives, streamlines regulatory procedures, and strengthens linkages between registered vessels and the flag state;
- Institutionalize a one-stop shop for maritime permits and licensing that is fully digital, reducing fragmentation, delays, and duplication; and
- Ensure that ship registry and SBSR reforms are harmonized with the MIDP, and backed by consistent financing, regulatory clarity, and interagency coordination.

Ensure a Predictable and Fair Customs and Valuation Framework

To foster a more predictable and fair customs valuation environment, the government must continue to collaborate with industry stakeholders to refine the rollout and practical application of regulations such as the Digital and Integrated System for Pre-Border Technical Verification (PTV) and Cross Border Invoicing (CEI). Under Joint Administrative Order (JAO) No. 001-2024, the committee on PTV and CEI is mandated to create guidelines for the implementation of Administrative Order No. 23-2024, which requires a digital and integrated platform for PTV and CEI covering all imports within 2 years.⁵⁹ The system is intended to verify, ahead of border arrival, whether declared goods match their declared specifications (weight, volume, description, origin) and to ensure exporters issue complaint e-invoices prior to exportation.

On top of having these digital systems, a reliable valuation system also hinges on clear guidelines for assessing transaction value (including adjustments for freight, insurance, and other charges) and a review of penalty rules to avoid disproportionate fines that could weaken competitiveness. In many cases, conflicts in valuation arise from differences in how customs

offices use the Enhanced Value Reference Information System (e-VRIS) within the E2M platform (pursuant to CMO 16-2020).⁶⁰ Some offices were reportedly using reference values to justify upward adjustments or revaluations in ways that imports may find inconsistent or excessive.

The Chamber recommends a revisitation of how e-VRIS is being used, ensuring that reference values remain advisory and not automatically binding, providing channels for imports to contest adjustments, requiring transparency when a reference value triggers scrutiny, and mandating calibration and updating of reference values based on empirical trade data. Studies suggest the e-VRIS system has helped customs identify undervaluation risks and improved tariff classification, though questions remain about uniform application and fairness across customs districts.⁶¹

Likewise, the Bureau of Customs should update its rules and regulations governing implementation of the Customs Valuation Agreement (notably CAO 4-2004, CMO 16-2010) and the guidelines on insurance and freight (CMO 22-2007) to align with current trade practices and eliminate obsolete or arbitrary provisions. For instance, definitions of “freight” or “insurance” in certain goods’ valuation contexts may no longer reflect contemporary logistics practices or international norms. Revising these rules would help reduce subjective or discretionary divergence in how different customs districts treat ancillary charges, simplify the appeals or review process, and reduce valuation disputes.

By combining digital modernization (PTV/CEI), disciplined use of valuation reference tools, and up-to-date legal valuation rules, the government and industry can collaborate on creating a valuation regime that is predictable, fair, standardized, and neutral. This will reduce unexpected costs, mitigate contentious revaluations, and strengthen the country's standing in global trade by assuring investors and importers of a fair and consistent customs system.

Pass priority legislation to modernize the trade competitiveness of the country

To enhance the regulatory and operational effectiveness of maritime trade, the first priority should be to **amend the Philippines Ports Authority (PPA) Charter** in order to sharpen the distinctions between its regulatory functions and its operational roles. Clarifying these roles will remove conflicts of interest, reduce redundancies, and improve oversight. By separating regulatory oversight from management of port operations (e.g. cargo handling, infrastructure maintenance, terminal leases), the PPA can focus on strategic governance, compliance, and aligning port practices with international standards, while creating more efficient, competitive, and transparent port operations.

Another crucial piece of legislation is the **Blue Economy Act**, which aims to establish a comprehensive framework for sustainable maritime and ocean-based industries. The Blue Economy Bill or Senate Bill No. 2450 was approved on third reading in August 2024. The bill was

58 OECD. (12 September 2025). Peer Review of the Philippines' Shipbuilding Industry. Retrieved from: https://www.oecd.org/en/publications/peer-review-of-the-philippines-shipbuilding-industry_d1b077e1-en/full-report/government-policies-impacting-the-shipbuilding-sector_5ed5fd78.html.

59 Department of Finance. (24 January 2025). DOF successfully issues JAO to implement pre-border technical verification and cross-border e-invoicing system that will protect consumers from unsafe goods. Retrieved from: <https://www.dof.gov.ph/dof-successfully-issues-jao-to-implement-pre-border-technical-verification-and-cross-border-e-invoicing-system-that-will-protect-consumers-from-unsafe-goods/>.

60 Bureau of Customs. (06 July 2020). Customs Memorandum Order No. 16-2020. Retrieved from: <https://law.upd.edu.ph/wp-content/uploads/2020/07/BOC-CMO-No-16-2020.pdf>.

61 Tamayo, C. et al. (June 2024). The Effectiveness of Enhanced Value Reference Information System (e-VRIS) as New Database for Value and Classification of Imported Goods. Retrieved from: https://www.researchgate.net/publication/382559152_The_Effectiveness_of_Enhanced_Value_Reference_Information_System_e-VRIS_as_New_Database_for_Value_and_Classification_of_Imported_Goods.

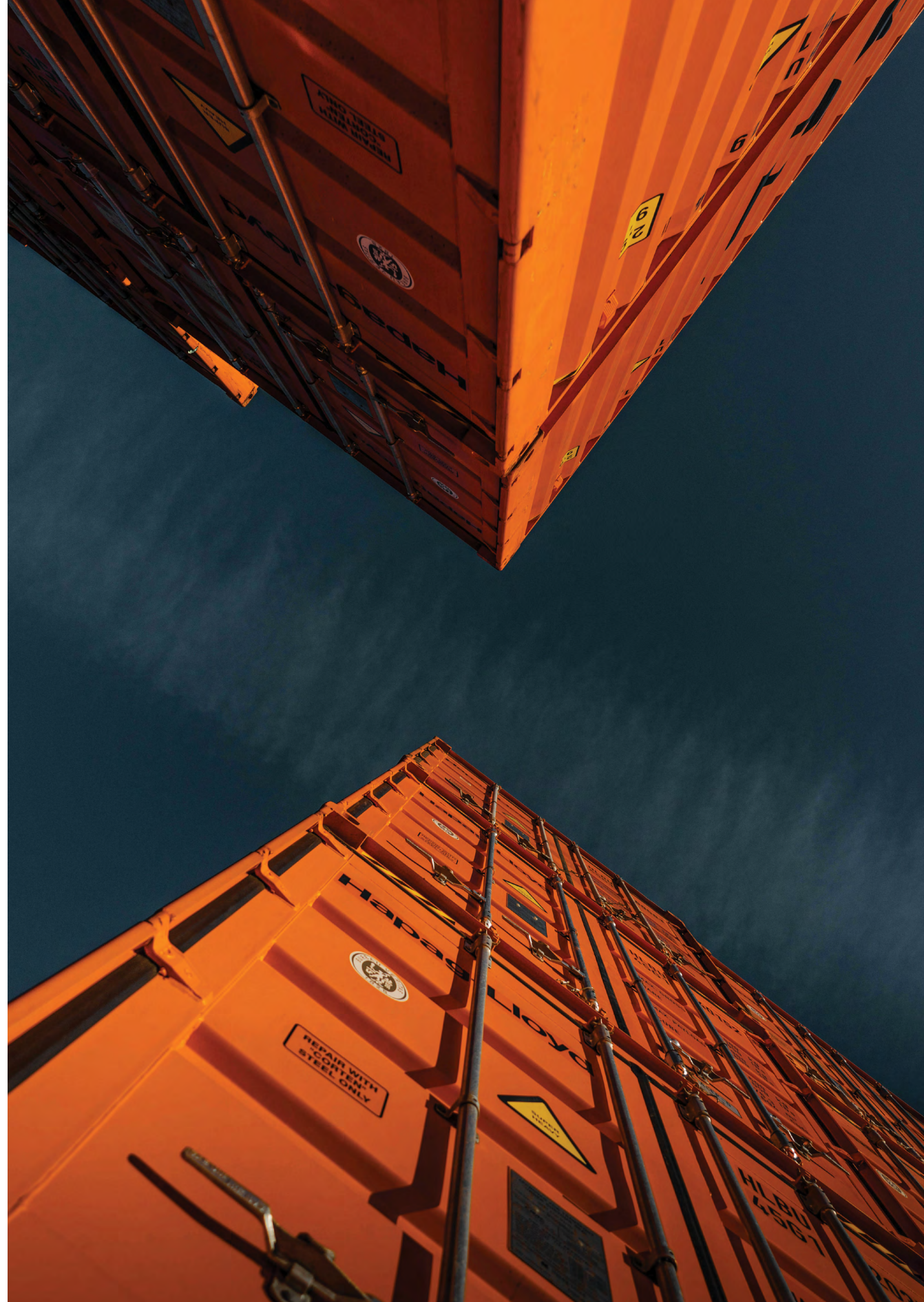
also approved by the House of Representatives on its third reading during the 19th Congress, but both the house and senate failed to ratify a reconciled bill. Although, it is important to note that the bill has strong support from the executive branch.⁶² The ECCP continues to support its enactment so that the Philippines can legally ensure stewardship of marine resources, strengthen inter-agency coordination, promote inclusive growth of coastal communities, and capitalize on marine wealth sustainably.

In line with trade facilitation and modernization, there is an urgent need to **legislate a National Single Window Policy**. The NSW-ITFP (National Single Window through an Integrated Trade Facilitation Platform) is already underway, with DICT issuing an invitation for comparative proposals under a PPP/BOT scheme in early 2025. This unified system aims to onboard many Trade Regulatory Government Agencies and serve as a single portal for submission and processing of trade documentation and permits. Formal legislation would provide the necessary legal mandate, funding certainty, and enforceable schedule, ensuring full implementation and sustainability across all ports and TRGAs.

The Chamber further supports the passage of the **Maritime Trade Competitiveness Act**. Multiple bills have been filed in Congress (e.g. House Bill No. 4933, Senate Bill No. 2147) that seek to strengthen oversight of international shipping charges, enhance transparency in destination/origin fees, and institutionalize mechanisms for more efficient movement of goods. As stated previously, in the 20th Congress in mid 2025, **House Bill No. 1338** or the International Maritime Trade Competitiveness Act was filed, which proposes stronger oversight over international shipping line charges. Enacting this legislation would help lower logistics costs, protect local industries, and promote fairness in maritime trade.

Together, these legislative priorities would form a holistic and whole-of-country strategy. If adopted, they would modernize port and customs governance, ensure predictable and sustainable use of marine resources, streamline trade processes, and improve the Philippines' competitive positioning in global shipping and maritime trade.

62 Philippine Communications Office. (17 July 2025). PBBM to support proposed Blue Economy Act. Retrieved from: https://pco.gov.ph/news_releases/pbbm-to-support-proposed-blue-economy-act/.



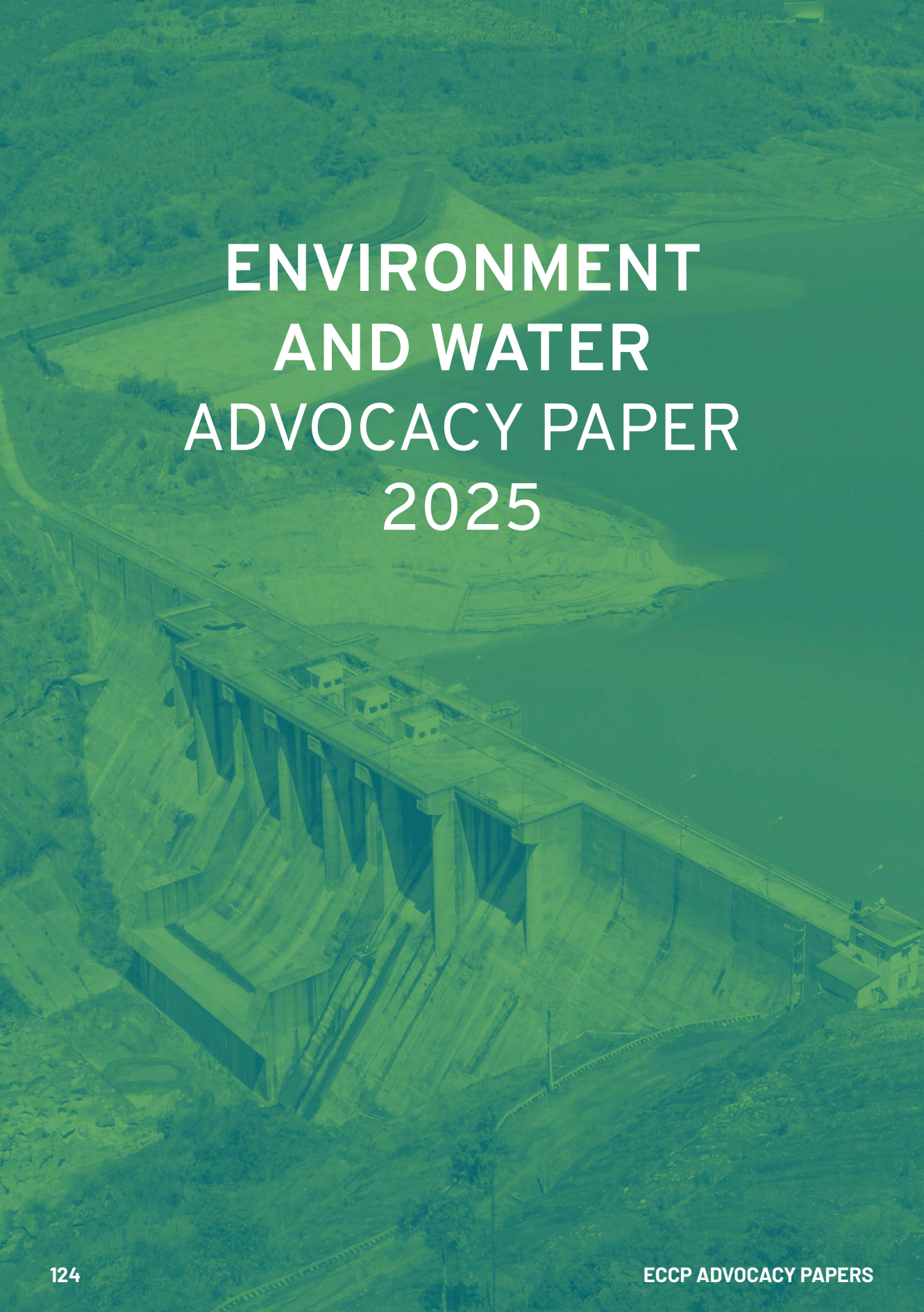
ASSESSMENT OF THE 2024 RECOMMENDATIONS

2024 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Promote Ease of Doing Business in the Customs and Logistics Industry	
Promote competitive shipping costs by establishing fair guidelines to regulate the application of local charges at origin and destinations imposed by international shipping lines to comply with existing laws on obligations and contracts and international commercial terminology (INCOTERMS)	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
Expedite the operationalization of the National Single Window (NSW) and pursue integration with the ASEAN Single Window (ASW) Significant steps have been taken toward operationalizing the Philippines’ National Single Window via the NSW-ITFP PPP procurement process (with Bid Bulletins issued in mid-2025) and continued interagency coordination through NSW Steering Committee sessions. While e-ASEAN integration is underway (e.g. exchange of e-Phyto via the ASEAN Single Window) full digital interoperability and seamless ASW integration remain works in progress.	
Strengthen and appoint MARINA to have primary jurisdiction the promotion of fair and transparent destination and other shipping charges among forwarders and agents of international shipping lines Progress toward regulating shipping local charges has advanced somewhat: new bills such as HB 1338 (International Maritime Trade Competitiveness Act) have been filed to expand oversight and require publication of charges by carriers. However, no law has yet been enacted. It was important to note though that House Bill No. 10575, approved by the House on final reading in early 2025, proposed giving MARINA oversight powers to require international carriers, freight forwarders, NVOCCs, and terminal operators to file and publish their rates, and prohibits unsubstantiated local surcharges beyond those clearly defined and agreed in contracts. However it was not passed before the 19th Congress ended.	

2024 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Impose fair, commensurate and graduated fines and surcharges for clerical errors, misdeclaration, misclassification and undervaluation	
Promotion of Blue Economy	
Re-evaluate the scope of Electronic Tracking of Containerized Cargo (ETRACC) to relieve reefer imports from trade barriers	
Monitor penalty imposed by Customs Wharfinger at most of the Customs Bonded Warehouses for LCL for Shipments Without Country of Origin Marking	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
CAO No. 02-2025 clarifies fees for the cancellation or modification of goods declarations due to clerical errors. This indicates some administrative recognition of the issues around rigid application of the PHP 5,000 penalty.	The baseline PHP 5,000 penalty for clerical errors under CAO 01-2020 is still in place without a fully established cap, nor a graduated structure clearly defined for small or harmless errors. There is no law or regulation yet that formally revises or rescinds the PHP 5,000 standard penalty for clerical errors in all cases.
The Blue Economy Bill was refiled in the 20th Congress by Senator Risa Hontiveros and Senator Loren Legarda. The President has expressed his support for another attempt at pushing for the enactment of the Blue Economy Bill.	The House and Senate did not reconcile their versions or enacted a final Blue Economy law before the 19th Congress ended.
	The E-TRACC / CMO 04-2020 system remains the official policy that subjects reefer containers (among others) to electronic tracking via GPS seals.
The Bureau of Customs has revised its schedules of dues, fees, and charges (CAO 02-2025) in mid-2025, showing willingness to reexamine customs policy and adjust charges in response to stakeholder feedback. A draft Bureau of Customs order on marking duty has surfaced, indicating that the Bureau is considering refinements or clarifications to the existing marking rules, which suggests acknowledgment of stakeholder concerns.	



ENVIRONMENT AND WATER ADVOCACY PAPER 2025

ON WATER

INTRODUCTION

Water is at the heart of sustainable development. Its importance cannot be oversimplified, as it plays a vital role in socio-economic progress, agriculture and food production, energy generation, the health of ecosystems, and, ultimately, human survival.¹ Water, therefore, is essential for human life. However, access to clean water and sanitation remains a global concern. Achieving Sustainable Development Goal (SDG) 6 which aims to ensure access to clean water and sanitation for all, has been falling behind largely due to gaps in monitoring and reporting.² As of 2024, 2.2 billion people still went without safely managed drinking water and 3.4 billion without safely managed sanitation. These challenges are being exacerbated by climate change, increasing risks to public health, economic stability, and social cohesion hindering the achievement of SDG 6.

The Philippines, an archipelagic country of over 7,100 islands, faces high vulnerability to drought and water insecurity due to its geographic and climatic conditions. Between 1968 and 2020, the country experienced 12 major droughts, typically occurring every 3 to 7 years. A rainfall reduction of 21-60% over three or more consecutive months signals a dry spell or drought. Agricultural drought is the most prevalent type, with an estimated 20 million metric tons in crop losses recorded between 1980 and 2020.³ Because of this, the Philippine government is actively addressing these challenges through a multi-faceted approach. Efforts include the implementation of national plans like the Philippine Development Plan (PDP) 2023-2028 and the El Niño National Action Plan⁴ which prioritize water security and climate-resilient agriculture. The government is also establishing more water-related infrastructure, such as dams, irrigation systems, and water impounding projects. The creation of the Water Resources Management Office (WRMO) is also an important step towards unifying fragmented policies and programs, ensuring a more cohesive and systematic response to water challenges.

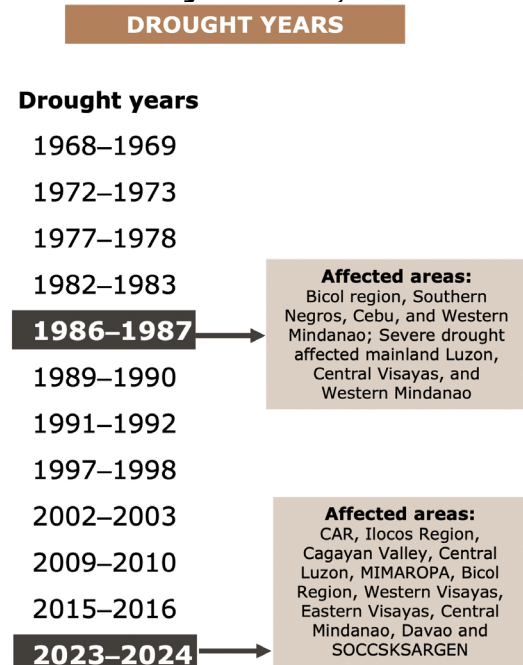
1 United Nations (n.d). Global Issues: Water. Retrieved from <https://www.un.org/en/global-issues/water>

2 UNESCO. (2024). The United Nations World Water Development Report 2024. Retrieved from <https://unesdoc.unesco.org/ark:/48223/pf0000388948>

3 FAO. (2024). Drought Portal - Knowledge Resources on Integrated Drought Management, Retrieved from: <https://www.fao.org/in-action/drought-portal/preparedness/vulnerability-and-impact-assessment/national-case-studies/the-philippines-case/en>

4 El Niño National Action Plan. Retrieved from: https://ndrrmc.gov.ph/attachments/article/4236/2023_EI_Nino_National_Action_Plan_as_of_Nov_27_2023.pdf

Figure 1. Drought Years in the Philippines



Source: Food and Agriculture Organization

Additionally, the World Resources Institute (WRI) projects that by 2040, the Philippines will face high water stress, ranking 57th among 167 countries most at risk of water shortages.⁵ The Philippines continues to face challenges in ensuring access to safe water and sanitation. Only 48% of the population has access to safely managed or piped water services, while approximately 63% have access to safely managed sanitation facilities.⁶

In line with the Philippines' commitments under SDG 6, the national government is advancing integrated water resources management in collaboration with the private sector and key stakeholders. This coordinated approach aims to ensure sustainable, equitable, and safe water access for all, safeguarding water security for both current and future generations.

⁵ UNICEF Philippines. (30 November 2023). Climate change is altering the mental and physical health of children – UNICEF report. Retrieved from <https://www.unicef.org/philippines/press-releases/climate-change-altering-mental-and-physical-health-children-unicef-report>.

⁶ World Bank. (07 December 2023). Municipalities and Cities Need Strong National Government Support to Ensure Safe Water and Sanitation for all Filipinos Retrieved from <https://www.worldbank.org/en/news/press-release/2023/12/07/municipalities-and-cities-need-strong-national-government-support-to-ensure-safe-water-and-sanitation-for-all-filipinos>

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

- On December 30, 2024, President Marcos Jr. **removed flood control projects worth at least P16.7 billion from the P6.326 trillion 2025 national budget.** Among the budget provisions excluded were P4.58 billion for the construction and maintenance of flood mitigation structures and drainage systems, P2.88 billion for the construction and rehabilitation of flood mitigation facilities within major river basins and principal rivers, P182.7 million for the construction and rehabilitation of water supply, septage and sewerage, and rainwater collectors, P9 billion for sustainable infrastructure projects addressing gaps in flood mitigation structures protecting major and strategic public buildings and facilities, and P150 million for the Basic Infrastructure Program covering flood mitigation structures for major and strategic public buildings and facilities.⁷
- In February 2025, the DENR,⁸ through its Water Resources Management Office (WRMO), established the **“Wag Pataksaya Hotline”**. This initiative, launched under Executive Order No. 22 (2023) is a direct and automated system designed to help resolve water-related issues for consumers. The hotline acts as a communication bridge, connecting the public to the appropriate water service provider (WSP), such as the Metropolitan Waterworks and Sewerage System (MWSS), water districts, or private WSPs under the National Water Resources Board (NWRB). The WRMO facilitates the proper and timely resolution of issues without directly providing services or repairs.
- The Philippines has secured a **long-term commitment to water services with a 10-year extension of concession agreements for Maynilad and Manila Water**, approved by the Economy and Development (ED) Council under President Ferdinand R. Marcos Jr. The Department of Economy, Planning, and Development (DEPDev) reported that the extension moves the contract period from 2037 to 2047, aligning it with legislative franchises outlined in Republic Acts 11600 and 11601. DEPDev Secretary Arsenio Balisacan emphasized that this decision ensures safe and affordable water for Metro Manila and nearby areas while encouraging investments, expected to generate PHP 50.3 billion in government revenue.⁹ **The extension is expected to ease tariff pressures while guaranteeing safe, reliable, and affordable water for Metro Manila and nearby provinces.**¹⁰

⁷ Marcos Removes 16.7B worth of Flood control projects in 2025 Budget

⁸ DENR. (28 February 2025). DENR-WRMO launches water service hotline. Retrieved from: <https://denr.gov.ph/news-events/denr-wrmo-launches-water-service-hotline/>

⁹ Moaje M. (18 June 2025). Gov't approves 10-yr water deal extension, Key Infra Projects. Retrieved from: <https://www.pna.gov.ph/articles/1252457>

¹⁰ Desiderio L. (19 June 2025). Government OKs extension of Maynilad, Manila Water Concessions. Retrieved from: <https://www.philstar.com/business/2025/06/19/2451533/government-oks-extension-maynilad-manila-water-concessions>

LEGISLATIVE UPDATES

- **Creation of the Department of Water:** House Bill No. 9663, or the National Water Resources Act, which aims to establish the Department of Water Resources and the Water Regulatory Resources, was approved on third reading on 12 December 2023.¹¹ The proposed legislation designates the DWR as the lead agency tasked with the comprehensive and integrated identification and mapping of all water resources, as well as the planning, policy formulation, and management of ownership, use, development, and protection in the Philippines.¹² The bill likewise proposes the establishment of a Water Regulatory Commission (WRC), which will oversee economic regulatory functions such as tariff frameworks, rules, and guidelines. Notably, the bill forms part of the Legislative-Executive Development Advisory Council's (LEDAC) common legislative agenda.¹³ As of 2025, President Marcos has instructed the revision of the bill to enhance its clarity and establish a robust framework that minimizes inefficiencies, reinforces regulatory measures, and secures access to clean, reliable water for all Filipinos.¹⁴

ON ENVIRONMENT INTRODUCTION

According to the World Bank, there is currently a “global waste crisis”. Recent data indicate that 23% of total waste remains uncollected, while 33% is openly dumped without proper disposal measures. The situation is significantly more severe in low-income countries, where up to 60% of solid waste is not collected, and 93% is managed through unsafe practices such as open dumping, burial, or disposal into water bodies.¹⁵ Furthermore, plastic pollution has emerged as one of the most pressing environmental challenges of the 21st century. Global plastic production more than doubled from 234 million tons in 2000 to 460 million tons in 2019. If current trends continue, production is projected to reach 736 million tonnes by 2040. Which is an increase of 70% from 2020 levels. This surge is expected to outpace global population growth, driven largely by sustained and growing demand.¹⁶ According to the World Health Organization (WHO), millions of tons of plastics end up on earth's water systems. Currently, the top biggest plastics producers and major contributors to global greenhouse gas emissions in the world are the US

11 House of Representatives. (December 2023). House Bill No. 9663 otherwise known as the National Water Resources Act. Retrieved from <https://www.congress.gov.ph/search/#19>

12 House Bill No. 9663. See also: Cervantes, F. (12 December 2023). House passes PBBM priority bills. Retrieved from <https://www.pna.gov.ph/articles/1215312>

13 National Economic and Development Authority. (27 February 2024). LEDAC Common Legislative Agenda (CLA) 19th Congress. Retrieved from <http://ledac.neda.gov.ph/wp-content/uploads/2024/02/List-of-LEDAC-CLA-as-of-February-27-2024.pdf>

14 Gascon M. (27 February 2025) Marcos Orders Refinement of the Department of Water Bill. Retrieved from: <https://newsinfo.inquirer.net/2038442/marcos-orders-refining-of-department-of-water-resources-bill>

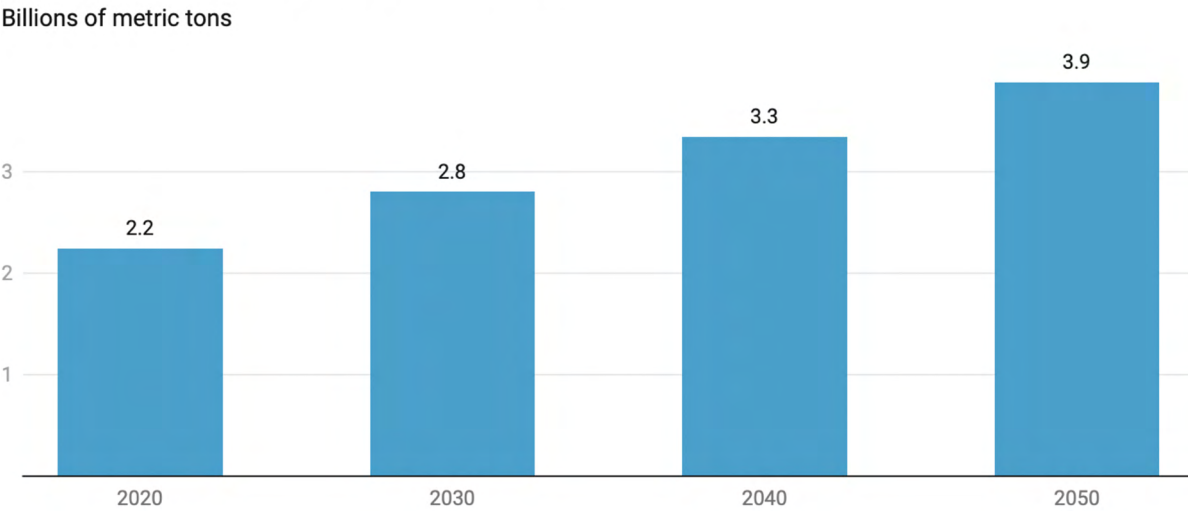
15 World Bank Group. (05 May 2025). Clean Cities, Bright Futures: Accelerating Investment and Reforms in Solid Waste Management in Developing Countries. Retrieved from <https://www.worldbank.org/en/results/2025/04/30/clean-cities-bright-futures-accelerating-investment-and-reforms-in-solid-waste-management-in-developing-countries>

16 OECD. (02 October 2024). Policy Scenarios for Eliminating Plastic Pollution by 2040. Retrieved from https://www.oecd.org/en/publications/policy-scenarios-for-eliminating-plastic-pollution-by-2040_76400890-en.html

and China. But recently, the Philippines has been named as the country that generates “most plastic pollution found in ocean waters”.¹⁷

Figure 2. Projected Global Waste Generation

Projected Global Waste Generation



Source: [More Growth, Less Garbage, World Bank, 2021](#) • [Get the data](#) • Created with [Datawrapper](#)

Source: World Bank

The pollution crisis in the Philippines has reached a critical point that has caused persistent and numerous implications. Rapid industrialization has contributed to growing environmental pressures in the country. The Philippines generates about 2.7 million tonnes of plastic waste each year, with an estimated 500,000 tons ending up in the ocean. Severe environmental events and natural disasters in Metro Manila exacerbate plastic pollution, posing serious threats to human health, food safety, and vulnerable populations. Women and youth are particularly at risk, as many informal waste workers, especially women are exposed to hazardous conditions while collecting waste from landfills.¹⁸ Recognizing this, the government, private sector, and civil society are increasingly collaborating on solutions to advance a more sustainable future

17 Musto J. (19 November 2024). These Countries Produce the Most Plastic Pollution in our Oceans – and they’re not the ones you might have guessed. Retrieved from <https://www.independent.co.uk/news/world/ocean-plastic-pollution-global-waste-b2649905.html>

18 UNDP. (27 November 2024). Combatting Plastic Pollution for Sustainable Development: A Snapshot of UNDP's work in 12 Countries. Retrieved from <https://www.undp.org/chemicals-waste/publications/combating-plastic-pollution-sustainable-development-snapshot-undps-work-12-countries>

Rivers that contribute the most to ocean plastic pollution

Our World
in Data

Source: Our World in Data

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

- 19 Department of Finance. (25 March 2024). DOF pushes for excise tax on single-use plastic bags, a win-win solution to address climate change. Retrieved from <https://www.dof.gov.ph/dof-pushes-for-excise-tax-on-single-use-plastic-bags-a-win-win-solution-to-address-climate-change/>

20 Ferreras M.A. (05 November 2024). MMDA open to unified policy banning single-use plastics in NCR. Retrieved from: <https://www.gmanetwork.com/news/topstories/metro/926029/mmda-open-to-unified-policy-banning-single-use-plastics-in-ncr/story/>

21 European Commission. (27 February 2025). New EU regulation promotes the procurement of sustainable packaging. Retrieved from: https://green-forum.ec.europa.eu/news/new-eu-regulation-promotes-procurement-sustainable-packaging-2025-02-27_en

22 DENR. (25 February 2025). EMB-NCR Attends Public Consultation for the EPR Procedural manual of
the Extended Producers. Retrieved from: <https://ncr.emb.gov.ph/%F0%9D%97%98%F0%9D%97%A0%F0%9D%97%95-%F0%9D%97%A1%F0%9D%97%96%F0%9D%97%A5-%F0%9D%97%94%F0%9D%97%A7%F0%9D%>

- In March 2025, the DENR launched **The “Forests For Life: 5M Trees by 2028”**. Forest for life is a reforestation program that aims to grow five million indigenous trees in six priority areas by 2028. The program shifts from one-time tree-planting to sustained growth, ensuring survival through a three-year maintenance plan and satellite-based monitoring. By restoring forests, it seeks to enhance climate resilience, regulate water supply, mitigate floods, and protect biodiversity. To support this effort, individuals and organizations are encouraged to invest PHP100 per tree, covering seedlings, care, and monitoring, with an online registry providing transparency.²³
- The DENR emphasized the Philippines’ commitment to advancing regional cooperation on marine plastic pollution, biodiversity protection, and climate resilience in the lead-up to its ASEAN chairmanship in 2026. **The Philippines will prioritize the post-2025 ASEAN Environment Plan**, stronger implementation of regional action plans, and protection of **ASEAN seas from plastic pollution**. As an archipelagic nation, the country underscored its responsibility, together with other member-states, to preserve biodiversity and safeguard regional ecosystems for future generations.²⁴
- The Philippines, through its Climate Change Commission (CCC) and Department of Environment and Natural Resources (DENR), is working with the British Embassy in Manila to empower local communities in the country’s climate adaptation efforts. During a recent meeting of the Philippines Adaptation Development Partners’ Coordination Group (DPCG), **CCC Commissioner Rachel Anne Herrera presented a plan to localize the National Adaptation Plan (NAP)**, which will be supported by an Adaptation Investment Learning Course to strengthen the role of local government units, state universities, and communities in evidence-based climate planning. Officials from all participating organizations stressed the importance of a “whole-of-government and whole-of-society” approach to build resilience from the ground up and avoid fragmented efforts.²⁵
- The Philippine Senate unanimously ratified the Agreement under the **United Nations Convention on the Law of the Sea on the Conservation and Sustainable Use of Marine Biological Diversity of Areas Beyond National Jurisdiction (BBNJ Agreement)**, also known as the **High Seas Treaty**, marking a historic step in marine conservation. Adopted globally in 2023, the pact establishes the first legally binding framework to **protect marine biodiversity beyond national waters through equitable sharing of marine genetic resources, creation of marine protected areas, mandatory environmental impact assessments, and capacity-building and technology transfer for developing nations**. For the Philippines, ratification promises tangible benefits for scientists, students, fisherfolk, and coastal communities through access to funding, retraining, and advanced marine technologies that can support sustainable livelihoods, food security, and innovations in medicine and agriculture. By joining the first 60 countries that will convene

97%A7%F0%9D%97%98%F0%9D%97%A1%F0%9D%97%97%F0%9D%97%A6-%F0%9D%97%A3%F0%9D%97%A8%F0%9D%97%95/

²³ Moahe M. (21 March 2025). Retrieved from: DENR Targets 5m Trees by 2028 via Forests for Life’ Program <https://www.pna.gov.ph/articles/1246572>

²⁴ Moaje M. (04 September 2025). PH to champion plastic pollution, biodiversity protection in ASEAN. Retrieved from: <https://www.pna.gov.ph/articles/1258038>

²⁵ PIA. (15 September 2025). PH, partners push for empowered local actors in climate adaptation. Retrieved from:

<https://www.pna.gov.ph/articles/1258967>

the Conference of Parties, the Philippines underscores its commitment to protecting the seas while ensuring that ordinary Filipinos share in the opportunities and benefits of this landmark treaty.²⁶

ECCP ENVIRONMENT & WATER ADVOCACY RECOMMENDATIONS

Reduce Plastic Pollution through the implementation of an Extended Producers’ Responsibility (EPR) Scheme and reconsider any move towards the banning of single-use plastics

Plastic pollution has steadily grown into one of the most urgent environmental concerns worldwide, driven by the rising production and use of single-use plastics, along with weak waste collection and recycling systems, particularly in developing countries.

The ECCP expresses its support for the implementation of a mandatory Extended Producer Responsibility (EPR) scheme in the Philippines. Such a framework calls for joint public and private sector investments in building a sustainable waste management system that encourages the reduction, reuse, diversion, and recycling of plastic waste.

We commend the government’s efforts to engage stakeholders through public consultations in order to design an inclusive, phased, target-driven, and practical EPR scheme. We likewise welcome the release of the draft reporting and auditing guidelines and EPR procedural manual, and affirm our commitment to work closely with the government and other partners in shaping the remaining provisions of the law particularly on penalties and incentives to ensure its successful implementation.

In this regard, and in view of recent discussions in Congress on a possible ban on single-use plastics, we respectfully reiterate the following recommendations previously submitted for consideration:

1. Banning necessitates affordable and appropriate alternatives. Otherwise, this can put consumers at a disadvantage and worsen the problem at hand.

Banning single-use plastics necessitates the existence of affordable, viable alternatives. The alternatives must meet (1) the desired quality, (2) minimum specifications; and (3) circumstances for the use; (4) supply of materials; (5) policy side; and (6) competitive cost.

Plastics are widely used given their versatile properties including the following: (1) moisture-resistant, providing a barrier against moisture and oxygen, preventing immediate the contamination of a product; (2) widely available and inexpensive; (3) malleable, easily be shaped in different forms (4) lightweight but highly durable, making it an excellent packaging material; (5) protection of product when transported, and transferred from one transport mode to another; and (6) resistant to corrosion and chemicals.

²⁶ Barcelona W. (17 September 2025). Senate Concurs BBNJ Treaty Protecting High Seas. Retrieved from: <https://www.pna.gov.ph/articles/1258938>

Any substitute material that does not meet the required standards may inadvertently cause more harm than benefit. Implementing a ban on plastics without first ensuring the availability of suitable alternatives could lead to the widespread use of untested substitutes, potentially affecting consumer health and safety if food products are exposed to contamination or spoilage. At present, beyond these health and safety considerations, commercially viable large-scale alternatives to sachets and multi-layer packaging, such as **film wraps, packaging, or bags less than 50 microns thick** remain limited.

We believe that imposing a ban on plastics will not effectively resolve the plastic waste problem, while a tax on such products will ultimately pass the burden on to consumers. Products should not be prohibited in the absence of clear, viable alternatives that demonstrate proven environmental, economic, and social benefits particularly since research indicates that substituting plastics with currently available options could result in greater environmental harm. By working together with the government, industry can contribute to the development of sound, research-based policies, programs, and regulations. This approach would deliver stronger environmental and economic outcomes, while avoiding unintended consequences such as the increased use of less recyclable, less reusable, or insufficiently tested substitutes.

To prevent misinterpretations that could create economic disruption or compromise health and safety, the definition of single-use plastics (SUP) should be established in close consultation with industry stakeholders. Legislation must also allow packaging materials to continue fulfilling their essential roles in product safety, hygiene, and quality in compliance with the strict regulatory standards set by the FDA and DTI, which ultimately safeguard consumers. Furthermore, any rules or legislation on plastic packaging should remain flexible and adaptable to keep pace with rapid technological advances and innovations.

2. Proper waste management should be prioritised. Merely shifting from single-use plastics to reusables may not guarantee significant marine litter reduction.

While shifting to reusables from single-use plastics may be beneficial, it still does not fully guarantee significant reduction in marine litter. In the Philippines, 74% of plastic leakage originates from waste that has already been collected.²⁷ With the dumping of private haulers and the habitual littering of individuals, shifting from single-use plastics to reusable may not be enough to solve the entire marine litter issue. The need to strictly enforce RA 9003, Ecological Solid Waste Management Act of 2000 becomes even more obvious and crucial. Assistance and incentives for local government units must be provided so that proper waste management is implemented in the community. Local government units must be able to collect, segregate, and process waste from their own constituents.

3. Policy decisions must be backed up by thorough, scientific studies. A complex problem requires a tailor-fit approach based on the purpose, minimum specifications, and circumstances of its use.

27 World Wild Fund (2018). The scourge of single-use plastic in the Philippines. Retrieved from https://wwf.panda.org/knowledge_hub/where_we_work/coraltriangle/?329831/The-scourge-of-single-use-plastic-in-the-Philippines

Policy decisions should be backed up by scientific studies such as the life-cycle sustainability assessment (LCSA) which will help provide an objective evaluation of a product's environmental, social and economic benefits and negative impacts throughout its life-cycle. In addition, a one-size-fits-all solution is not ideal; a tailor-fit approach must be considered depending on the scenario.



[Scenario 1] For single-use plastics of low functional value, these items should be removed from circulation and banned immediately or replaced with recyclable materials.

[Scenario 2] Should there be an existing alternative with a lower life-cycle assessment impact and a lower marginal cost increase, there must be a shift in delivery mode: replace these single-use plastics with recyclables. Such an approach should be promoted and even incentivized.

[Scenario 3] In cases where single-use plastic products are still the most appropriate materials, **packaging and product redesign** should be applied to reduce the plastic in general and to facilitate the shift to circular economy. For this scenario, materials reduction, improvement of recyclability, shifting to compostable, as well as product redesign are potential options. Materials reduction requires innovation in order to decrease the amount of plastic in a particular product without sacrificing its functionality. Shifting to compostable and product redesign are also deemed as viable options.

Even after implementing the aforementioned solutions, there will still be waste that comes after consumer use. It is necessary to put in place a system that would convert these **wastes into materials of value**. Potential approaches include (1) waste to raw materials conversion; (2) upcycling into more valuable products; (3) and financially-viable down cycling; (4) industrial plastic composting; (5) waste-to-energy (WTE); and (6) recycling of plastic packaging back into post-consumer recycled packaging material.

Possible options for **Waste to Energy** include co-processing, pyrolysis, and gasification. For this, it must be ensured that input wastes are pre-processed and sorted. WTE, when implemented properly, may not only help in producing much needed energy but also aid in significantly reducing the volume of trash after recycling. However, it is important that a clear policy and framework for the utilisation of waste-to-energy facilities be laid out by the Philippine government.

Furthermore, **waste diversion** has also been used as an approach to eliminate wastes in disposal facilities. Under RA 9003, LGUs are mandated to have at least 25% waste diversion rate. The City of San Fernando, Pampanga features an excellent case of waste diversion strategies. Before starting its Zero Waste Program in 2012, San Fernando's waste diversion rate was merely 12%. After six months, the city was able to increase the rate to 35% through

decentralised door-to-door collection of segregated waste, and the establishment of Materials Recovery Facilities (MRFs) in every barangay, school, and private subdivision. In 2014, two years after the commencement of its Zero Waste Program, the city increased its waste diversion rate to 68%. This highlights the potential of a waste diversion approach in limiting the wastes that go into the landfills. Other approaches such as **waste or recycling credit schemes**²⁸ are also being explored in order to further improve waste management.

4. There is a need to create a market for recycling and provide financial and non-financial incentives for the same.

In order to create waste-to-value, it is imperative that a market-based collection system, waste-to-value facilities, and markets be established in order to maximise the potential value of the said wastes. Moreover, the Philippine government is encouraged to create policies and programmes for the provision of incentives (financial and non-financial) to promote recycling industries and the necessary recycling infrastructure.

Potential areas for financial incentives may include: 1) energy and electricity; 2) collection and transportation of domestic recyclable materials; 3) waste-to-value facilities promoting co-processing of alternative fuels to cement kilns, and other high-value products such as biofuels, biochar, compost, and post-consumer recycled packaging material among others; 4) quantity/quality assurance of recyclable materials; 5) domestic procurement of recyclable and recycled materials; and 6) environmental financing. Non-financial incentives may include the following: government initiative on procurement of recycled products (*Green Purchasing Initiative*); 2) environmental labeling (*Green Choice*); and 3) Guidelines for Selecting Recycled Products (*Green Consumer Initiative*).

Encourage the adoption of incentive-based measures under the Extended Producer Responsibility (EPR) law

Implementing incentive-based measures under the EPR law, alongside existing penalties, will foster broader compliance among companies. Beyond punitive measures, this approach can include financial or regulatory incentives that reduce compliance costs, streamline processes, and provide technical support, particularly for MSMEs that often face resource constraints. By making compliance more feasible and cost-effective, these measures would not only drive higher participation rates but also accelerate the adoption of sustainable practices and strengthen the country's overall transition toward environmental responsibility and circular economy.

Strengthening the Implementation of the Extended Producer Responsibility Act

The ECCP fully supports the implementation of the EPR Act as an important step toward advancing a circular economy in the Philippines. ECCP underscores the urgency of accelerating this transition and believes that the EPR framework is central to achieving sustainable production

²⁸ Waste or recycling credits are intended to incentivize the collection and recycling of household waste for local authorities and also for third parties.

and consumption. Achieving meaningful progress however requires collective action from government, private sectors, and civil society. Stronger collaboration among stakeholders can drive systemic change, thereby reducing waste, promoting resource efficiency, and delivering long-term environmental and economic benefits. In this context, ECCP firmly believes in the following to strengthen the development and implementation of the EPR Act's Procedural Manual:

- First, while we recognize the importance of credible audits, the current requirement that only CPA-accredited firms may act as EPR auditors is overly restrictive. This risks excluding highly qualified environmental and sustainability professionals, including those accredited under ISO 14065, ISO 17029, and ISO 19011, thereby limiting the pool of competent auditors, driving up costs, and delaying compliance. International best practice does not also mandate CPA credentials for environmental auditing. We recommend therefore that quality assurance can instead be safeguarded through competency-based criteria such as accreditation under ISO 17020, ISO 17021, ISO 17029, ISO 14065 or ISO 19011; a documented track record in environmental and sustainability audits; and technical training on EPR and waste management, alongside DENR's own auditor training and approval program.
- Second, we note that the proposed re-registration process in the Draft Manual is not provided for under RA 11898 or DAO 2023-02. This may confuse obliged enterprises (OEs) that have already registered through their PROs and duplicate existing validated records. Moreover, the requirement to submit detailed plastic footprint data raises confidentiality and antitrust risks, as such information can reveal production and sales volumes. We recommend that DENR allow original PRO registrations to remain valid, and that clear protocols be issued for handling confidential information in accordance with RA 11898 Section 44-G, including options to submit aggregated or anonymized data for public reporting, with full disclosure made only to DENR and accredited auditors under strict safeguards.
- Third, the additional reporting obligations imposed on PROs in Chapter XI of the Draft Manual go beyond what is mandated by RA 11898 or DAO 2023-02, and may conflict with the Data Privacy Act of 2012 (RA 10173). To address this, confidentiality and data protection provisions aligned with RA 10173 and the EPR Act's minimum disclosure standards should be incorporated.
- Fourth, We recommend establishing a clear crediting system and guidelines for EPR programs. This system would define how sustainable plastic waste initiatives, like community-based buy-back programs ("trash for cash") or upcycling projects, can be converted into compliance offsets for obligated enterprises. For instance, if a company funds a program that recovers a certain amount of plastic, what is the "exchange rate" for the credits it receives? This specific guidance is currently missing from the draft manual. Defining these rules would provide a direct incentive for companies to invest in these valuable sustainability efforts, ultimately encouraging broader participation and more impactful initiatives.
- Fifth, there is uncertainty in navigating communications with the DENR-EMB and the National Ecology Center (NEC). Clearer points of contact, standardized processes, and well-defined requirements are needed to facilitate more effective industry engagement and ensure efficient compliance.
- Finally, on the scope of covered materials, we note that the Draft Manual includes partly plastic packaging such as used beverage cartons (UBCs) under the plastics category, counting only the plastic component toward the footprint. However, UBCs are classified as

paper under the Waste Analysis and Characterization Study (WACS). For consistency and clarity, the Manual should explicitly exclude UBCs and other paper-dominant composite materials from the plastics category, in line with prior commitments and international benchmarks, with a classification guide annexed to the Manual for guidance.

Integrate Environmental Education in the formal curriculum

The ECCP recognise the crucial role that education plays in shaping and motivating positive behaviour change and in order to truly address the ever growing issue of waste pollution, we must use education to instil the practice of proper solid waste management to the youth and turn it into a sustainable practice.

As such, we firmly believe that environmental education must be intensified and introduced at an earlier stage. Currently, Section 3 of the Environmental Awareness and Education Act of 2008 (RA 9512) provides for the introduction of environmental education in school curricula across the board which covers both theoretical and practicum modules.²⁹ Aside from this, waste minimization education is also included in the K-12 Program.

Facilitate multi-sector collaboration and establish regular dialogue between stakeholders

As in all industries, regular dialogue among stakeholders is vital to identifying common goals, fostering collaboration, and ensuring accountability. Open and inclusive consultations not only lay the groundwork for sustainable solutions to complex challenges but also strengthen the overall effectiveness of stakeholder engagement. This participatory approach results in more informed decisions and outcomes that reflect diverse perspectives and interests.

In this context, fostering collaborative partnerships between large and small companies should be encouraged. Through policy incentives for shared sustainability investments, resource pooling, and best practice exchange, businesses can reduce costs while making sustainable practices more accessible and financially viable across all sectors.

Aligned with this vision, we reiterate our commitment to working closely with government and other stakeholders in advancing the country's net-zero targets. By pursuing shared goals and leveraging each other's strengths, we can achieve far greater impact collectively than we could individually.

²⁹ Department of Natural Resources (2017). The National Environmental Education Action Plan 2018-2040 (Version 1). Retrieved from https://www.switch-asia.eu/fileadmin/user_upload/Publications/2017/PSC_Philippines/National_Environmental_Education_Action_Plan__NEEAP_.pdf



ASSESSMENT OF THE 2024 RECOMMENDATIONS

ISSUE	RECOMMENDATION	COMPLETE
	Creation of an overseeing agency for the water sector	
	Improve the local government units' operational efficiency and capacity to effectively implement their water and sanitation-related programs	
	Increase funding for water and sanitation-related programs and projects	
	Reduce Plastic Pollution through the implementation of an Extended Producers' Responsibility (EPR) Scheme and reconsider any move towards the banning of single-use plastics	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
House Bill No. 9663, also known as the National Water Resources Act, which aims to establish the Department of Water Resources (DWR) and the Water Regulatory Commission, was approved on third reading by the House on 12 December 2023 and transmitted to the Senate In February 2025, President Marcos directed government agencies to refine the bill's framework to ensure it is clear, efficient, and capable of reducing inefficiencies, strengthening regulation, and guaranteeing clean and reliable water for all Filipinos.	
X	
AccordingtotheDOF,the currentAdministrationispursuing the implementation of PHP 839 billion worth of water projects in a bid to boost the Philippines' water resources. The 44 infrastructure flagship programs are implemented under the government's flagship infrastructure program, known as Build Better More. Relatedly, in 2023, the DENR shared that there will be 135 potential water projects open for public-private investments that will be launched in 2024. Then, in January 2024, DENR announced that an additional 112 water projects will be open for PPP investments. In preparation for the El Niño phenomenon, President Marcos has called on government agencies to fast-track the completion of all water projects.	
On 13 February, the DENR presented and held a public consultation on the draft Administrative Order (DAO) on Extended Producer Responsibility (EPR) Reporting and Auditing Guidelines. The guidelines aim to establish a transparent and accountable framework for producers and stakeholders, ensuring effective fulfilment of their environmental responsibilities. The final version is expected to be released on 22 March 2024 in consideration of the deadline of submissions on 1 July 2024.	

ISSUE	RECOMMENDATION	COMPLETE
Encourage the adoption of incentive-based measures under the EPR law		
Strengthening the Implementation of the Extended Producer Responsibility Act		
Integrate Environmental Education in the formal curriculum		
Facilitate multi-sector collaboration and establish regular dialogue between stakeholders		

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
The DENR has been coordinating with key national government agencies to integrate complementary policies and mechanisms. These include working with the Department of Social Welfare and Development (DSWD) to establish inclusive safeguards for the informal waste sector, the Department of Science and Technology (DOST) to develop an information hub on cleaner technologies, and the Department of Trade and Industry (DTI) to improve waste management data systems and promote eco-label adoption. Collaboration with the Department of the Interior and Local Government (DILG) focuses on building partnerships with LGUs and communities, while engagement with the Department of Labor and Employment (DOLE) seeks to ensure fair wage policies within the waste sector. Meanwhile, the Department of Finance (DOF) is tasked with developing fiscal incentive measures to encourage compliance and support industry transition.	
The DENR held a public consultation in February 2025 on the EPR Procedural Manual, a key guide to help producers, regulators, and stakeholders comply with waste management laws. The Manual aims to strengthen compliance and align the country’s waste management strategies with global sustainability goals.	
	X
The DENR consistently holds public consultations and dialogues with relevant stakeholders to draft rules and regulations on waste management and achieving a circular economy.	

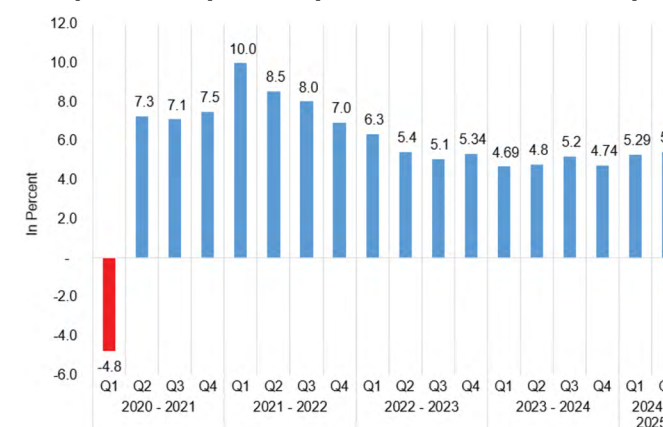
FOOD AND BEVERAGE ADVOCACY PAPER 2025

INTRODUCTION

The food and beverage (F&B) industry remains a foundational pillar of the Philippine economy, supplying essential goods to Filipinos and providing both skilled and unskilled employment across the value chain. In 2024, food and non-alcoholic beverages consumption still accounted for a major share of household final consumption expenditure (HFCE), forming roughly 36% of household spending despite inflationary pressures.¹ The sector also continues to represent a significant portion of the manufacturing landscape: manufacturing output growth has weakened (2.1% year-on-year in Q2 2025), yet F&B and tobacco remain among the top value-added contributors within manufacturing.²

Regarding consumption growth, HFCE in the Philippines posted about 5.1% growth in Q3 2024 compared to the same quarter in 2023, maintaining a similar trajectory as the previous year though showing signs of moderation.³ Meanwhile, per the USDA's Food Processing Ingredients report, in 2024 the F&B sector grew by approximately 3% in value, with rising consumer shifts toward smaller pack sizes and private label brands, as price sensitivity increased.⁴ The sector's performance over this period reflects both resilience in domestic demand and challenges due to input inflation and logistics constraints, pointing to the need for policy support to sustain growth.

Figure 1. Household Final Consumption Expenditure, Year-on-Year Growth Rates, Q1 2021 to Q2 2025 (At Constant 2018 Prices)



¹ United States Department of Agriculture (USDA) (31 March 2025). Food Processing Ingredients Annual – Manila, Philippines: Food and Beverage Consumption Share 2024. USDA FAS Report RP2025-0018. Retrieved from https://apps.fas.usda.gov/newgainapi/api/ReportByFileName?fileName=Food+Processing+Ingredients+Annual_Manila_Philippines_RP2025-0018.pdf

² Philippine Statistics Authority. (2025). Industry Sector Growth Report, Q2 2025: Manufacturing output and indices. PSA National Accounts. Retrieved from <https://psa.gov.ph/statistics/national-accounts/sector/Industry>

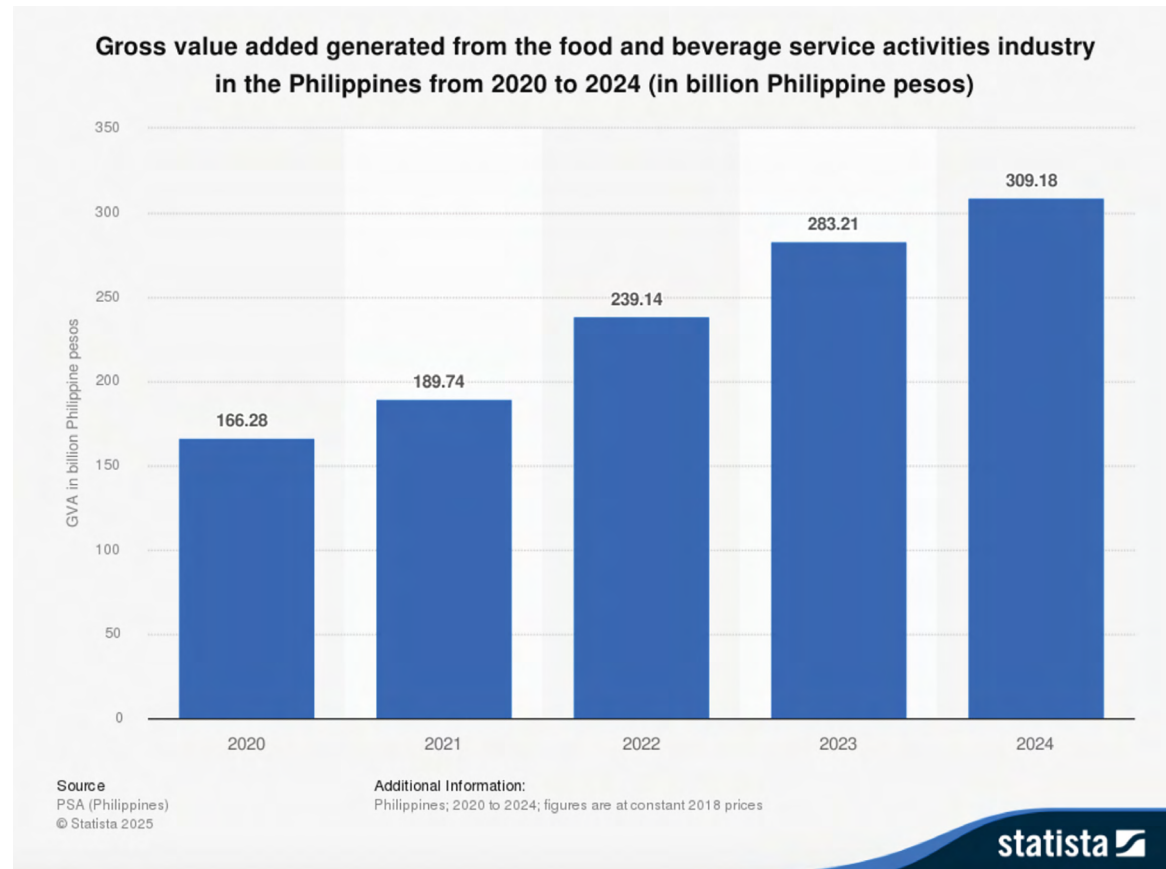
³ Philippine Statistics Authority. (2024). National Accounts of the Philippines – Third Quarter 2024. PSA. Retrieved from <https://psa.gov.ph/system/files/nap/Q3%202024%20NAP%20Publication.pdf>

⁴ United States Department of Agriculture. (31 March 2025). Food Processing Ingredients Annual – Manila, Philippines: Food and Beverage Consumption Share 2024. USDA FAS Report RP2025-0018. Retrieved from https://apps.fas.usda.gov/newgainapi/api/ReportByFileName?fileName=Food+Processing+Ingredients+Annual_Manila_Philippines_RP2025-0018.pdf

Source: Philippine Statistics Authority⁵

According to PSA National Accounts, the gross value added (GVA) for “Accommodation and Food Service Activities” shows growth from 2022 through mid-2024, though growth rates have moderated in recent quarters.⁶ The foodservice market size is estimated at USD 16.12 billion in 2024, with a forecasted compound annual growth rate (CAGR) of around 14.32 % between 2024 and 2029, driven largely by quick-service restaurants (QSR) maintaining a dominant market share.⁷

Figure 2. Gross value added generated from the food and beverage service activities industry in the Philippines from 2020 to 2024 (in billion Php)



Source: Philippine Statistics Authority⁸

⁵ Philippine Statistics Authority. (n.d.). Household Final Consumption Expenditures. Retrieved from <https://psa.gov.ph/statistics/national-accounts/sector/Household%20Final%20Consumption>

⁶ Philippine Statistics Authority. (2024). National Accounts of the Philippines Q3-2024: Accommodation and Food Service Activities GVA growth and trends. PSA. Retrieved from <https://psa.gov.ph/system/files/nap/Q3-2024-NAP-Publication.pdf>

⁷ Mordor Intelligence. (2024). Philippines Foodservice Market Size & Share Analysis (2024-2029 Forecast). Mordor Intelligence Report. Retrieved from <https://www.scotts-international.com/philippines-foodservice-market/companies>

⁸ Statista (2024). Gross value added generated from the food & beverage service activities industry in the Philippines from 2020 to 2023 (in billion Philippine pesos). Retrieved from <https://www.statista.com/statistics/1288091/philippines-gross-value-added-from-food-and-beverage-services/>

Digital channel expansion remains a strong trend as the Philippines’ online food delivery market was valued at around USD 4.34 billion in 2024, with projections to reach approximately USD 10.33 billion by 2033 at a CAGR of 10.11 % over the 2025-2033 period.⁹ Cloud kitchens are noted as one of the fastest-growing segments in foodservice, benefiting from these digital and delivery trends. However, I did not find official government-published figures to verify the PHP 283.95 billion GVA for 2023, nor the specific numbers for full-service restaurant growth or the “60.64 % sales value growth from 2020 to 2022” for full-service restaurants in the more recent period.

Figure 3. Gross value added generated from the food and beverage service activities industry in the Philippines with 2025 updates (in billion Php)¹⁰

National Accounts of the Philippines
Unit: In million Philippine pesos
As of August 2025

Table 16.1 Gross Value Added in Accommodation and Food Service Activities, by Industry
Q1 2023 to Q2 2025 and Semestral 2023 to 2025
At Current Prices

Industry	2023				2024				2025		2023		2024		2025
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Sem I	Sem II	Sem I	Sem II	Sem I
Accommodation	38,702	29,935	30,273	43,044	46,282	35,476	34,700	48,205	50,743	37,850	68,637	73,316	81,758	82,905	88,593
Food and beverage service activities	99,906	76,863	85,531	105,936	117,928	89,666	98,457	115,243	127,433	99,242	176,789	191,467	207,595	213,700	226,674
Gross Value Added in Accommodation and Food Service Activities	138,608	106,818	115,803	148,980	164,210	125,142	133,158	163,447	178,176	137,092	245,426	264,783	289,352	296,605	315,268

Source: Philippine Statistics Authority

National Accounts of the Philippines
Unit: In million Philippine pesos
As of August 2025

Table 16.2 Gross Value Added in Accommodation and Food Service Activities, by Industry
Q1 2023 to Q2 2025 and Semestral 2023 to 2025
At Constant 2018 Prices

Industry	2023				2024				2025		2023		2024		2025
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Sem I	Sem II	Sem I	Sem II	Sem I
Accommodation	32,718	25,637	26,556	37,066	38,029	29,608	29,785	40,724	41,214	31,173	58,355	63,621	67,837	70,509	72,387
Food and beverage service activities	74,719	59,333	67,135	81,510	83,538	65,713	73,886	85,380	87,779	71,197	134,051	148,646	149,251	159,266	158,976
Gross Value Added in Accommodation and Food Service Activities	107,437	84,970	93,691	118,576	121,566	95,321	103,671	126,104	128,994	102,369	192,406	212,267	216,888	229,776	231,363

Source: Philippine Statistics Authority

Source: Philippine Statistics Authority

Despite the accelerating growth of the food service industry, the retail food sector, including convenience stores, groceries, hypermarkets, and warehouse clubs, has shown signs of moderation since 2023 as post-pandemic “revenge spending” weakens and consumers become more price conscious.¹¹ Bulk purchases from food retail outlets by hotels, restaurants, and tourism businesses have increased, partly offsetting declining household foot traffic.¹² Traditional food retailers, wet markets and informal vendors, continue to dominate the food retail landscape, particularly for fresh produce, reflecting both consumer preference and price sensitivity.

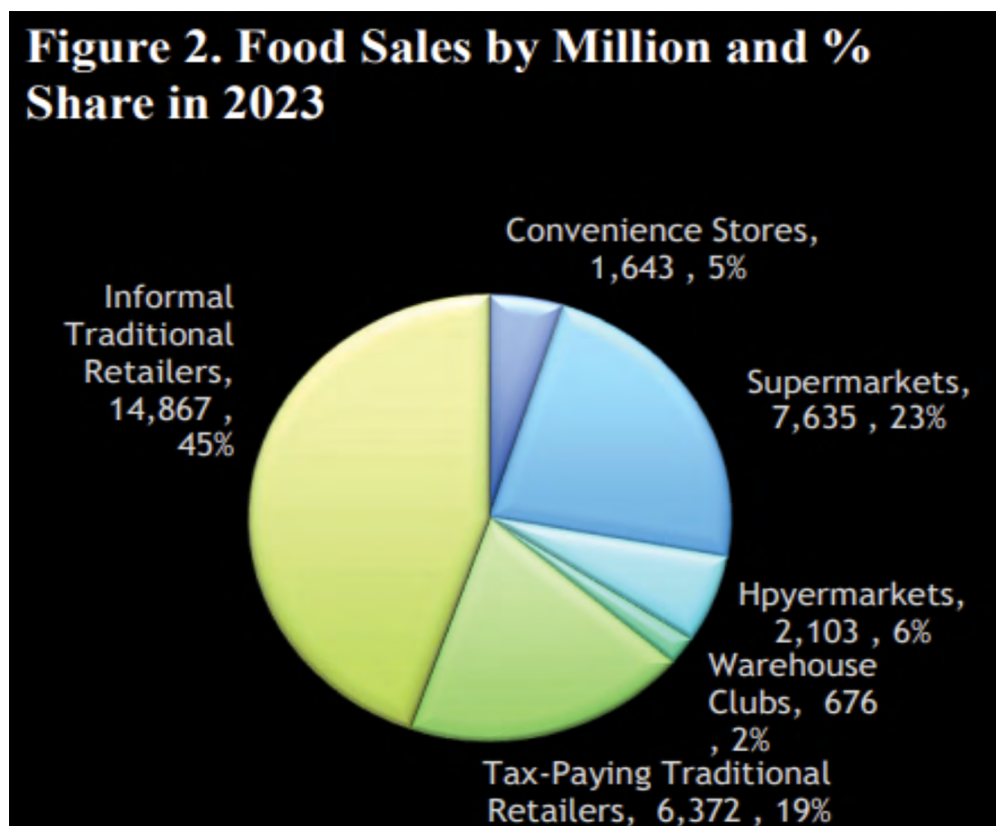
⁹ IMARC Group. (2025). Philippines Online Food Delivery Market Size, Share, Trends and Forecast by Platform Type, Business Model, Payment Method, and Region, 2025-2033. Retrieved from <https://www.imarcgroup.com/philippines-online-food-delivery-market>

¹⁰ Philippine Statistics Authority. (n.d.). *Q2 2025 National Accounts of the Philippines (NAP). Retrieved from <https://psa.gov.ph/system/files/nap/Q2%202025%20NAP%20Publication.pdf> [<https://psa.gov.ph/system/files/nap/Q2%202025%20NAP%20Publication.pdf>]

¹¹ USDA Foreign Agricultural Service. (3 October 2024). Retail Foods Annual – Manila, Philippines (RP2024-0032): Retail channel growth and consumer spending trends. Retrieved from https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Retail+Foods+Annual_Manila_Philippines_RP2024-0032.pdf

¹² Philippine Statistics Authority. (2025). Gross Domestic Product Q2 2025: Household Final Consumption Expenditure growth. Retrieved from <https://psa.gov.ph/statistics/national-accounts/sector3/Gross%20Domestic%20Product>

Figure 4. Food Sales by Million and % Share in 2023¹³



Source: Euromonitor International & USDA Foreign Agricultural Service

Overall, strong domestic demand persists as HFCE rose by 5.5% year-on-year in Q2 2025, even as core inflation and rising food prices put pressure on purchasing power.¹⁴ Unemployment has remained low, contributing to steadier household income growth. These factors provide underlying support for the food and beverage sector, which remains attractive to investment despite inflationary headwinds. Regulatory and business-environment challenges (e.g., price regulation, licensing, quality controls) are increasingly focal in policy discussions, particularly as stakeholders work to maintain competitiveness amid shifting consumer behavior.¹⁵

¹³ USDA Foreign Agricultural Service. (3 October 2024). Retail Foods Annual – Manila, Philippines (RP2024-0032): Retail channel growth and consumer spending trends. Retrieved from <https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Retail%20Foods%20Annual\Manila\Philippines\RP2024-0032.pdf>

¹⁴ Philippine Institute for Development Studies. (2024). Macroeconomic Prospects of the Philippines in 2024-2025: Consumption, inflation, and employment outlook. Retrieved from <https://pidswebs.pids.gov.ph/CDN/document/pidsdps2418.pdf>

¹⁵ Lloyds Bank Trade. (2024). Distribution Network in the Philippines: Food retail environment and regulatory issues. Retrieved from <https://www.lloydsbanktrade.com/en/market-potential/philippines/distribution>

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

Temporary Suspension of FDA's New Regulatory Fees under AO No. 2024-0016

In mid-2025 the Department of Health (DOH) approved the FDA's recommendation to temporarily suspend the implementation of Administrative Order No.2024-0016, which introduced a new schedule of fees and charges for FDA services.¹⁶ This suspension provides stakeholders with a grace period during which the pre-existing fee schedule (from AO 50s-2001) remains in force. The extension aims to allow for further stakeholder consultations and for operational adjustments by the FDA before the new fee structure comes into effect.¹⁷

Extension of Fee Suspension by DOH via Department Circular 2025-0328

In September 2025, DOH issued Department Circular No. 2025-0328, extending the suspension of AO 2024-0016 for an additional sixty (60) working days.¹⁸ The move was designed to allow time for review of the controversy around fee increases and to ensure that any shift in fees does not unduly burden F&B manufacturers, retailers, and distributors.

FDA Circular No. 2025-005 – Senior Citizen Purchase Booklets

The FDA issued Circular No. 2025-005 (4 September 2025) which removes requirement for purchase booklets for senior citizens when they buy regulated items, aligning service convenience with equity considerations.¹⁹ This change reflects sensitivity to consumer feedback and administrative simplification efforts in the regulatory process.

Full Implementation of the EPR Act's Initial Plastic Recovery Targets

Under Republic Act No. 11898 (Extended Producer Responsibility or EPR Act) and its implementing rules, companies with assets exceeding ₱100 million are required to meet increasing recovery targets for plastic packaging. By end-2023 the target was 20%, rising to 40% by end of 2024. As of mid-2025, the DENR reports that most large "Obligated Enterprises" achieved or surpassed the 40% recovery target, with more companies registering under the EPR program (from 667 to over 900) showing stronger compliance.²⁰

¹⁶ AndamanMed. (2 June 2025). DOH approves recommendation to temporarily suspend FDA New Regulatory Fees (AO No. 2024-0016). Retrieved from <https://andamanmed.com/philippines-department-of-health-approves-the-recommendation-of-food-and-drug-administration-to-temporarily-suspend-new-regulatory-fees/>

¹⁷ Inquirer. (11 June 2025). DOH reverts FDA's schedule of fees, charges to 2001 rates. Retrieved from <https://newsinfo.inquirer.net/2069834/doh-reverts-fdas-schedule-of-fees-charges-to-2001-rates>

¹⁸ AndamanMed. (11 September 2025). DOH extends suspension of FDA's New Fees and Charges under AO No. 2024-0016. Retrieved from <https://andamanmed.com/philippines-doh-extends-suspension-of-fdas-new-fees-and-charges-under-ao-no-2024-0016/>

¹⁹ Food and Drug Administration Philippines. (2025). FDA Circular No. 2025-005. <https://www.fda.gov.ph/fda-circular-no-2025-005-delisting-of-purchase-booklet-from-the-checklist-of-requirements-to-avail-of-the-20-senior-citizen-discount-on-the-purchase-of-medicines-and-medical-devices-in-accordance-w/>

²⁰ Department of Environment and Natural Resources. (2025). EPR Act (RA 11898) Implementation Progress Report: Plastic Packaging Recovery Targets and Obligated Enterprise Registrations as of First Half 2025. Retrieved from https://denr.gov.ph/epr-implementation/progress_report_H1_2025.pdf

FDA Advisory No. 2025-0729: Re-issuance of Order of Payment for Applications under Suspended AO Fee Schedule

To address stakeholder concerns over Application fees under Administrative Order (AO) No. 2024-0016, the FDA issued Advisory No. 2025-0729 (8 July 2025) which allows applicants who filed but have not yet paid under that AO to request a “re-issued Order of Payment” reflecting the previous (lower) fees under the old schedule. This provides cost relief for pending applications.²¹

FDA Advisory No. 2025-0019: E-Licensing Pilot and License to Operate for Covered Food Business Operators

In January 2025, FDA released Advisory No. 2025-0019 concerning the implementation of AO No. 2024-0015, which prescribes rules and procedures for the License to Operate (LTO) for covered food business operators via the FDA eServices Portal. This is part of streamlining the regulatory process and digitalization of licensing for food sector stakeholders.²²

Bureau of Customs guidance and customs procedural updates

The Bureau of Customs continued to publish updated Guidelines on Importation and Customs Memorandum Circulars clarifying prohibited/restricted items, valuation and documentary requirements, reinforcing that most food goods remain importable subject to required clearances and clearer procedural rules.²³

SPS trade-facilitation and digital certification (ePhyto)

Technical modernization of sanitary/phytosanitary (SPS) processes advanced during the period, including coordination on ePhyto and moves toward digital certification to shorten clearance times for safe food shipments, although full nationwide digitalisation was still ongoing.²⁴

Alcohol excise indexation (Jan 1, 2025 around 6% increase)

Excise rates for certain alcoholic beverages were adjusted under the statutory annual indexing mechanism, producing an approximate 6% increase effective January 1, 2025 – a cost pressure for beverage manufacturers and downstream distributors.²⁵

Sweetened-beverage tax status

The sweetened-beverage tax (2018) remained in force through Q3 2024–Q3 2025. Policy discussion and advocacy on extending fiscal measures to other unhealthy packaged foods continued, but no new national tax on sugary/snacky packaged foods was enacted in the review period.²⁶

21 Food and Drug Administration – Philippines. (8 July 2025). FDA Advisory No. 2025-0729: Guidelines on the Re-issuance of Order of Payment following temporary suspension of AO No. 2024-0016. Retrieved from https://www.fda.gov.ph/fda-advisory-2025-0729_guidelines_reissuance_order_of_payment.pdf

22 Food and Drug Administration – Philippines. (12 January 2025). FDA Advisory No. 2025-0019. Retrieved from https://www.fda.gov.ph/advisory-no-2025-0019_lto_food_business_eServices.pdf

23 Bureau of Customs, Republic of the Philippines. (2024). Guidelines on Importation / Prohibited and Restricted Imports. Retrieved from <https://customs.gov.ph/guidelines-on-importation/> and <https://customs.gov.ph/prohibited-restricted-importations/>

24 International Plant Protection Convention. (2024). ePhyto activities and workplan (2024/2025). Retrieved from https://assets.ippc.int/static/media/files/publication/en/2024/10/09_IC_2024_Nov_ePhyto_activities_and_workplan_2024-10-24.pdf

25 Foreign Agricultural Service (USDA). (4 April 2025). Philippines – Annual increase in excise tax for alcohol products; fixed rate update. Retrieved from <https://www.fas.usda.gov/data/philippines-annual-increase-excise-tax-alcohol-products-fixed-rate-update>

26 World Health Organization / local reporting. (10 October 2024). Sweetened-beverage tax commentary and status in the Philippines. Retrieved from <https://www.bworldonline.com/opinion/2024/10/10/626793/sweeter-tax/>

BIR and DOF revenue clarifications and CREATE alignment

The BIR and DOF issued revenue memoranda and regulations in 2024–2025 clarifying VAT, withholding and excise procedures (including for certain imports and digital services) and published guidance to align administrative processes with CREATE and related tax reforms – measures that affect effective tax burdens and compliance costs for F&B manufacturers.²⁷

ADVOCACY RECOMMENDATIONS

Proper implementation of a Front-of-Package Labeling

Front-of-package (FOP) nutrition labels are recognized by WHO/PAHO as a key tool to inform consumers about nutrient risks and combat diet-related diseases.²⁸ In practice, FOP schemes can range from numeric or graded systems (e.g., Guideline Daily Amounts, Nutri-Score) to mandatory “high in” warning icons. In the Philippine context, recent surveys show that simple black octagonal warning labels are far more noticeable and effective than graded labels.²⁹ A Social Weather Station survey found Filipinos – especially youth – easily recognized octagonal warning labels and were most likely to perceive such products as unhealthy and change their purchasing behavior.³⁰ These findings mirror international experience: for example, Chile’s implementation of black stop-sign warnings led to significant reductions in purchases of “High In” sugar, salt, and fat products.³¹ By contrast, more complex labels (traffic lights, Nutri-Score) confused many respondents, who were less certain whether products were healthy.³²

The Chamber recommends the existence of a strong FOP regulatory framework in the Philippines. Policymakers should develop nutrient-profile criteria (for sugar, salt, fats) and require prominent, black-and-white “High-In” octagons on the front of any packaged food or drink exceeding those thresholds.³³ This aligns with PAHO’s nutrient profile model and its finding that FOP warnings are “simple, practical and effective” at guiding consumers.³⁴ The Philippine Nutritional Facts Label and existing FDA regulations cover prepackaged foods but can be strengthened by integrating PAHO’s warnings model. At the same time, policy design must consider transition issues (e.g., giving industry time to comply, clear technical guidance, and public education campaigns). However, evidence suggests education alone is insufficient as effective FOP labeling must be backed by regulation, not voluntary or purely informational.

27 Bureau of Internal Revenue. (2025). Revenue Memoranda and Revenue Regulations (2024–2025): Clarifications on VAT, excise and tax administration under CREATE and related issuances. Retrieved from <https://www.bir.gov.ph/2025-Revenue-Regulations> and <https://www.bir.gov.ph/2025-Revenue-Memorandum-Circulars>

28 Pan American Health Organization/WHO. (n.d.). Front-of-package labeling. Retrieved from <https://www.paho.org/en/topics/front-package-labeling>

29 Health Justice Philippines. (12 August 2025). SWS finds Food Warning Labels best steer Pinoy consumers, especially youth, toward healthier choices. Retrieved from <https://healthjustice.ph>

30 Ibid.

31 Ibid.

32 Ibid.

33 Pan American Health Organization/WHO. (n.d.). Front-of-package labeling. Retrieved from <https://www.paho.org/en/topics/front-package-labeling>

34 Ibid.

Encourage Marketing to Kids (M2K) policies that foster healthier choices while maintaining an enabling environment for industry

Recent ordinances in Philippine cities such as Pasig and Cebu have introduced restrictions on marketing and selling products considered unhealthy to children, including cookies, chips, and sweetened beverages.³⁵ While the public health rationale for these regulations is clear, they also pose challenges for companies whose core products may fall within restricted categories. Small and medium-sized Filipino food enterprises, in particular, worry about reduced brand visibility, constrained consumer reach, and unintended consequences on employment and supply chains. For larger corporations, such rules also raise compliance costs and complicate long-term marketing strategies. The absence of clear, nationally harmonized standards exacerbates uncertainty, as companies must navigate differing rules across local jurisdictions. This patchwork approach risks creating confusion and uneven enforcement while discouraging investment in the sector.

Rather than approaching the issue solely from a restrictive lens, advocacy should promote frameworks that balance child health objectives with business sustainability. For example, the adoption of clear nutrient profiling standards at the national level would give companies a predictable regulatory environment and a transparent benchmark for product reformulation.³⁶ Instead of blanket bans, governments could encourage a tiered compliance system: allowing marketing of products that meet reformulation targets (e.g., reduced sodium or sugar thresholds) and providing transition timelines for companies whose products currently exceed them. In this way, companies can maintain market presence while progressively innovating toward healthier offerings. This approach incentivizes investment in product development and aligns private incentives with public health goals.

The private sector can also play a constructive role by voluntarily adopting responsible marketing commitments, such as limiting child-directed ads to products meeting specific nutrition criteria or shifting promotional budgets toward family-oriented campaigns rather than child-exclusive ones.³⁷ Industry associations can collaborate with regulators to create co-regulatory frameworks, where businesses commit to gradual reformulation and responsible advertising in exchange for government support, such as tax incentives for R&D or fortification programs. Crucially, companies can also engage in nutrition education partnerships that highlight balanced consumption and portion control, reframing their role as part of a broader food ecosystem rather than as adversaries of regulation. This positions the private sector as a proactive partner in promoting child health, while safeguarding the viability of businesses that provide jobs, contribute taxes, and fuel innovation in the Philippine food economy.

Strengthen education efforts that recognize the benefits of pre-packaged foods, while addressing misconceptions linked to the label ultra-processed

Pre-packaged foods play an important role in the Philippine food system, especially for vulnerable populations, disaster response, and nutritional security. Unlike fresh produce, well-formulated packaged foods can be fortified with vitamins and minerals, packed in hygienic

35 UNICEF Philippines. (12 September 2025). UNICEF welcomes LGU efforts to protect children from unhealthy food marketing, urges bolder national reforms. Retrieved from <https://www.unicef.org/philippines>

36 Pan American Health Organization/WHO. (n.d.). Front-of-package labeling and nutrient profile models. Retrieved from <https://www.paho.org/en/topics/front-package-labeling>

37 UNICEF East Asia and Pacific. (2023). Unhealthy Digital Food Marketing to Children in the Philippines. Retrieved from <https://www.unicef.org/eap>

conditions, and distributed widely even to remote areas.³⁸ In the Philippines' context of climate shocks and price volatility, pre-packaged food (PPF) has become a key ally in ensuring national food security.³⁹ Sealed-pack products have longer shelf life, reduce contamination risk, and minimize waste through portions – crucial during emergencies or in communities without reliable refrigeration⁶. PPF can also deliver fortified staples (e.g., iron-fortified rice, nutrient-enriched breads) at scale, helping combat micronutrient deficiencies.⁴⁰

However, the term “ultra-processed food” (UPF) is often used broadly and can stigmatize all packaged products indiscriminately. While diets high in ultra-processed items are associated with obesity and chronic disease, experts caution against alarmist messaging. In times of economic hardship, UPFs may serve as affordable and reliable calorie sources, especially for low-income households⁷. Moreover, rigid classification systems like Brazil's NOVA may unfairly penalize nutrient-rich PPF, potentially restricting fortified products in school feeding or disaster relief programs despite their benefits.

The ECCP supports the push for a nuanced approach. Rather than a blanket ban, policies should distinguish between fortified staples or minimally processed packaged goods and indulgent snacks. Regulators can incentivize reformulation of unhealthy packaged foods by setting gradual targets for lower sugar, salt, and trans fats. At the same time, consumer education should highlight differences between nutrient-rich packaged foods and discretionary snacks, focusing on ingredients and portion size rather than process alone. This approach balances innovation and health, leveraging the benefits of safe, convenient packaged foods while discouraging overconsumption of unhealthy products.

Reconsider the implementation of food taxes that hinder the advancement of nutrition goals

In the Philippine context, fiscal measures such as excise taxes on sugar-sweetened beverages and proposals to extend similar taxes to other food categories have been positioned as tools to improve public nutrition. However, evidence suggests that food taxes alone are insufficient in driving long-term behavioral change or addressing the root causes of malnutrition.⁴¹ For producers, such measures can create disproportionate burdens by raising production costs, reducing competitiveness, and limiting consumer choice. Small and medium-sized enterprises, which form the backbone of the Philippine food sector, are particularly vulnerable, as they often lack the resources to absorb additional tax burdens or immediately reformulate products to meet shifting regulatory demands.⁴² This dynamic risks unintended consequences, such as job losses, weakened supply chains, and higher food prices that disproportionately affect low-income households.

Rather than relying on punitive taxation, a more effective approach is to create an enabling policy environment where the private sector can contribute constructively to nutrition objectives. For

38 Sayson, A. (11 September 2025). Pre-packaged foods: The overlooked ally in the Philippines' fight for food security. BusinessWorld. Retrieved from <https://www.bworldonline.com>

39 Ibid.

40 Ibid.

41 World Bank. (2020). Sugar-Sweetened Beverage Taxation in the Philippines: Lessons and Way Forward. Retrieved from <https://documents.worldbank.org>

42 Philippine Institute for Development Studies. (2021). Assessment of the Excise Tax on Sugar-Sweetened Beverages. Retrieved from <https://pids.gov.ph>

instance, governments can incentivize reformulation and fortification through fiscal support, such as tax credits for research and development, or subsidies for healthier ingredients.⁴³ This approach recognizes the private sector not as an adversary but as a critical partner in improving dietary outcomes, capable of leveraging its scale, innovation, and distribution networks. A collaborative rather than punitive framework allows companies to invest in product innovation, consumer education, and responsible marketing, aligning business goals with public health priorities.

Furthermore, public-private collaboration could enhance complementary interventions such as nutrition education campaigns, transparent front-of-pack labeling systems, and community-level programs to address undernutrition and food insecurity. By focusing on multi-dimensional strategies instead of narrow fiscal tools, policymakers can foster a holistic approach that improves nutrition outcomes without undermining private sector growth. In this way, the Philippines can pursue sustainable health objectives while ensuring that industry remains competitive, resilient, and capable of supporting both economic and social development.

Continue Promoting Ease of Doing Business in the Philippine Food and Beverage Industry

The Philippine food and beverage (F&B) industry remains one of the country's most dynamic sectors, contributing significantly to employment, supply chains, and consumer welfare. However, businesses face multiple regulatory hurdles, including lengthy licensing processes, overlapping requirements across agencies, and inconsistencies in local government implementation.⁴⁴ These administrative inefficiencies increase compliance costs, discourage investment, and limit the capacity of firms—particularly micro, small, and medium enterprises (MSMEs)—to scale up operations or introduce new products to the market.⁴⁵ Addressing these bottlenecks through improved Ease of Doing Business (EODB) reforms would not only enhance competitiveness but also strengthen the industry's ability to provide safe, affordable, and innovative food choices for Filipino consumers.

Promoting EODB in the F&B sector requires streamlining regulatory processes, harmonizing inter-agency requirements, and leveraging digital tools to minimize administrative burdens. For example, aligning the procedures of the Food and Drug Administration (FDA), Department of Trade and Industry (DTI), and Bureau of Internal Revenue (BIR) could significantly reduce redundancies that currently delay product registration and market entry.⁴⁶ Digitalization of licensing and permitting systems can also improve transparency and predictability, while reducing face-to-face interactions that may perpetuate inefficiencies. Simplifying processes not only reduces costs for businesses but also accelerates the availability of safe, compliant products to consumers, thereby serving both public health and economic objectives.

Finally, EODB reforms should be anchored on constructive collaboration between government and the private sector. Establishing regular consultation mechanisms with industry stakeholders can ensure that regulatory frameworks remain responsive to market realities and aligned with global standards. Incentivizing compliance through risk-based inspections, recognition programs, and capacity-building for MSMEs can foster a culture of partnership

43 Food and Agriculture Organization (FAO). (2021). Public-private partnerships for nutrition: Key considerations. Retrieved from <https://www.fao.org>

44 World Bank. (2023). Philippines Economic Update: Transforming the Philippine Economy. Retrieved from <https://www.worldbank.org>

45 Philippine Institute for Development Studies. (2022). Regulatory Burdens in the Food Sector: Challenges for SMEs. Retrieved from <https://pids.gov.ph>

46 Anti-Red Tape Authority (ARTA). (2021). Ease of Doing Business and Efficient Government Service Delivery Act of 2018 Implementation Report. Retrieved from <https://arta.gov.ph>

rather than penalization. By promoting a regulatory environment that is transparent, efficient, and enabling, the Philippines can position its food and beverage industry as a regional leader—boosting investor confidence, supporting job creation, and contributing to inclusive economic growth.

Continue Promoting Good Health and Nutrition in the Philippines

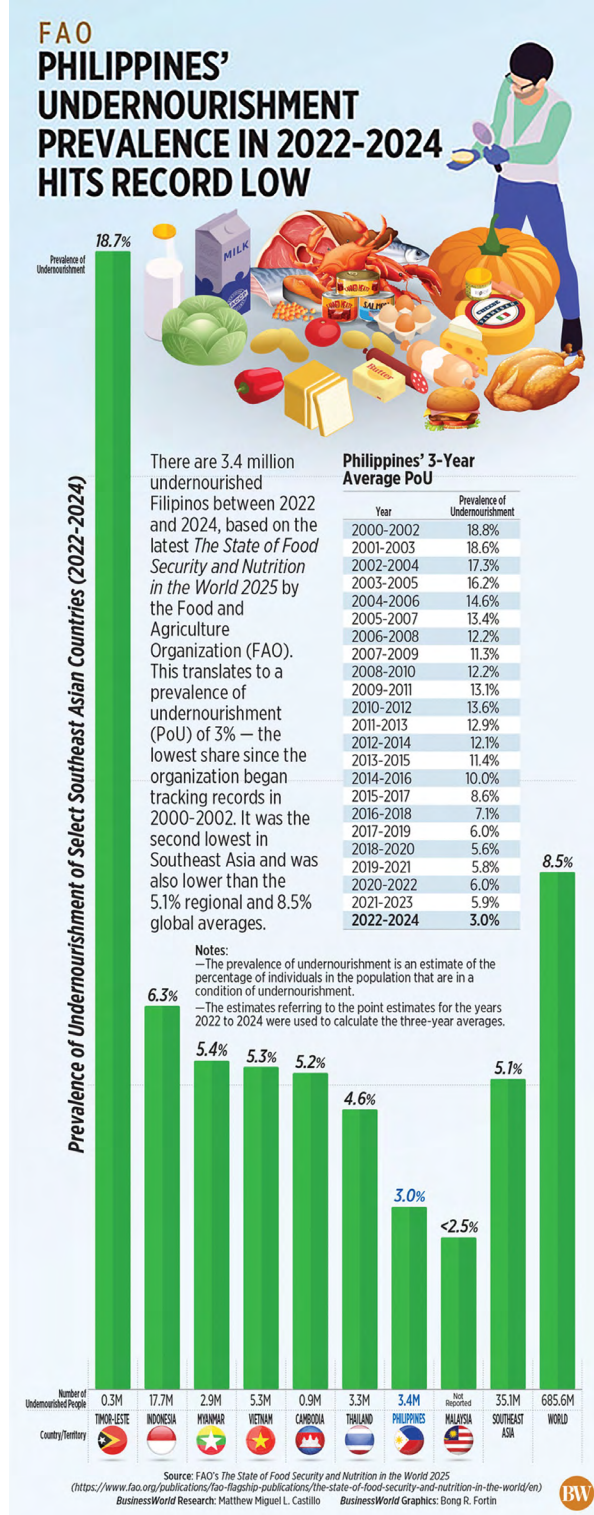
The Philippines faces a dual burden of malnutrition: while undernutrition—including child stunting and undernourishment—remains a serious problem, dietary-related non-communicable diseases (NCDs) are rising. Recent data from the Food and Agriculture Organization (FAO) indicates that around 37.8 million Filipinos (or about 32.9% of the population) experienced moderate or severe food insecurity in the period 2022–2024, down from about 44.7% during the 2020–2022 period. This represents some improvement since the pandemic, but the levels remain high compared to many regional neighbors.⁴⁷ Moreover, about 51 million Filipinos (around 44.1%) experienced moderate or severe food insecurity in 2021–2023, according to FAO statistics, which was among the highest in Southeast Asia.⁴⁸ These numbers underscore that many Filipinos even now lack reliable access to sufficient, nutritious food, pointing to both immediate and structural challenges in ensuring healthy diets for all.



47 UNICEF Philippines. (2022). The State of Children in the Philippines: Nutrition and Food Security. Retrieved from <https://www.unicef.org/philippines>

48 World Health Organization (WHO). (2021). Noncommunicable Diseases Country Profiles: Philippines. Retrieved from <https://www.who.int>

Infographic 1. Philippines' Undernourishment Prevalence in 2022-2024.⁴⁹

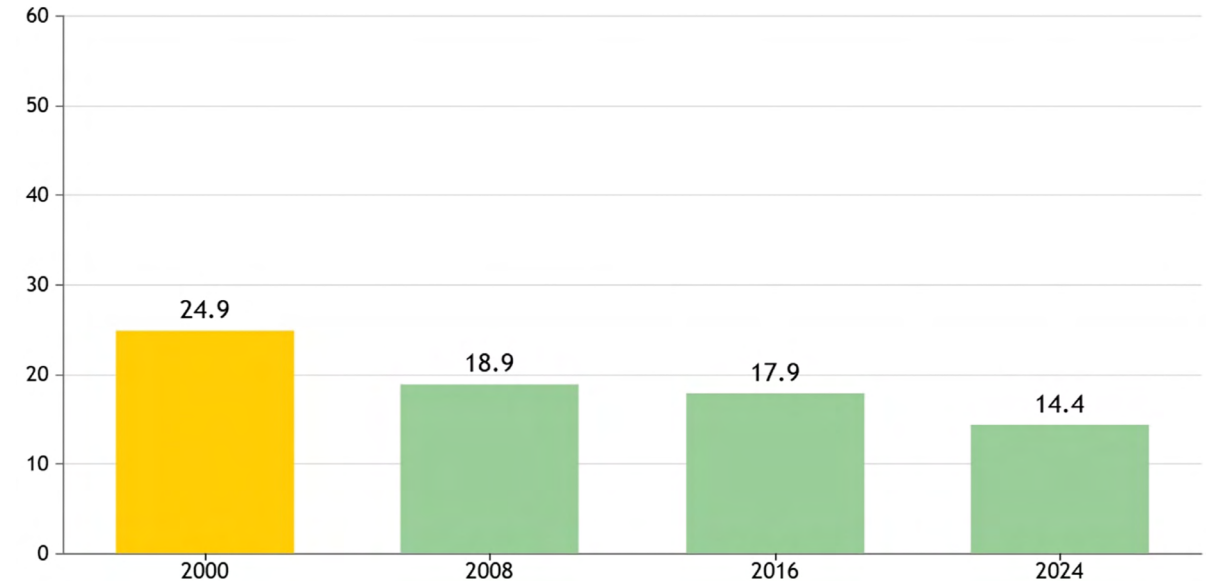


Source: BusinessWorld Online

49 FAO. (26 August 2024). Almost 5 in 10 Filipinos experience moderate or severe food insecurity. Retrieved from <https://www.bworldonline.com/infographics/2024/08/26/616034/fao-almost-5-in-10-filipinos-experience-moderate-or-severe-food-insecurity/>

In terms of hunger (undernourishment) in the Philippines, data show shifts over recent periods. Between 2017-2019, approximately 15.4 million Filipinos were undernourished; this was an increase from the previous period (2014-2016), where the number was about 12 million.⁵⁰ Also, the Global Hunger Index (GHI) 2023 ranks the Philippines 66th out of 125 countries, with a score of 14.8, indicating a “moderate” level of hunger.⁴ Such rankings help compare performance over time and relative to peers, but also highlight that despite progress, much remains to be done—especially in vulnerable populations, rural areas, and among low-income households.⁵¹

Figure 5. Global Health Score Trend for the Philippines⁵²



Source: Global Hunger Index

These empirical realities strengthen the case for more comprehensive health and nutrition policies that not only focus on healthcare or individual behaviour but also address underlying determinants: food affordability, supply chain resilience, poverty, and information environments.

For instance, the high cost of healthy diets—combined with income constraints—means many families may choose cheaper, less nutritious but more accessible foods. Policy advocacy should therefore push for interventions such as food subsidies or price supports for nutrient-rich foods, investment in agriculture and local production, strengthening social protection programs (e.g. conditional cash transfers, feeding programs), and ensuring regulatory frameworks (e.g., labeling, marketing restrictions) empower consumers to make better choices.

50

Ibid.

51 Anti-Red Tape Authority. (2023). Global Hunger Index: Hunger situation in the Philippines improves in 2023. Retrieved from <https://arta.gov.ph/global-hunger-index/>

52 Global Hunger Index. (n.d.). Philippines. Retrieved from <https://www.globalhungerindex.org/philippines.html>

ASSESSMENT OF THE 2024 RECOMMENDATIONS

2024 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Promote investment in food manufacturing	
Promote Ease of Doing Business in Food and Beverage Company	
Further streamlining of FDA processes and consistent issuance of FDA permits within the prescribed EODB lead time for government agencies	
Promote good health and nutrition in the Philippines	
Develop and implement a holistic and implementable Philippine Nutrient Profile Model	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
The Department of Trade and Industry (DTI) has fast-tracked 31 food security projects worth about Php 18.7 billion, expected to generate over 7,000 jobs, including a major coconut processing facility. The Department of Agriculture has also launched a three-year plan to make farming, fishery, and value-chain processing more viable for investors. These efforts show momentum, though large-scale results and barrier removal are not yet fully realized.	
The FDA and DTI are collaborating to improve supply chain processes for MSMEs. Local governments (e.g., Cebu) have signed MOUs with FDA and DOST to support microenterprise compliance. However, for many companies, especially outside urban centers, regulatory delays remain a challenge—indicating progress but not full resolution.	
Initiatives such as health advocacy coalitions, national nutrition campaigns, and proposals for nutrient profiling are ongoing. The National Nutrition Council is working on nutrient profiling, and government agencies are promoting healthier diets. However, large-scale improvements in outcomes or comprehensive policies have not yet materialized.	
The Philippine Nutrient Profile Model (PNPM) is under discussion, with proposals from the National Nutrition Council and support from public health alliances. Industry groups, however, have expressed concerns and pushed for adaptation to local contexts. No finalized model has been formally implemented as of 2024.	

2024 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Promote healthy lifestyle through a whole-of-society and inclusive approach	
Amendments to the Price Act	
Reduce Plastic Pollution through the implementation of an Extended Producers' Responsibility (EPR) Scheme	The EPR law for plastics is in effect. In its first year, around 20% of plastic packaging waste was diverted, and registered companies increased from 667 to 917. Administrative guidelines were issued, and several companies exceeded recovery targets. This shows measurable implementation and significant change.

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
Awareness campaigns, partnerships, and inclusion of nutrition in community programs are evident. While these reflect a collaborative approach, they are not yet rolled out at a scale that demonstrates significant nationwide impact.	
	No confirmed amendments to the Price Act directly addressing food and nutrition were recorded in 2024. While there are efforts to manage food costs through increased production, legislative change has not occurred.

HEALTHCARE ADVOCACY PAPER 2025

INTRODUCTION

The Philippine healthcare sector is at a pivotal point and remains a key pillar of the nation's economic and social development, driving public health, job creation, investment, and innovation. Recent legislation—including the Universal Health Care Act, the New Philippine Medical Act, and ongoing amendments to UHC—alongside regulatory actions and major private-sector transactions such as AC Health's stake sale to a Temasek-backed firm and Metro Pacific Health's divestment process¹ have expanded capacity and signaled strong investor interest. Further developments include the expansion of insurance coverage under PhilHealth's GAMOT and Konsulta packages, the establishment of Regional Specialty Centers, and the opening new Bagong Urgent Care Ambulatory Service (BUCAS) centers in early 2025—steps that signal steady progress toward more inclusive, patient-centred care.

The overarching strategy of the Department of Health (DOH) remains outlined in its 8-Point Action Agenda. In accordance with the Philippine Development Plan 2023-2028, this framework *"aims to guarantee that every Filipino experiences health and well-being²."* It focuses on placing Filipinos at the center of any reform, strengthening the welfare of healthcare workers, bolstering healthcare institutions, and promoting community health. It is important to note that the formulation of this policy framework entailed thorough consultation and dialogue with various stakeholders across the healthcare sector.³

Anchored on the goal of making Filipinos among the healthiest in Asia by 2040, the 8-Point Action Agenda comprises three integrated pillars: ensuring every Filipino can access safe, high-quality, patient-centered care through robust provider networks and modern technologies (Para sa Bawat Filipino or For Every Filipino); empowering communities via health promotion, social and environmental determinant interventions, mental wellness support, and strengthened emergency preparedness (Para sa Bawat Komunidad or For Every Community); and protecting the rights and welfare of health workers while reinforcing institutional capacity to prevent, withstand, and respond to pandemics (Para sa Bawat Health Worker at Institusyon or For Every Health Worker and Institution). It is essential to prioritize strategic planning and optimal resource allocation in the healthcare sector to fulfil the 8-Point Action Agenda's goals, enhance health outcomes, expand service access, and safeguard the most vulnerable populations.

In terms of resource allocation, the Philippine Statistics Authority (PSA) reported that the total health expenditure (THE) of the country amounted to PhP 1.56 trillion in 2024, an increase of 17.1% from the PhP 1.33 trillion expenditure in 2023. Overall THE recorded a 5.9% share to the Gross Domestic Product (GDP) in 2024. Out of the 2024 THE, current health expenditure (CHE) contributed 92.2%, while the Health Capital Formation Expenditure (HK) shared 7.8%. This resulted in a 18.7% increase in CHE for 2024 and HK Growth of 1.7%.⁴

1 Adonis, M. (03 September 2025). Temasek fund seals deal to buy 16% of AC Health. Retrieved from: <https://business.inquirer.net/544827/temasek-fund-seals-deal-to-buy-16-of-ac-health#:~:text=Temasek%20fund%20seals%20deal%20to,in%20India%2C%20China%20and%20Vietnam.>

2 Department of Health. (2023). 8-Point Agenda. Retrieved from: <https://doh.gov.ph/uhc/8-point-agenda/>.

3 Department of Health. (2023). National Objectives for Health Philippines 2023-2028. Manila, Philippines: Department of Health. Retrieved from https://drive.google.com/drive/u/0/folders/1WHDtju_t3EgJTgVMb72Aa3qJay4AI0RJ.

4 Philippine Statistics Authority. (24 July 2025). Philippine National Health Accounts. Retrieved

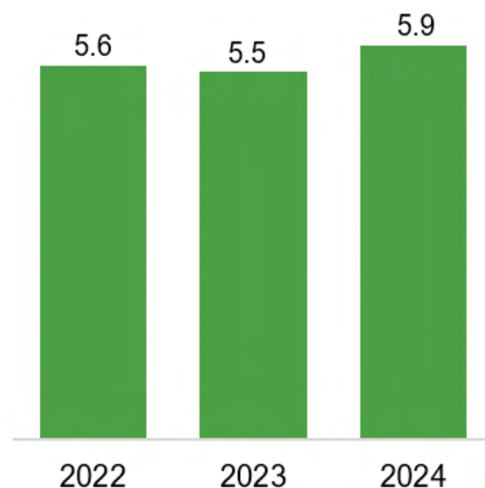


Figure 1. Percent Share of Total Health Expenditure to Gross Domestic Product: 2022 - 2024.

Source: Philippine Statistics Authority

In terms of healthcare financing schemes, the PSA reported that the government schemes and compulsory contributory health care financing schemes had the highest contribution among the health care financing schemes in 2024, making up 44.7% of CHE. This was followed by Household out-of-pocket payment with 42.7% share, a decrease from the 44.4% recorded in 2023. Finally, voluntary health care payment schemes make up 12.6%.⁵

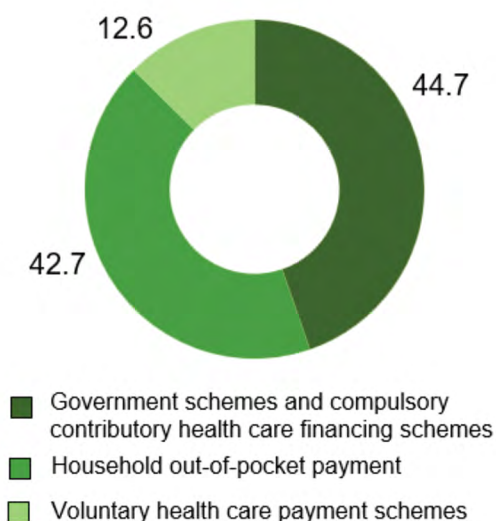


Figure 2. Percent Share to Current Health Expenditure by Health Care Financing Scheme: 2024.

Source: Philippine Statistics Authority

from https://psa.gov.ph/system/files/sad/2024%20PNHA%20Press%20Release_signed.pdf
⁵ Ibid.

Additionally, when you look at spending in relation to disease in the country, the highest spending was on noncommunicable diseases (NCDs), accounting for PhP661.3 billion or 46% of CHE. This is followed by infectious and parasitic diseases at PhP280.2 billion (19.5%), and reproductive health with PhP199.3 billion (13.9%).⁶

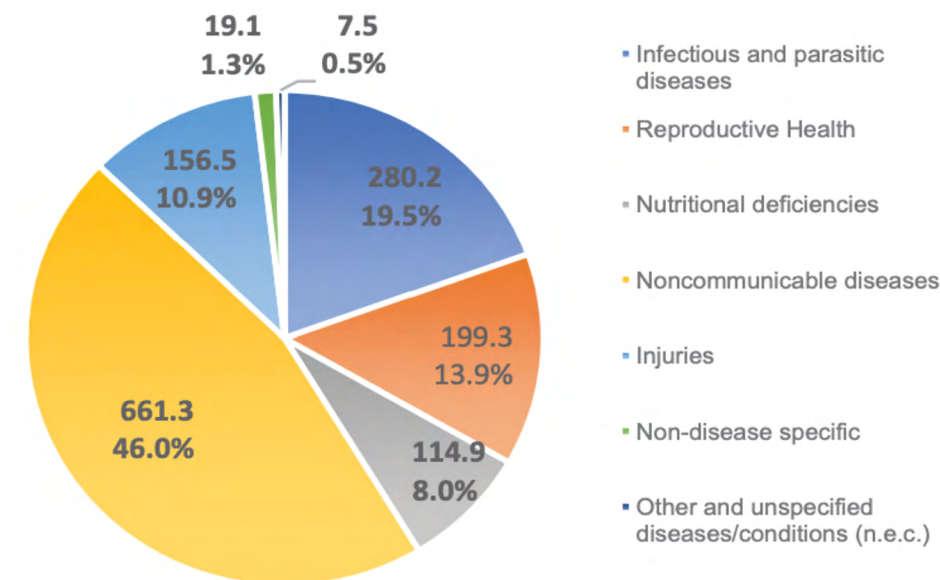


Figure 3. Current Health Expenditure by Disease Group 2024

Source: Philippine Statistics Authority

While progress has been made in the government's expansion of its programs, more needs to be done to tackle rising medical costs. As previously mentioned, out-of-pocket (OOP) payments accounted for 42.7%, nearly half of all health spending comes directly from household pockets. According to the P4H network, OOP payments "represent one of the biggest barriers to accessing care."⁷

Returning to the Philippine Institute of Development Studies (PIDS) Report published in 2023, increased health spending is crucial, not just for the productivity of the Philippine economy, but is crucial to reduce the severity of future medical disasters, and increase overall workforce productivity. Health expenditure creates a reliable prediction on health outcomes and is considered a key indicator of the level of health investment in the country, according to a study by the Philippine Institute for Development Studies (PIDS).⁸

⁶ Philippine Statistics Authority. (24 July 2025). Philippine National Health Accounts. Retrieved from <https://psa.gov.ph/content/government-shares-447-percent-countrys-health-spending-2024-primary-health-care-expenditure>

⁷ Panwar, V. (06 August 2025). Philippine healthcare: Families drowning in out-of-pocket expenses. Retrieved from: <https://p4h.world/en/news/philippine-healthcare-families-drowning-in-out-of-pocket-expenses/>.

⁸ Diokno-Sicat, C. J. et al. (March 2023). Public Health and Labor Policy. Retrieved from <https://pidswebs.pids.gov.ph/CDN/document/pidsdps2307.pdf>.

In the same report, it was mentioned that government funding in the health sector is necessary to “stimulate economic growth while also boosting population well-being.” The Universal Health Care Act remains a vital legislation that should be implemented as part of the overall national strategy to increase economic productivity. Furthermore, continuous investment in human capital in the healthcare sector would not only boost productivity, but also support sustainable economic growth.

In an article, authored by Ateneo De Manila University researchers, published in the international journal Human Resources for Health, it was reported that the Philippines continues to face a chronic shortage of nurses and physicians, despite being a top exporter of healthcare professionals. It was also identified that many health graduates in the country are not prepared for practical and real-world public health work. The article further cites budget and policy barriers, as well as fiscal constraints preventing government primary care facilities and hospitals to hire sufficient staff, and private hospitals to keep their staff.⁹

Furthermore, the same article highlighted that the Philippines’ physician-to-population ratio stands at 7.92 per 10,000 people, falling short of the international minimum standard of 10 per 10,000 people recommended by the World Health Organization (WHO). The country is also estimated to have a shortage of about 127,000 nurses, with most shortages concentrated in the private sector.¹⁰ Other reports, including from the University of the Philippine Center for Integrative and Development Studies identified the deficit at 60,000 doctors, 121,000 nurses, and 109,000 midwives in public facilities.¹¹ Similarly, both have identified inadequate compensation and benefits, poor infrastructure and supply accessibility, disparities in turnover intention, administrative challenges, poor preparation of graduates in school for implementing UHC, among others as main challenges being experienced by the workforce.

In terms of budget allocation, the 2026 General Appropriation Act (GAA) earmarked approximately PhP253.8 billion for the Department of Health (DOH), a slight 1.6% increase from PhP249.7 billion budget allocated to the department in the 2025 GAA. However, during a House Appropriations Committee budget hearing, the Department of Health is seeking a PhP260.2 billion budget for 2026 to accelerate the implementation of UHC across the country, expanding hospital services, improving health facilities and preventive care programs.¹²

The budget aims to sustain the government’s Zero Balance Billing program in more than 80 DOH hospitals so all patients receive basic accommodations without extra charges. It will also fund the nationwide expansion of BUCAS centers, which now number 53 and deliver outpatient care for cases not needing hospital admission, and supports the creation of regional specialty centers for cardiovascular, lung, and cancer treatment. Additional resources will provide

9 Pepito, Veincent Christian; Loreche, Arianna Maeve; Legaspi, Ruth Shane; Guinanan, Ryan Camado; Capeding, Theo Prudencio Juhani Z.; Ong, Madeline Mae A.; and Dayrit, Manuel, (2025). Health workforce issues and recommended practices in the implementation of Universal Health Coverage in the Philippines: a qualitative study. Archium.ATENEO. <https://archium.ateneo.edu/asmph-pubs/314>

10 Ibid.

11 Asis and Dans (April 2025). Addressing Health Worker Satisfaction and Retention in Philippine Primary Care. University of the Philippine Center for Integrative and Development Studies. Retrieved from <https://cids.up.edu.ph/addressing-health-worker-satisfaction-retention-in-philippine-primary-care/>

12 Montemayor, M. (04 September 2025). DOH eyes stronger UHC in 2026 with P260.2-B budget proposal. Retrieved from: <https://www.pna.gov.ph/articles/1257985>.

medical assistance to patients with catastrophic illnesses and strengthen preventive programs such as PuroKalusugan, targeting TB, HIV, hypertension, diabetes, and other NCDs to reduce costly hospitalizations. The budget reflects gains from initiatives like Doctors to the Barrios and Espesyalista para sa Bayan, which have ensured that every municipality now has a doctor.¹³

When it comes to healthcare products, the pharmaceutical market in the Philippines had an estimated value of PHP 285 billion in 2024, a 5% growth from PhP 270 billion market value in 2023. According to the Philippine Pharmaceutical Manufacturers Association (PPMA), the Philippine pharmaceutical industry is expected to grow by 9% a year, driven by requirements in the implementation of the UHC law. If the 9% comes to fruition, then the local pharmaceutical market will reach about PhP310 billion in market value in 2025. However, it is also important to note that only 34% of the estimated total market value in 2024 are products that are manufactured locally.¹⁴

Based on latest data from Statista, the projected revenue for the Medical Devices market in the Philippines is around USD 750 million in 2025. The Philippines’ demand is supplied primarily through importation, and amongst the various markets, Cardiology Devices is expected to have the largest market share at a projected value of USD 105 million in 2025. The market is expected to have a Compound Annual Growth Rate (CAGR) of 9.66% between 2025 and 2030. Additionally, the market is seeing a surge in demand for advancing imaging technologies for the improvement of diagnostic capabilities.¹⁵

While notable progress has been made, the Philippines must overcome deep-seated and emerging challenges in its healthcare landscape—ranging from historical underinvestment and workforce shortages to rising demand from a growing, aging population and the pressures of new technologies and global health threats. Meeting these challenges calls for steady policy reform, predictable financing, and a long-term vision that places patients at the center of care.

To achieve this, close collaboration among the government, the private healthcare sector, and other key stakeholders is essential. Harnessing the expertise, innovation, and resources of all partners will be critical to shaping a health system that is sustainable, inclusive, and resilient—capable of delivering equitable, high-quality services to every Filipino and supporting the nation’s ambition of making Filipinos among the healthiest people in Asia by 2040.

13 Ibid.

14 Tabile, J. (11 March 2025). Pharma industry eyes 9% growth this year. Retrieved from: <https://www.bworldonline.com/top-stories/2025/03/11/658398/pharma-industry-eyes-9-growth-this-year/>.

15 Statista. (2025). Medical Devices - Philippines. Retrieved from: https://www.statista.com/outlook/hmo/medical-technology/medical-devices/philippines?srltid=AfmBOoplusZR8z4L70wb9ygeMvAnqVfNd5xe8xqUnvTbbb-_GidLTzSf.

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

Executive updates

- On **04 June 2024**, President Marcos Jr. approved **Memorandum Circular No. 53** which adopts the Department of Health's (DOH's) National Objectives for Health (NOH) for the period 2023 – 2028. The NOH will be the medium-term strategy of the government for strengthening the health sector of the Philippines.¹⁶
- During his State of the Nation Address (SONA) last **28 July 2025**, the President announced that patients in DOH hospitals will no longer be required to pay out-of-pocket for eligible medical services, or **zero-balance billing**. Part of the Universal Health Care (UHC) law, zero-balance billing would mean that qualified patients will have their board, doctors' fees, diagnostic tests, surgery, and medicines covered.¹⁷
- Department of Health (DOH) Administrative Order No. 2023-0015 was issued to adopt the 8-Point Action Agenda as the Medium-Term Strategy of the Health Sector for 2023-2028. The 8-Point Action Agenda, aligned with the Philippine Development Plan 2023-2028, outlines the following strategic objectives¹⁸:
 - Every Filipino experiences health and well-being
 - Safe, high-quality, and people-centred services
 - Technology for efficient health service delivery
 - Ready for health crises and emergencies
 - Disease prevention and health promotion
 - Mental health and overall well-being
 - Advancement of protection of health workers' rights and wellbeing
 - Protection against any pandemics
- On **14 February 2024**, the DOH and World Health Organization (WHO) launched the 2024-2028 National Integrated Cancer Control Program (NICCP) Strategic Framework. The framework outlines the vision and mission of the National Integrated Cancer Control Council (NICCC), and showcases the desired achievements and outcomes from 2024 – 2028.¹⁹

16 Official Gazette. (04 June 2024). Memorandum Circular No. 53, series of 2024. Retrieved from <https://www.officialgazette.gov.ph/2024/06/04/memorandum-circular-no-53-s-2024/>.

17 Hernando-Malipot, M. (30 July 2025) 'Zero balance billing' explained: Do patients really pay nothing?. Retrieved from: <https://mb.com.ph/2025/07/30/zero-balance-billing-explained-do-patients-really-pay-nothing>.

18 Department of Health. (13 September 2023). Administrative Order No. 2023-0015. Retrieved from https://drive.google.com/file/d/1K7x_yQMtUei57AG4i8lq9WXxNbF5vYR/view?usp=drive_link.

19 World Health Organization. (14 February 2024). DOH, WHO launch 2024-2028 National Integrated Cancer Control Program (NICCP) Strategic Framework. Retrieved from: <https://www.who.int/philippines/news/detail/14-02-2024-doh—who-launch-2024-2028-national-integrated-cancer-control-program>

- The DOH ended 2024 with 42 Bagong Urgent Care and Ambulatory Services (BUCAS) Centers, 83 Bagong Pilipinas Mobile Clinics, and 14 “PuroKalasugan” projects that provide primary healthcare services to districts/*puroks* nationwide. As of December 2024, the DOH, through its Medical Assistance to Indigent and Financially Incapacitated Patients (MAIFP) had served 3.8 million patients, provided PhP 560 million to 235 local government units for achieving their targets under the Philippine Multisectoral Nutrition Project, and supported 253,537 barangay health workers and 1,623 local government units.²⁰
- On **03 July 2025**, The DOH-Metro Manila Center for Health Development (DOH-MMCHD) launched a consultative meeting with 68 private hospitals to reinforce the implementation of the Medical Assistance for Indigent and Financially Incapacitated Patients (MAIFIP) program.²¹
- On **23 December 2024**, the DOH issued **Administrative Order No. 2024-0017** whereby senior citizens will no longer need to present a purchase booklet to receive discounts on their medicines. Under the new guidelines, seniors now only need to show a valid government-issued ID along with a doctor's prescription to avail themselves of the mandated discounts.²²
- As of January 2025, the Food and Drug Administration (FDA) is studying to expand the booklet-free rule for 20% medicine discount to persons with disabilities (PWDs).²³
- In **December 2024**, the Department of Health issued **Department Memorandum No. 2024-0522**, revising the **National External Quality Assurance Scheme (NEQAS)** fees and registration procedures for all clinical, water-testing, and drug-testing laboratories. The update—its first since 2014—raises application and proficiency-testing charges to reflect higher costs for reagents, consumables, and logistics, and sets a firm annual registration deadline of **May 31**. Participation in NEQAS remains mandatory for laboratories seeking to renew their DOH license to operate or maintain accreditation, ensuring continued compliance with national standards for accurate and reliable test results.²⁴
- In the government's fight against HIV, the DOH issued **Department Circular No. 2025-0219** on **08 July 2025**, designating specific health facilities as HIV treatment hubs and primary HIV care centers.²⁵
- In **December 2024**, it was reported that lawmakers from the House of Representatives

(niccp)-strategic-framework.

20 Montemayor, M. (31 December 2024). DOH: Primary, emergency care upheld in 2024 to ensure health for all. Retrieved from: <https://www.pna.gov.ph/index.php/articles/1240796>

21 Montemayor, M. (03 July 2025). DOH, private hospitals collaborate to boost medical aid programs. Retrieved from: <https://www.pna.gov.ph/articles/1253530>

22 Montemayor, M. (23 December 2024). Purchase booklet no longer required to get senior meds discount – DOH. Retrieved from: <https://www.pna.gov.ph/articles/1240437>

23 Flores, D. (07 January 2025). FDA studies extending booklet-free medicine discount to PWDs. Retrieved from: <https://www.philstar.com/headlines/2025/01/07/2412521/fda-studies-extending-booklet-free-medicine-discount-pwds>.

24 Department of Health. (23 December 2024). Department Memorandum Order No. 2024-0522. Retrieved from

<https://lcp.gov.ph/wp-content/uploads/2025/02/Department-Memorandum-2024-0522.pdf>.

25 Department of Health. (08 July 2025). Department Circular No. 2025-0219. Retrieved from <https://drive.google.com/file/d/1k97hOT-RAcwhgcBKwQk4qNeqw6z0hNVp/view>.

and the Senate have agreed, during its bicameral conference committee, to allocate **zero funding towards subsidy of the Philippine Health Insurance Corporation (PhilHealth) for 2025**.²⁶

- On **16 December 2024**, DOH Secretary Teodoro Herbosa, clarified that PhilHealth has PhP 150 billion **surplus budget** from 2024, to cover indirect members' subsidy. The Secretary also reported that the utilization rate of money allocated by the government for PhilHealth benefits was at 63% for 2024. Furthermore, the Secretary outlined that the PhP 150 billion surplus budget is larger than the PhP 74 billion subsidy requested by PhilHealth. Then Senator Grace Poe, Senate Finance Committee chair, also stated that PhilHealth has PhP600 billion reserve funds that can be used.²⁷
- On **25 July 2025**, PhilHealth's **Yaman ng Kalusugan Program (YAKAP)** was launched. It is the revamped version of PhilHealth's outpatient program, **Konsulta**, which was launched in 2021. The program covers 13 outpatient laboratory tests and 6 cancer screening tests. The program will also offer access to 75 medicines and will help address out-of-pocket expenses of Filipinos.²⁸
- On **15 August 2025**, PhilHealth launched the enhanced PhilHealth Guaranteed and Accessible Medications for Outpatient Treatment (GAMOT) drug package consisting of PHP 20,000 worth of free medicines per year. It includes 75 types of medicines for patients not needing confinement. To avail, members must be registered with the PhilHealth YAKAP Clinic of their choice.²⁹
- On **20 December 2024**, PhilHealth issued **Circular No. 2024-0032**, expanding financial coverage associated with heart disease treatment. Effective on **21 December 2024**, the circular provides coverage for Percutaneous Coronary Intervention (PCI) at PhP 524,000 from PhP 30,000; Fibrinolysis at PhP 133,500 from PhP 30,290; Emergency Medical Services with Coordinated Referral and Interfacility Transfer at PhP 21,900; and Cardiac Rehabilitation after PCI at PhP 66,140.³⁰
- On **19 February 2025**, PhilHealth issued **Circular No. 2025-0004** and PhilHealth **Circular No. 2025-0005**, increasing its coverage on heart surgeries and corrections such as heart valve repair and replacement for valvular heart disease (VHD), as well as coronary artery bypass graft (CABG) surgery, correction of ventricular septal defect (VSD), and correction surgery for tetralogy of Fallot (TOF). Circular No. 2025-004 also includes postcardiac surgery services consisting of laboratory tests, medicines, and rehabilitation after surgery.
 - Under Circular No. 2025-0004, CABG surgery is raised to PhP 660,000 from

PhP 550,000 for standard risk, and PhP 960,000 for expanded risk. From PhP 250,000, closure of VSD with or without associated special conditions has been increased to PhP 498,000. Closure of VSD with severe pulmonary stenosis, has been increased to PhP 614,000. For the correction surgery of TOF, coverage has been increased to PhP 614,000 from PhP 320,000.³¹

- Under Circular No. 2025-0005, the rate for mitral valve repair for pediatric patients is at PhP 642,000, while mitral and tricuspid valve repair for pediatric patients is at PhP 690,000. Package rates for replacing either the mitral valve with tricuspid valve annuloplasty for adult or pediatric patients, and aortic valve with tricuspid valve annuloplasty for pediatric patients is PhP 810,000.³²
- On **19 June 2025**, PhilHealth issued **Circular No. 2025-0011** and PhilHealth circular No. **2025-0012**, which will cover expenses of children patients and adult patients for Post-Kidney transplants. The benefit packages took effect on 05 July 2025.
 - Under Circular No. 2025-0011, which outlines the entitlements for children patients, coverage now includes PhP 73,065 per month for immunosuppressive medications in the first kidney transplant; PhP45,570 per month for drug prophylaxis; PhP 74,000 for drug level monitoring in the initial year; PhP 150,340 for laboratory tests in the initial year; PhP 77,000 for renal graft biopsy; PhP 4,000 for chest x-ray and PhP 3,400 for renal graft doppler once a year; and PhP 3,800 per year for living donor monitoring. Pediatric patients are also covered up to PhP 208,380 in the initial year of post-transplant for infectious disease monitoring³³
 - Under Circular No. 2025-0012, which outlines the entitlements for adult patients, coverage now includes PhP 40,725 per month for immunosuppressive medications; PhP 18,932 for 6 months' prescription of drug prophylaxis; PhP 31,000 for drug monitoring in the initial year; PhP 11,242 for every three months of laboratory services in the first year. Patients are also covered PhP 77,000 for renal graft biopsy; PhP 4,000 for Chest X-ray and whole abdomen ultrasound; PhP 3,400 for renal graft doppler; and PhP 3,800 per year for living donor monitoring.³⁴
- On **28 July 2025**, PhilHealth issued **Circular No. 2025-0013** which covers over 75 types of medicines at select clinics and pharmacies under the PhilHealth's Guaranteed and Accessible Medications for Outpatient Treatment (GAMOT) package. Under the circular, it added 54 new medicines on top of the initial 21, and took effect on 21 August 2025. The medicines include treatments for infections, asthma, diabetes, heart conditions, high blood pressure, among others.³⁵

26 De Leon, D. (11 December 2024). Bicam allots zero budget towards PhilHealth subsidy for 2025. Retrieved from <https://www.rappler.com/philippines/bicameral-conference-committee-allots-zero-budget-philhealth-subsidy-2025/>.

27 Montemayor, M. (16 December 2024). DOH: PhilHealth has P150-B 'surplus' budget despite 2025 zero subsidy. Retrieved from: <https://www.pna.gov.ph/articles/1240065>.

28 Eva, E. (25 July 2025). Marcos launches revamped outpatient program with more medicines, screenings. Retrieved from: <https://www.bworldonline.com/the-nation/2025/07/25/687584/marcos-launches-revamped-outpatient-program-with-more-medicines-screenings/>.

29 Villanueva, R.. (15 August 2025). PhilHealth launches GAMOT package. Retrieved from: <https://www.philstar.com/headlines/2025/08/15/2465527/philhealth-launches-gamot-package>

30 PhilHealth. (20 December 2024). PhilHealth Circular No. 2024-0032. Retrieved from <https://www.philhealth.gov.ph/circulars/2024/PC2024-0032.pdf>.

31 PhilHealth. (19 February 2025). PhilHealth Circular No. 2025-004. Retrieved from <https://www.philhealth.gov.ph/circulars/2025/PC2025-0004.pdf>.

32 PhilHealth. (19 February 2025). PhilHealth Circular No. 2025-005. Retrieved from <https://www.philhealth.gov.ph/circulars/2025/PC2025-0005.pdf>.

33 PhilHealth. (19 June 2025). PhilHealth Circular No. 2025-011. Retrieved from <https://www.philhealth.gov.ph/circulars/2025/PC2025-0011.pdf>.

34 PhilHealth. (19 June 2025). PhilHealth Circular No. 2025-012. Retrieved from <https://www.philhealth.gov.ph/circulars/2025/PC2025-0012.pdf>.

35 PhilHealth. (28 July 2025). PhilHealth Circular No. 2025-013. Retrieved from <https://www.philhealth.gov.ph/circulars/2025/PC2025-0013.pdf>.

- On **28 July 2025**, PhilHealth issued **Circular No. 2025-0014** which covers selected outpatient cancer screening tests. This is part of its *Yaman ng Kalusugan Program* (YAKAP) and includes PhP 2,610 for mammograms; PhP 1,350 for breast ultrasound; PhP 7,220 for low dose chest computed tomography (CT) scan; PhP 1,230 for alpha fetoprotein; and PhP 960 for liver ultrasounds. The coverage took effect on 14 August 2025 or 15 days after its publication.³⁶
- On **09 December 2024**, the Food and Drug Administration (FDA) **Administrative Order 2024-016**, mandating increased regulatory fees. Costs of obtaining a Certificate of Product Registration (CPR) surged by more than 1,500%, rising from PhP 1,000 to PhP 15,000 per product.³⁷
- On **09 December 2024**, Department of Health (DOH) **Administrative Order 2024-016** was issued, mandating increased Food and Drug Administration (FDA) regulatory fees. Costs of obtaining a Certificate of Product Registration (CPR) surged by more than 1,500%, rising from PhP 1,000 to PhP 15,000 per product.³⁸
- On **11 June 2025**, the Department of Health issued **Department Circular No. 2025-0240** suspending the implementation of Administrative Order 2024-016 for 60 days.³⁹
- On **22 April 2025**, the FDA issued **FDA Advisory No. 2025-0498**, expanding the list of VAT-exempt medicines. The expanded list is part of the TRAIN law, which removes VAT from major chronic and critical illness medicines. The recent inclusion adds 19 more medicines under the VAT exemption list treating conditions like diabetes, cancer, mental illness, tuberculosis, kidney disease, among others.⁴⁰ Another 10 drugs were added under FDA Advisory No. 2025-0510, issued on **04 June 2025**, covering mental illness, cancer, among others.⁴¹

ON LEGISLATION

- On **27 August 2024**, the Senate approved, with 19 affirmative votes, no negative votes, and zero abstentions, on third and final reading, **Senate Bill No. 2620** amending Republic Act 11223, or the Universal Healthcare Act. The proposed measure intends to lower PhilHealth member's contribution from 5% to 3.25%, include dental services as part of PhilHealth's

essential benefits package, and require PhilHealth to review its benefit packages every 3 years.⁴² Senate Bill No. 2620 also proposes a 0.25 percent increase in contributions per year, capping at 4 percent by 2028. Both the Senate and House versions of the bill propose that the government should cover half of contributions for overseas Filipino workers (OFWs).

- On **03 February 2025**, the House of Representatives approved, with 191 affirmatives, 3 negative, and zero abstentions, on this and final reading, **House Bill No. 11357**, which seeks to amend the Universal Healthcare Act.⁴³ It recommends that contribution rates for succeeding years be adjusted "based on actuarial studies to be reviewed by a nongovernment, impartial, and credible independent body and approved by Congress during the budget process"⁴⁴ It also proposes the lowering of PhilHealth member's premium contribution rate to 3.5%. Both the Senate and House versions of the bill propose that the government should cover half of contributions for overseas Filipino workers (OFWs).
- On **8 June 2025**, the bicameral conference committee deferred its meeting on harmonizing the proposed amendments to the Universal Health Care (UHC) Act, postponing further deliberation on the bill's final provisions.⁴⁵ Ultimately, amendments to the UHC Act were deferred to the 20th Congress.⁴⁶
- On **10 December 2024**, the House of Representatives passed House Bill No. 10145 or the New Philippine Medical Act, to address the country's shortage of medical practitioners. Provisions under the New Philippine Medical Act include enhancing training and education, upgrading medical school facilities, providing grants, scholarships, and incentives.⁴⁷
- On **04 February 2025**, Party-list Representative Jose J. Teves, Jr. filed House Bill No. 11415, mandating the DOH indigent medical aid program to cover full professional doctor's fees from both private and public hospitals.⁴⁸
- At the start of the 20th Congress, Senator Christopher "Bong" Go filed a bill seeking to regulate and update the medical technology profession in the country. **Senate Bill No. 172**, also known as the **New Philippine Medical Technology Act of 2025** aims to update Republic Act 5527 or the Medical Technology Act of 1969. It proposes setting a minimum entry-level salary for medical technologists at Salary Grade 15.⁴⁹ It would also establish

³⁶ PhilHealth. (28 July 2025). PhilHealth Circular No. 2025-014. Retrieved from <https://www.philhealth.gov.ph/circulars/2025/PC2025-0014.pdf>.

³⁷ Food and Drug Administration. (09 December 2024). Food and Drug Administration Administrative Order 2024-016. Retrieved from <https://www.fda.gov.ph/administrative-order-implementing-guidelines-on-the-new-schedule-of-fees-and-charges-of-the-food-and-drug-administration/>.

³⁸ Food and Drug Administration. (09 December 2024). Food and Drug Administration Administrative Order 2024-016. Retrieved from <https://www.fda.gov.ph/administrative-order-implementing-guidelines-on-the-new-schedule-of-fees-and-charges-of-the-food-and-drug-administration/>.

³⁹ Department of Health. (11 June 2024). DOH Circular No. 2025-0240. Retrieved from <https://www.fda.gov.ph/wp-content/uploads/2025/06/DEPARTMENT-CIRCULAR-NO.2025-0240.pdf>

⁴⁰ Food and Drug Administration. (22 April 2025). Food and Drug Administration Advisory No. 2025-0498. Retrieved from <https://www.fda.gov.ph/fda-advisory-no-2025-0498-endorsement-of-updates-on-the-list-of-vat-exempt-health-products/>

⁴¹ Food and Drug Administration. (04 June 2025). Food and Drug Administration Advisory No. 2025-0510. Retrieved from <https://www.fda.gov.ph/wp-content/uploads/2025/06/FDA-Advisory-No.2025-0510.pdf>

⁴² Garner, J. (27 August 2024). Senate approves bill amending UHC Act. Retrieved from: <https://tribune.net.ph/2024/08/27/senate-approves-bill-amending-uhc-act>

⁴³ Cervantes, F. (03 February 2025). House OKs proposed amendments to UHC law. Retrieved from: <https://www.pna.gov.ph/articles/1243266>

⁴⁴ Ibid.

⁴⁵ Halili, A. (08 June 2025). Senate cancels UHC bicam meeting. Retrieved from: <https://www.bworldonline.com/the-nation/2025/06/08/677851/senate-cancels-uhc-bicam-meeting/>

⁴⁶ Cabalza, D. (11 June 2025). Universal Health Care law amendments deferred to 20th Congress. Retrieved from: <https://newsinfo.inquirer.net/2069517/universal-health-care-law-amendments-deferred-to-20th-congress>

⁴⁷ Villa, J. (08 February 2025). House passes medical act bill. Retrieved from: <https://www.philstar.com/the-freeman/cebu-news/2025/02/08/2420121/house-passes-medical-act-bill>

⁴⁸ Basilio, K. (26 February 2025). Bill wants full coverage of doctor's fees. Retrieved from: <https://www.bworldonline.com/the-nation/2025/02/26/655866/bill-wants-full-coverage-of-doctors-fees/>

⁴⁹ Daily Tribune (07 July 2025). Bong Go files bill to modernize medical technology profession. Retrieved from: <https://tribune.net.ph/2025/07/07/bong-go-files-bill-to-modernize-medical-technology-profession>

a Professional Regulatory Board for medical technologists and modernize professional standards.⁵⁰

- As part of his top 10 priority bills for the 20th Congress, Senator Mark Villar filed The **Free Annual Medical Check-Up Act of 2025**, offering free medical check-ups, including basic laboratory tests.⁵¹
- On **16 July 2025**, ACT Teachers Party-List Representative Antonio L. Tinio and Kabataan Party-List Representative Renee Louise M. Co filed **House Bill No. 1973** or the **Automatic Appropriation for Public Health Services Act**. This bill proposes to mandate a budget allocation of at least 5% of the country's gross domestic product (GDP) towards healthcare. Increasing funding would help lower out-of-pocket spending of Filipinos for hospitalization and other healthcare requirements.⁵²

ADVOCACY RECOMMENDATIONS

Expand PhilHealth Coverage and Strengthen its Capacity to Support Provision of Health Services and Products & Strengthen HTA Assessment

PhilHealth has rapidly expanded its benefit packages in 2024–25, focusing on the most burdensome conditions. For example, four new packages for acute myocardial infarction (AMI) were launched in December 2024, covering PCI (coronary angioplasty), fibrinolysis, emergency transport with referral, and post-PCI rehab, with case-rate limits up to PhP 524,000 (versus PhP 30,000 previously).⁵³ Z-benefit packages for kidney disease were similarly upgraded: adult peritoneal dialysis coverage was raised to as much as ₱1.2 million/year (from ₱270,000) and transplant coverage up to ₱2.14 million.⁵⁴ Other new inclusions include preventive and emergency services like preventive oral health (dental exams, cleanings, sealants) was added under the Konsulta package and an Outpatient Emergency Care benefit (covering non-admitted ED and ambulance services) was introduced.⁵⁵

Yaman ng Kalusugan Program (YAKAP) was also launched last 25 July 2025, revamping the earlier Konsulta outpatient program. It covers 13 outpatient laboratory tests and 6 cancer

screening tests, provides access to 75 essential medicines, and directly targets high OOP costs for outpatient care.⁵⁶ On 15 August 2025, under the Guaranteed and Accessible Medications for Outpatient Treatment (GAMOT) program, PhilHealth introduced this enhanced outpatient drug package, granting members ₱20,000 worth of free medicines per year across 75 medicine types, including treatments for infections, asthma, diabetes, cardiovascular disease, and hypertension.⁵⁷ On 28 July 2025, PhilHealth issued Circular No. 2025-0013 to formalise this package and expand the covered list to 75 medicines (adding 54 new medicines to the initial 21).⁵⁸ PhilHealth also expanded cancer screening, with Circular No. 2025-0014 introducing coverage for a range of outpatient cancer screening tests.⁵⁹ Cardiac Care was also expanded, with Circular No. 2024-0032 raising coverage for heart-disease interventions.⁶⁰

With benefits expanding, financial sustainability is a key concern. By law PhilHealth's premium was raised to 5% of salary beginning 2023 (mandated by the UHC Act), and the agency has projected a PhP 243-billion fund for 2024 claims.⁶¹ In practice, PhilHealth entered 2025 with very large reserves (roughly PhP 150B "surplus" plus over PhP 200B in reserve funds). This has drawn intense scrutiny: COA auditors noted that returning PhP 89.9B in unspent subsidies to Treasury "deprived members of additional benefit coverage" and urged that unused funds be directed to expand member benefits rather than investments. This was also used as a basis for allocating **zero funding** towards PhilHealth subsidies for 2025.

To complement this, Congress mandated that the Health Technology Assessment (HTA) Council move from DOH to DOST within 5 years of its creation. In March 2023 DOH formally turned over HTA PH's Council and Division to DOST. By January 2024 a Joint Administrative Order provided guidelines for this transfer. In practice, HTA is now re-housed under DOST to tap its research networks and technical capacity. DOST has signaled it will strengthen HTA through research partnerships and training programs. Stakeholders have urged that DOST allocate sufficient budget and staff to HTA: for example, industry groups advocated creating new plantilla positions and expert committees so HTA can speed up approvals and assess more technologies. Ensuring DOST-HTA is well-resourced is seen as critical for enabling a robust, evidence-based coverage process that can handle innovative medicines and devices.⁶²

50 Ismael, J. (09 July 2025). Go renews call for reforms in medtech field. Retrieved from: <https://www.msn.com/en-ph/news/national/go-renews-call-for-reforms-in-medtech-field/ar-AA1JJUWk?apiversion=v2&noservercache=1&domshim=1&renderwebcomponents=1&wcseo=1&batchservertelemetry=1&noservertelemetry=1>

51 Escosio, J. (12 August 2025). Mark Villar pushes bill for free annual medical check-ups. Retrieved from: <https://newsinfo.inquirer.net/2094806/mark-villar-pushes-bill-for-free-annual-medical-check-ups>.

52 Congress. (16 July 2025). House Bill No. 1973. Retrieved from: https://docs.congress.hrep.online/legisdocs/basic_20/HB01973.pdf.

53 PhilHealth. (17 January 2025). PHILHEALTH KICKS OFF NEW YEAR WITH NEW AND EXPANDED BENEFITS. Retrieved from: https://www.philhealth.gov.ph/news/up/article/2025/news_6789f4104aab3.php#:~:text=Ischemic%20Heart%20Disease%E2%80%93Acute%20Myocardial%20Infarction,Fibrinolysis%20at%20P133%2C500%20from%20P30%2C290.

54 Ibid.

55 Ibid.

56 Eva, E. (25 July 2025). Marcos launches revamped outpatient program with more medicines, screenings. Retrieved from: <https://www.bworldonline.com/the-nation/2025/07/25/687584/marcos-launches-revamped-outpatient-prog>

57 Villanueva, R.. (15 August 2025). PhilHealth launches GAMOT package. Retrieved from: <https://www.philstar.com/headlines/2025/08/15/2465527/philhealth-launches-gamot-package>

58 PhilHealth. (28 July 2025). PhilHealth Circular No. 2025-013. Retrieved from: <https://www.philhealth.gov.ph/circulars/2025/PC2025-0013.pdf>.

59 PhilHealth. (28 July 2025). PhilHealth Circular No. 2025-014. Retrieved from: <https://www.philhealth.gov.ph/circulars/2025/PC2025-0014.pdf>.

60 PhilHealth. (20 December 2024). PhilHealth Circular No. 2024-0032. Retrieved from: <https://www.philhealth.gov.ph/circulars/2024/PC2024-0032.pdf>.

61 Porcalla, D. (24 December 2024). PhilHealth to reduce premiums, expand coverage. Retrieved from: <https://qa.philstar.com/headlines/2024/12/24/2409461/philhealth-reduce-premiums-expand-coverage#:~:text=Ledesma%20explained%20nevertheless%20that%20premium,not%20unilaterally%20decide%20on%20adjustments>.

62 DOST HTA. (May 2024). Health Technology Assessment Philippines Annual Report 2023. Retrieved from: <https://hta.dost.gov.ph/wp-content/uploads/2024/05/HTA-Philippines-2023-Annual-Report-May-2024.pdf>.

Reduce Out-of-Pocket Spending and Broaden Benefit Packages

The ECCP urges a targeted expansion of PhilHealth benefits, prioritising outpatient services, essential medicines, diagnostics, and take-home treatments, to reduce catastrophic out-of-pocket (OOP) spending and improve health outcomes. Current sector analyses show that household OOP remains a dominant source of health financing (noted at roughly 42.7% of total medical expenditures)⁶³, and that medicines account for the lion's share of those OOP payments (reported at ~85% of medicine-related spending), while PhilHealth's average support value sits below full cost coverage (noted at ~55.8% as of 2024)⁶⁴. These figures underscore why outpatient and drug benefits are the most urgent gaps to close: expanding PhilHealth's outpatient and outpatient medicine packages will reduce household financial burden and prevent costly inpatient admissions that follow poorly managed chronic disease.

To make benefit expansion meaningful and sustainable, PhilHealth's coverage decisions must be closely aligned with an empowered, well-resourced Health Technology Assessment (HTA) process. A predictable, transparent HTA pipeline will enable PhilHealth to: (a) identify high-value technologies and medicines for coverage; (b) time benefit roll-outs so that patients gain access soon after evidence and price negotiations are complete; and (c) provide industry and providers clear signals about which products and indications are priorities for reimbursement. The ECCP therefore supports reforms to increase HTA capacity (human resources, analytic tools, and budgets), institutionalise published timelines and prioritisation criteria, and enable direct nomination of candidate products by PhilHealth for HTA review—measures that will reduce delays and foster a more predictable environment for investment and procurement.

Operationally, the ECCP recommends the following concrete measures, each tied to the elevator-pitch priorities:

- Mandate that PhilHealth expand outpatient benefits to include a core list of take-home medicines, essential laboratory tests, and basic outpatient consultations (KONSULTA-style enhancements), starting with the highest-burden NCDs (ischemic heart disease, stroke, diabetes, chronic kidney disease) and cancer regimens identified in national clinical practice guidelines.
- Require PhilHealth to proactively nominate products and indications for HTA that it considers strategically important (including those identified during industry presentations or gap analyses against clinical practice guidelines). This "PhilHealth nomination" route shortens the time between clinical recognition of value and formal HTA assessment, and facilitates earlier pricing negotiations.
- Strengthen HTA resourcing and process transparency by (i) converting HTA operations into an adequately funded bureau/unit with defined plantilla positions and ring-fenced budgets (or equivalent permanent funding arrangements), (ii) publishing a Citizen's Charter with standard timelines and service level agreements for submissions and decisions, and (iii) institutionalising stakeholder

engagement channels that include industry, clinical societies, LGUs and patient groups.

Strengthen HTA for Predictable, Evidence-Based Coverage

The ECCP also calls for pragmatic procedural reforms to speed access and improve uptake: (a) allow PhilHealth to hold open, regular dialogues with industry (product presentations and price negotiations) so that technologies and real-world evidence can be discussed before or alongside HTA submissions; (b) adopt KPIs to measure access (e.g., percent of guideline-recommended medicines reimbursed, average HTA decision time, reduction in medicine OOP share within two years); and (c) permit time-limited conditional coverage or managed-entry agreements (outcomes- or volume-based contracts) for high-cost innovations while HTA and pricing arrangements are finalised.

Roadmap

Finally, the ECCP proposes a short implementation roadmap to operationalise these reforms within 12–24 months: (1) PhilHealth to publish an expanded outpatient medicines and diagnostics list and a 2-year phased coverage plan; (2) Establishing the PhilHealth nomination route and HTA service timelines; (3) PhilHealth to pilot conditional coverage agreements for 1–2 priority cancer or NCD medicines nominated by clinicians; (4) DOST-HTA to publish a Citizen's Charter and accelerate recruitment for core technical staff; and (5) a joint public progress report (quarterly) on access KPIs and fiscal implications to ensure accountability.

Enhance procurement schemes through the proper implementation of the New Government Procurement Act.

The ECCP Healthcare Committee, drawing on extensive consultations with industry stakeholders and the detailed inputs of the Pharmaceutical and Healthcare Association of the Philippines (PHAP), strongly recommends a set of reforms to the New Government Procurement Act (NGPA) and the proposed amendments to the Government Procurement Reform Act (GPRA). These recommendations seek to ensure that government procurement of medicines, vaccines, and medical devices delivers the best value for patients and for public funds while supporting innovation and efficiency across the health system.

Shift from "lowest price" to a value-based, quality-driven procurement (adopt MEARB)

Adopt the Most Economically Advantageous Responsive Bid (MEARB) as the default evaluation principle for medicines, vaccines, and medical devices, operationalised through a defined quality-price scoring matrix (e.g., quality weight substantially higher than price — within the NGPA's 85:15 to 60:40 band in favour of quality), and include concrete quality criteria (clinical evidence, real-world evidence, manufacturing standards, pharmacovigilance, supplier track record, long-term budget impact, interchangeability for generics/biosimilars).

Tendering purely on lowest price tends to favour suppliers who cut corners or offer products that do not meet local clinical needs and may increase lifecycle costs (e.g., through treatment failures, hospital readmissions, or lack of technical support). International procurement practice has shifted toward "most economically

63 Philippine Statistics Authority. (24 July 2025). Philippine National Health Accounts. Retrieved from https://psa.gov.ph/system/files/sad/2024%20PNHA%20Press%20Release_signed.pdf

64 PhilHealth. (26 December 2024). PhilHealth Circular No. 2024-0037. Retrieved from: <https://www.philhealth.gov.ph/circulars/2024/PC2024-0037.pdf>.

advantageous” approaches that weigh quality and lifecycle value (Directive 2014/24/EU).⁶⁵ It is also worthy to note that there is a global movement towards value-based procurement, which emphasises how a product or solution, such as medicine, can successfully contribute to addressing health outcomes and needs, while managing the total cost of care and providing long-term benefits to all stakeholders in the healthcare sector. As an example, the European Union’s Directive 2014/24/EU⁶⁶ aims to modernise procurement and underscore the importance of balance between cost and quality, supporting a value-based procurement approach.⁶⁶

Empirical surveys also show many countries already apply quality/price approaches because low bids often cause implementation problems. A value-based approach better aligns procurement with patient outcomes, incentivises manufacturers to invest in safety/quality, and supports sustainable innovation.

Enable procurement (and conditional reimbursement) of FDA-registered products not yet in the PNF or undergoing HTA review

Amend procurement rules so DOH, PhilHealth, and other national programs can procure and/or reimburse FDA-registered medicines, vaccines, and devices that are not yet in the Philippine National Formulary (PNF) or are still under Health Technology Assessment (HTA) review – under clearly defined conditions (e.g., clinical justification, DOH evaluation, temporary HTA certification, safety/efficacy evidence, and sunset clauses should HTA advise against inclusion). Also adopt special access schemes and expedited pathways where public health needs are urgent.

Executive Order No. 49 (1993) requires government procurement to use the PNF as a basis, but the PNF covers a small fraction of FDA-registered products and HTA processing capacity has been limited, creating a bottleneck for access to new and potentially lifesaving therapies.⁶⁷ For example, the DOH/HTA reporting and sector submissions document slow throughput and capacity constraints in HTA processes; without interim procurement routes, patients and hospitals can be unable to access indicated medicines while waiting months or years for PNF/HTA decisions. Providing an evidence-based, time-limited pathway ensures access while preserving HTA’s role.⁶⁸

Institutionalise pooled procurement and link it to multi-year contracting and supply guarantees

Establish pooled procurement for commonly procured medicines, vaccines, and devices across DOH-retained hospitals, LGUs and other government entities (with DOH

or a designated procurement agent such as PPPI managing consolidated tenders). Require participating entities to provide budget/supply guarantees and enable multi-year contracts to secure supply, reduce price volatility, and achieve economies of scale.

Systematic reviews and country experience show that pooled procurement reduces prices, stabilises supply, lowers transaction costs, and strengthens negotiating leverage – especially for vaccines and essential medicines where volume commitments matter. Pooled procurement combined with multi-year contracting encourages suppliers to offer more competitive pricing and invest in dependable supply chains. Studies and WHO guidance describe notable cost and availability benefits from pooled procurement mechanisms (UNICEF, national pooled funds, and multiple country case studies)⁶⁹. Empirical reviews conclude pooled procurement can improve affordability and availability when governance, forecasting, and financing are addressed.⁷⁰

As we recognise the diversity of pooled procurement mechanisms, we make reference to and put forward the below procurement procedure utilised by jurisdictions with universal healthcare programs⁷¹:

1. The government collects health data on the incidence of different diseases and illness to calculate the volume of medicines they will require.
2. The Health Department uses the data to negotiate with medicine manufacturers to achieve the best possible price based on the country’s longer-term needs for bulk procurement of their requirements.
3. The government can gain optimal prices by pooling procurement of the medicines while ensuring supply availability, buying for the country’s needs as a whole.
4. Make medicines available to patients through the UHC system either for free or for a low-cost flat rated prescription charge.
5. Patients access their medicines by getting their prescriptions.

Further improvements to the procurement process include the use of negotiated supplier agreements and managed entry agreements. Allowing negotiated supplier agreements increases flexibility and efficiency, enabling exclusive or semi-exclusive arrangements where appropriate. In addition, procurement entities should have the authority to explore innovative financing mechanisms in which payment for medical products is tied to the value they deliver to patients. Managed entry agreements can reimburse based on proven patient outcomes, adjust payments according to utilisation, and incorporate other forms of risk-sharing to ensure both fiscal sustainability and patient access to essential therapies.

65 EUR-Lex. (2024). Consolidated text: Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (Text with EEA relevance). Retrieved from <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02014L0024-20240101>.

66 Ibid.

67 Malacañang (25 January 1993). Executive Order No. 49. Retrieved from: https://lawphil.net/executive/execord/eo1993/pdf/eo_49_1993.pdf.

68 DOST HTA. (May 2024). Health Technology Assessment Philippines Annual Report 2023. Retrieved from: <https://hta.dost.gov.ph/wp-content/uploads/2024/05/HTA-Philippines-2023-Annual-Report-May-2024.pdf>.

69 Immunization Economics Community of Practice. (2017). Pooled Procurement. Retrieved from: <https://immunizationeconomics.org/wp-content/uploads/2017/12/BRIEF12.pdf>.

70 Parmaksiz, Pisani, Bal, Kok. (11 June 2022). A systematic review of pooled procurement of medicines and vaccines: identifying elements of success. Retrieved from: <https://pmc.ncbi.nlm.nih.gov/articles/PMC9188018/>.

71 Walsh, G. (2021). The Health of Nations: Informing universal health care policy implementation in the Philippines through examining best practice approaches. Retrieved from https://www.eccp.com/storage/app/media/committees/ECCP%20The%20Health%20of%20Nations_2021.pdf.

Permit and operationalise innovative financing and value-based/risk-sharing agreements

Building on the previous recommendation, the government must allow contracting forms such as outcomes-based contracts, indication- or regimen-based pricing, price-volume agreements, managed/conditional entry agreements, and bundled pricing within procurement and reimbursement rules. Create an interagency technical working group (DOH, DBM, DTI, DOST, PhilHealth) to develop operational guidelines, governance, and data/reporting standards for these contracts.

High-cost, high-value therapies (e.g., oncology, advanced biologics) present budget risk for payers even where clinical benefit is strong. Many countries (Australia, UK, Taiwan, others) use managed entry agreements and confidential discounts or value-based contracts to share risk and expand access while protecting budgets.⁷² These mechanisms enable broader access to effective therapies while conditioning payment on real-world performance or limiting exposure via caps/ rebates. Evidence and practice show these approaches can expand access, manage uncertainty, and incentivise better-targeted use.

Strengthen procurement systems: digitalisation, data safeguards, and capacity building

Accelerate e-procurement and digital bid evaluation to improve transparency and efficiency while instituting strict protections for commercially sensitive information and patient data. Establish national competency and certification frameworks, regular training, and a code of conduct for procurement officials – implemented both at national and LGU levels to reflect devolution realities.

Digital procurement platforms reduce administrative burden and increase transparency, but without robust privacy/confidentiality protections they risk exposing sensitive commercial or health data. NGPA and GPPB materials already emphasise digitalisation; what is needed is accompanying governance (data protection, encryption, limited access) and professionalisation so complex procurements (pooled tenders, MEARB evaluations, outcomes-based contracts) are executed correctly across all levels of government. Capacity constraints at local levels can undermine pooled procurement and MEARB if procurement officers lack the skills to evaluate quality criteria or manage complex contracts.

Moreover, the ECCP supports the goal to advance capacity building for public procurement professionals, through the development of a competency and certification frameworks, code of conduct, as well as rollout of capacity development programs. In relation to this, and to foster inclusive development, we highly suggest that capacity building initiatives and procurement methods are applied at both national and local government levels, owing to the devolution process that has been identified by the government as one of its priorities.⁷³

⁷² DOST HTA. (December 2023). Philippine HTA Methods Guide Clinical Equipment and Devices. Retrieved from: <https://www.mtapsprogram.org/wp-content/uploads/2024/01/Philippine-HTA-Methods-Guide-for-Clinical-Equipmes-and-Devices-Jan-2024.pdf>.

⁷³ Philippine Information Agency. (2023). DBM to aid LGUs achieve full, effective devolution. Retrieved from <https://mirror.pia.gov.ph/news/2023/02/14/dbm-to-aid-lgus-achieve-full-effective-devolution>.



ASSESSMENT OF THE 2024 RECOMMENDATIONS

2024 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Strengthen national health information systems	
Enhance procurement schemes through enacting amendments to the Government Procurement Reform Act (GPRA) or Republic Act No. 9184	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
There have been efforts to further strengthen the country’s health technology and information management, including the increased use of technology in the provision of health services. The National ID initiative continues to be implemented, and several capacity building initiatives have been employed at the national and local levels. There has been progress in National Health Data Integration and Digital Infrastructure, particularly in PhilHealth eClaims and Konsulta/YAKAP digital platforms. The DOH Enterprise Architecture and Health Facility Registry’s 1st Phase was also completed in the middle of 2024. There has also been progress in LGU digitalization, with several LGUs rolling out electronic medical record platforms that are integrated with DOH’s National eHealth Program. However, there remains to be gaps in achieving equitable access to technology and health systems across all provinces and government units, concerning infrastructure, as well as policy implementation, among others. Additionally, gaps remain in interoperability (many hospital EMRs still use non-standard formats), workforce capacity, and consistent funding for maintenance and cybersecurity.	
The New Government Procurement Act was signed into law in July 2024. More needs to be done to implement the NGPA, mainly Shift from “lowest price” to a value-based, quality-driven procurement (adopt MEARB); Enable procurement (and conditional reimbursement) of FDA-registered products not yet in the PNF or undergoing HTA review; Institutionalise pooled procurement and link it to multi-year contracting and supply guarantees; Permit and operationalise innovative financing and value-based/risk-sharing agreements; and continue to strengthen procurement systems: digitalisation, data safeguards, and capacity building	

2024 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Expand PhilHealth coverage and strengthen its capacity to support the provision of health services and products	
Strengthen the delivery of primary health care services	
Strengthen the Health Technology Assessment	
Establish a regular dialogue with health policymakers and other stakeholders	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
The coverage of PhilHealth in 2024–2025 has expanded, particularly for outpatient medicines, specialty surgeries, and chronic-disease management. Examples of which are PhilHealth’s YAKAP and GAMOT programs, upgraded case rates, and strengthened organisational capacity. More needs to be done on institutionalising HTA reforms, ensuring equitable nationwide access to the new packages, and sustaining financial discipline so that these gains translate into lasting reductions in out-of-pocket spending and universal health-care coverage.	
The country has made substantial progress toward a strong, prevention-oriented primary healthcare system. This can be seen through mandatory patient registration is effectively in place through YAKAP; digital health infrastructure and health-worker capacity-building have expanded markedly; and preventive and outpatient benefits have been broadened to reduce reliance on costly tertiary care. Continued investment in interoperable health records, rural clinic accreditation, and sustainable financing will be key to achieving this goal.	
While some progress has been made, persistent problems remain. Current HTA timelines in the Philippines, at 57–128 weeks (up to 30 months), are significantly longer than the 12–35 weeks seen in leading countries like the UK, Germany, and France. A number of assessments are overdue (2 years and beyond), with no definite timeline to reimbursement decision. The HTAC has continued to function as a recommendatory body since the institutionalisation of HTA following the passage of the UHC Act. However, further development in HTA processes and human resources are yet to be seen.	
The ECCP has had several engagements with Philippine government officials and other health stakeholders, including participation meetings, dialogues, and the 2025 Healthcare Forum, as well as the submission of letters and position papers. A regular dialogue, however, has yet to be established.	



HUMAN CAPITAL AND EDUCATION ADVOCACY PAPER 2025

INTRODUCTION

Investing in human capital and education should be a top priority for the Philippines. They form the backbone of the economy and serve as key drivers of the country's development story. More than supporting economic growth, education and human capital development are transformative investments that shape society by opening new opportunities through innovation, emerging technologies, and expanding ecosystems of growth.

The Philippines has experienced notable changes in its education sector in recent years. In this context, it is essential to critically examine these developments in order to assess progress, identify persistent gaps, and design strategies that ensure education and human capital remain central to inclusive and sustainable national development.

Global and Regional Economic Outlook

The global and regional environment continues to shape the Philippine economy in complex and significant ways. Developments in global growth, structural reforms, and technological transformations, especially digitalization and artificial intelligence, are influencing labor markets and competitiveness across regions. At the same time, challenges linked to inequality, climate risks, and human development persist, requiring both international and domestic responses. This section outlines recent findings from major multilateral institutions to situate the Philippines within these broader dynamics.

According to the International Monetary Fund's country data, the nation's real GDP is projected to grow by 5.5 percent in 2025, with a population base of over 114 million people. Since joining the IMF in 1945, the Philippines has undergone 23 financial arrangements and currently maintains Special Drawing Rights of 2,870.83 million, with a quota of 2,042.9 million¹. Complementing these figures, the IMF's July 2025 *World Economic Outlook Update* highlights the importance of structural reforms, particularly in labor markets, education, and regulation. The report notes that enhancing competition, promoting innovation, and adopting new technologies such as artificial intelligence will be crucial in lifting medium-term growth prospects and boosting productivity.²

Parallel to this, the World Bank's *First Steps Matter* report emphasizes the critical role of human capital development in shaping inclusive growth. While inequality declined in 2023, with the Gini index dropping below 40 for the first time, poverty rates remain high in disaster-prone regions. The report also underscores the Philippines' vulnerability to climate risks, with 83 percent of the population exposed to extreme weather events. Despite robust growth in services leading to increased job creation, agricultural employment has continued to decline, reflecting persistent labor market challenges.³

¹ International Monetary Fund, "Philippines Country Data," accessed September 21, 2025, <https://www.imf.org/en/Countries/PHL#countrydata>

² International Monetary Fund, *World Economic Outlook Update: Global Economy: Tenuous Resilience amid Persistent Uncertainty* (Washington, DC: IMF, July 2025), <https://www.imf.org/en/Publications/WEU/Issues/2025/07/29/world-economic-outlook-update-july-2025>.

³ World Bank, *First Steps Matter: Empowering Early Years Workers to Build Human Capital* (Washington, DC: World Bank, December 12, 2024), <https://documents1.worldbank.org/curated/en/099120924032510206/pdf/>

The Asian Development Bank's *Asian Development Outlook 2025* paints a cautiously optimistic picture. GDP grew by 5.6 percent in 2024 and is forecast to rise by 6.0 percent in 2025, driven by investment and robust domestic demand. However, the labor market remains uneven: underemployment was at 13.3 percent in early 2025, and youth unemployment stood at 12 percent. Skills mismatches between education and industry persist, underscoring the need for initiatives such as the Enterprise-Based Education and Training Framework Act, passed in November 2024, which seeks to strengthen apprenticeships and enterprise-based learning.⁴

Growth will pick up while inflation remains moderate.				
	2023	2024	2025	2026
GDP growth	5.5	5.6	6.0	6.1
Inflation	6.0	3.2	3.0	3.0
GDP = gross domestic product.				
Source: Asian Development Bank estimates.				

Competitiveness metrics, however, continue to reveal structural weaknesses. The International Institute for Management Development (IMD) reported in June 2025 that the Philippines climbed one spot to 51st out of 69 economies in its Global Competitiveness Index. Yet, the country still ranked last among ASEAN peers included in the study, with especially weak performance in education, where it ranked 63rd overall. Infrastructure, scientific capacity, and health systems were also flagged as areas needing improvement⁵. Similarly, IMD's *World Talent Ranking* in September 2025 highlighted persistent weaknesses in education expenditure per student, pupil-teacher ratios, and apprenticeships, even as the Philippines scored strongly in cost of living, language skills, and the availability of skilled labor⁶.

P507202-1d9791e3-7e16-4b35-931e-9b91ddf44aee.pdf.
4 Asian Development Bank, *Asian Development Outlook 2025* (Mandaluyong City: ADB, April 2025), <https://www.adb.org/sites/default/files/publication/1044336/phi-ado-april-2025.pdf>.
5 Inquirer.net, “PH Climbs to 51st in Global Competitiveness Report,” June 17, 2025, <https://business.inquirer.net/530920/ph-climbs-to-51st-in-global-competitiveness-report>; International Institute for Management Development, “Philippines Competitiveness Profile,” accessed September 2025, https://www.imd.org/entity-profile/philippines-wcr/#_factor_Infrastructure.
6 International Institute for Management Development, *World Talent Ranking 2025* (Lausanne: IMD, September 2025), <https://imd.widen.net/content/eaznvosueg/pdf/WCC-WTR-2025.pdf>.

Philippines

World Talent Ranking 2025

OVERALL PERFORMANCE (69 economies)

Rank 2025

64 Overall

66 Investment & Development

56 Appeal

58 Readiness

2021

2022

2023

2024

2025

3

47

57

62

62

51

55

60

62

52

54

63

64

56

58

66

► Overall top strengths

▷ Overall top weaknesses

INVESTMENT & DEVELOPMENT		Value	2025 Rank
Total public expenditure on education	Percentage of GDP	3.3 %	55
▷ Total public exp. on education per student	Spending per enrolled pupil/student, all levels	443 US\$	62
▷ Pupil-teacher ratio (primary education)	Ratio of students to teaching staff	24.30 ratio	60
▷ Pupil-teacher ratio (secondary education)	Ratio of students to teaching staff	26.33 ratio	66
▷ Apprenticeships	are sufficiently implemented	4.30 survey [0-10]	59
Employee training	is a high priority in companies	5.62 survey [0-10]	46
Female labor force	Percentage of total labor force	41.71 %	55
Health infrastructure	meets the needs of society	3.82 survey [0-10]	57

APPEAL		Value	2025 Rank
► Cost-of-living index	Index of a basket of goods & services in the main city	63.65 index	20
Attracting and retaining talent	is a priority in companies	6.32 survey [0-10]	47
Worker motivation	in companies is high	5.44 survey [0-10]	41
Brain drain	does not hinder competitiveness in your economy	3.33 survey [0-10]	58
▷ Quality of life	is high	4.57 survey [0-10]	60
Foreign highly skilled personnel	are attracted to your country's business environment	4.55 survey [0-10]	54
Remuneration of management	Total base salary plus bonuses and long-term incentives, US\$	159,418 US\$	31
► Collected personal income tax	On profits, income and capital gains, as a percentage of GDP	2.88 %	22
Justice	is fairly administered	3.35 survey [0-10]	58
Exposure to particle pollution	Mean population exposure to PM2.5, Micrograms per cubic meter	20.15 micrograms	49
Statutory minimum wage	Statutory gross monthly minimum wage US\$	144.91 US\$	53

READINESS		Value	2025 Rank
Labor force growth	Percentage change	0.55 %	46
► Skilled labor	is readily available	6.48 survey [0-10]	13
Finance skills	are readily available	5.70 survey [0-10]	43
International experience	of senior managers is generally significant	4.97 survey [0-10]	50
► Competent senior managers	are readily available	5.88 survey [0-10]	32
Primary and secondary education	meets the needs of a competitive economy	4.38 survey [0-10]	57
Graduates in Sciences	STEM graduates, % of all graduates	22.56 %	36
University education	meets the needs of a competitive economy	5.72 survey [0-10]	49
Management education	meets the needs of the business community	6.14 survey [0-10]	42
► Language skills	are meeting the needs of enterprises	7.23 survey [0-10]	28
Student mobility inbound	Foreign tertiary-level students per 1000 inhabitants	0.15 number	57
Educational assessment - PISA	PISA survey of 15-year olds	353 Average	57

IMD World Talent Ranking Report 2025

2025

At the global level, the United Nations Development Programme's *Human Development Report 2025* warns that human development gaps are widening and that progress may be losing momentum. However, the report also points to optimism about artificial intelligence, calling for investment in a "complementarity economy" where innovation and capability-building drive AI-augmented development⁷.

Taken together, these findings show a world economy navigating between resilience and uncertainty. For the Philippines, the external environment provides opportunities for growth through digitalization, investment, and services, but also exposes vulnerabilities tied to inequality, labor mismatches, and climate risks. Strengthening education and workforce skills emerges as a consistent theme across institutions, underscoring the need for reforms that can link macroeconomic growth with inclusive and sustainable human capital development.

National Fiscal and Economic Context

The Philippines sustained steady economic momentum through 2025, with the Department of Finance reporting a 5.5 percent GDP growth in the second quarter, among the fastest in Asia. This expansion outpaced regional peers such as China (5.2 percent), Indonesia (5.1 percent), Malaysia (4.5 percent), and Singapore (4.3 percent). Household consumption rose by 5.5 percent, signaling improved consumer confidence and increased capacity to spend beyond basic necessities, while government expenditure grew by 8.7 percent, reflecting stronger public investment in education, healthcare, and infrastructure.⁸

The robust output was accompanied by price stability. Inflation reached a six-year low of 0.9 percent in July 2025, driven mainly by lower food costs, particularly rice. Year-to-date inflation averaged 1.7 percent, well below the government's 2.0 to 4.0 percent target, offering considerable relief to the country's poorest households.⁹

Fiscal authorities also advanced reforms to bolster human capital. In April 2025, the DOF streamlined the availability of tax incentives for education, aiming to attract greater private sector participation in skills development and training. Finance Secretary Ralph Recto underscored this initiative as a key step toward accelerating national development through human capital investment.¹⁰ By September, the DOF reiterated its commitment to ensure education and social services remain priority spending areas, emphasizing that budget scrutiny would focus on maximizing the impact of every taxpayer peso.¹¹

7 United Nations Development Programme, *Human Development Report 2025: A Matter of Choices: People and Possibilities in the Age of AI* (New York: UNDP, May 6, 2025), <https://report.hdr.undp.org/working-toward-AI-augmented-human-development>.

8 Department of Finance, "PH Economy Grows 5.5% in Q2 2025—Among Asia's Fastest; Strong Domestic Demand Shields Country from Global Shocks," August 7, 2025, <https://www.dof.gov.ph/recto-ph-economy-grows-5-5-in-q2-2025-among-asias-fastest-strong-domestic-demand-shields-country-from-global-shocks/>.

9 Department of Finance, "Six-Year Low Inflation of 0.9% in July Brings Biggest Relief to Poorest Filipino Families with Lower Food Prices," August 2025, <https://www.dof.gov.ph/recto-six-year-low-inflation-of-0-9-in-july-brings-biggest-relief-to-poorest-filipino-families-with-lower-food-prices/>.

10 Department of Finance, "DOF Streamlines Tax Incentives Availment for Education to Spur Private Sector Investments in Human Capital Development," April 23, 2025, <https://www.dof.gov.ph/dof-streamlines-tax-incentives-availment-for-education-to-spur-private-sector-investments-in-human-capital-development/>.

11 Department of Finance, "DOF Ensures Funding for the Nation's Progress; National Budget to Be Closely Scrutinized to Make Sure That No Taxpayer Peso Is Wasted," September 2, 2025, <https://www.dof.gov.ph/recto-dof-ensures-funding-for-the-nations-progress-national-budget-to-be-closely-scrutinized-to-make-sure-that-no-taxpayer-peso-is-wasted/>.

At the start of 2025, the Department of Education had already sought closer collaboration with the DBM and DOF to augment its record PHP1.055 trillion allocation under the 2025 General Appropriations Act, ensuring continued funding for digitalization, computerization, and basic education programs.¹² By September, DepEd requested an even larger PHP928.52 billion allocation for 2026, targeting the construction of nearly 4,900 new classrooms, expanded school-based feeding, stronger digital tools, and career progression for teachers.¹³ These efforts reflect a consistent push to align fiscal policy with workforce development needs.

Parallel trends emerged across labor and social spending. The Marcos administration proposed a PHP 44.38 billion budget for the Department of Labor and Employment (DOLE) in 2026, focusing heavily on the Tulong Panghanapbuhay sa Ating Disadvantaged Workers (TUPAD) program, livelihood initiatives, and TESDA scholarships. Notably, nearly half of DOLE's proposed budget is allocated for TESDA programs, underscoring the government's prioritization of workforce upskilling and technical training.¹⁴

Complementing these efforts, the DBM announced a historic PHP 1.224 trillion allocation for basic and higher education in 2026, equivalent to 4.0 percent of GDP. This milestone, meeting UNESCO's recommended spending threshold for the first time, dedicates the largest share to DepEd, alongside significant allocations for SUCs, CHED, and TESDA.¹⁵

Finally, long-term structural drivers continue to shape the fiscal and labor landscape. The Department of Economy, Planning, and Development's *Trabaho Para sa Bayan Plan 2025–2034* outlines persistent challenges such as underemployment, job-skills mismatches, and education-employment gaps. These intersect with broader political, economic, social, technological, environmental, and legal trends, including climate change, digital adoption, mental health concerns, and the decentralizing effects of the Mandanas-Garcia ruling. Together, these dynamics highlight the urgent need for fiscal policies that not only maintain macroeconomic stability but also reinforce structural transformation in the labor market.¹⁶

dof-ensures-funding-for-the-nations-progress-national-budget-to-be-closely-scrutinized-to-make-sure-that-no-taxpayer-peso-is-wasted/.

12 Department of Education, "DepEd Eyes Tighter Collaboration with DBM, DOF to Secure Additional Budget," January 1, 2025, <https://www.deped.gov.ph/2025/01/01/deped-eyes-tighter-collaboration-with-dbm-dof-to-secure-additional-budget/>.

13 Inquirer.net, "DepEd Seeks PHP 928.52-Billion Budget to Address Classroom Shortages, Malnutrition, and Expand Digital Learning," September 16, 2025, <https://newsinfo.inquirer.net/2109827/fwd-deped-asks-p928-52-billion-budget>.

14 Rappler, "Department of Labor and Employment Budget 2026," September 5, 2025, <https://www.rappler.com/philippines/department-labor-employment-budget-2026/>.

15 Department of Budget and Management, "Historic First: PHP 1.224-T Budget for Basic and Higher Education for 2026 Reaches 4.0% of GDP," August 18, 2025, <https://www.dbm.gov.ph/index.php/management-2/3547-historic-first-p1-224-t-budget-for-basic-and-higher-education-for-2026-reaches-4-0-of-gdp>.

16 Department of Economy, Planning, and Development, *Trabaho Para sa Bayan Plan 2025–2034* (2025), https://depdev.gov.ph/wp-content/uploads/2025/04/20250505_TPB-2025-2034.pdf.

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

Government Initiatives & Key Findings

- On 5 May 2025, the Department of Economy, Planning, and Development (DEPDev) officially launched the Trabaho Para sa Bayan (TPB) Plan 2025–2034, the Philippines' first 10-year labor market development strategy.¹⁷ The landmark plan provides a comprehensive roadmap for job creation, labor market transformation, and inclusive workforce development, aligned with the *Philippine Development Plan (PDP) 2023–2028* and *AmBisyon Natin 2040*. The launch followed the enactment of the *Economy, Planning, and Development Act* (Republic Act No. 12145), which transformed the National Economic and Development Authority (NEDA) into DEPDev. This institutional reform aims to strengthen the government's long-term planning capacity and policy coherence. According to DEPDev Secretary Arsenio M. Balisacan, the agency will take a proactive and enabling role in developing policies and programs to promote sustainable and inclusive growth, foster quality job creation, and build a globally competitive workforce.
- In relation to the aforementioned plan, to enhance employability, particularly among the youth, DEPDev is expanding programs such as the Government Internship Program, JobStart, and the Special Program for Employment of Students.¹⁸ These measures are aimed at addressing job-skills mismatches and equipping Filipinos with the competencies needed in a rapidly evolving economic environment.
- The Department of Education (DepEd) is seeking a PHP 928.52-billion allocation in the proposed 2026 national budget, equivalent to 4% of the country's GDP, to address classroom shortages, malnutrition, and digital learning expansion.¹⁹ Education Secretary Juan Edgardo "Sonny" Angara presented the proposal at a Senate finance subcommittee hearing, emphasizing that the allocation will be invested in teachers, learners, and long-term reforms to strengthen the education system. The proposal earmarks PHP 13.2 billion to construct nearly 4,900 new classrooms, PHP 11.8 billion for school-based feeding to cover kindergarten pupils and undernourished students, PHP 16 billion for digital tools to provide laptops and internet connectivity, and PHP 6 billion for teacher career progression to support the promotion of approximately 113,000 educators and school leaders. DepEd also presented a "wishlist" that includes modernization of facilities and disaster preparedness. Senator Paolo Benigno "Bam" Aquino IV expressed full support for the proposal and called for updated classroom backlog data to ensure accurate allocation, especially following President Ferdinand R. Marcos Jr.'s intention to rechannel PHP 275 billion from the flood control budget to education and healthcare.

- The Commission on Higher Education (CHED) has requested a higher allocation for 2026 than the PHP 33.9 billion proposed under the National Expenditure Program, which itself is already higher than the PHP 31 billion budget for 2025.²⁰ CHED Chairman Shirley Agrupis presented the agency's accomplishments before the House Committee on Appropriations and sought an additional PHP 8.67 billion for the tertiary education subsidy, bringing the total request to PHP 15.094 billion for this program. CHED also underscored the need to improve infrastructure, including dormitories and classrooms, alongside the modernization of its central and regional offices.
- The Commission on Higher Education (CHED) introduced the ACHIEVE Agenda in September 2025 as its reform roadmap for Philippine higher education.²¹ The framework consists of seven priorities: Advanced and Accessible Lifelong Learning, Centralized Human Capital Development, Harmonized SDG-Based Research and Innovation, Integrated Real-Time Data and Analytics, Expanded Internationalization Strategies, Vitalized Policies and Governance, and Effective and Efficient Public Service. According to CHED Chairperson Dr. Shirley C. Agrupis, the agenda is designed to make higher education more responsive to job mismatches, industry demands, and equitable access. Partnerships were also formalized with TESDA, DOLE, DMW, CHR, and Unilab Education to support curriculum alignment, workforce development, overseas Filipino worker education pathways, human rights education, and innovation-driven collaboration. The ACHIEVE Agenda is intended to align higher education reform with the Bagong Pilipinas vision and strengthen the capacity of institutions, educators, and students to meet future workforce needs.
- The Department of Economy, Planning, and Development (DEPDev) reaffirmed in 2025 that improving job quality and upskilling the workforce remain central to the Philippine Development Plan (PDP) 2023–2028.²² DEPDev Secretary Arsenio Balisacan emphasized that inclusive growth requires stronger investments in human capital through modernizing agriculture, raising productivity, and enabling innovation across sectors. The agency stressed that the second half of the administration is crucial for accelerating public service delivery in areas vital to human capital development, including education, health, and digital connectivity. To address vulnerabilities in the labor force, DEPDev highlighted the importance of targeted assistance for workers and households exposed to climate risks, price volatility, and global headwinds. The forthcoming Midterm Update of the PDP 2023–2028 is expected to recalibrate strategies for workforce development, ensuring that economic gains translate into better lives for Filipino workers and households.
- The proposed *LGU-Led Classroom Construction Policy* of the Department of Education (DepEd) seeks to allow qualified local government units (LGUs) to directly implement classroom construction projects to accelerate delivery and reduce backlogs.²³ Under this framework, DepEd will maintain authority over standardized designs and safety standards, while the Department

17 Department of Development (DepDev), "Philippines Launches First 10-Year Labor Market Development Plan," Manila Bulletin, April 8, 2025, <https://mb.com.ph/2025/4/8/philippines-launches-first-10-year-labor-market-development-plan>.

18 Department of Development (DepDev), "Government Vows to Improve Workforce Agility," Philippine News Agency, <https://www.pna.gov.ph/articles/1258395>

19 Department of Education (DepEd), "DepEd Seeking P928.52 Billion 2026 Budget," Inquirer.net, <https://newsinfo.inquirer.net/2109827/fwd-deped-asks-p928-52-billion-budget>

20 "CHED seeks higher 2026 budget to subsidize tertiary education, modernize central and regional offices," The Manila Times, September 11, 2025, <https://www.manilatimes.net/2025/09/11/news/ched-seeks-higher-2026-budget-to-subsidize-tertiary-education-modernize-central-and-regional-offices/2182776>

21 Commission on Higher Education (CHED), "CHED Unveils 7-Point ACHIEVE Agenda... Partnerships Sealed," Manila Bulletin, September 15, 2025, <https://mb.com.ph/2025/09/15/ched-unveils-roadmap-for-philippine-higher-education-reform-at-2025-summit>

22 Department of Development (DepDev), "Improve Job Quality, Food Security," Philippine News Agency, <https://www.pna.gov.ph/articles/1255341>.

23 Department of Education (DepEd), "Tap LGUs in Classroom Construction to Address Backlog," Philippine News Agency, <https://www.pna.gov.ph/articles/1257922>

of Public Works and Highways (DPWH) will continue handling projects in areas requiring national oversight. The policy aims to reduce bureaucratic delays, leverage local expertise, and enable faster implementation of school infrastructure. Mechanisms such as accreditation, technical assistance, and co-financing are also being studied to support low-income LGUs. By strengthening collaboration with LGUs, the reform is positioned to expand access to learning spaces and address persistent classroom shortages, directly contributing to improved education outcomes.

- With the issuance of *DepEd Order No. 013, s. 2025* dated 29 April 2025, the Department of Education (DepEd) established the *Education Center for Artificial Intelligence Research (ECAIR)* in partnership with the Southeast Asian Ministers of Education Organization (SEAMEO).²⁴ The Center is composed of a pool of technical experts in data science, artificial intelligence (AI), and emerging technologies, with a mandate to formulate research, innovation, development, and capacity-building initiatives aimed at advancing AI-driven solutions for the education system. ECAIR is tasked to integrate AI research and development into educational technologies, develop policies on the use of AI in schools, foster collaboration between academic institutions and technology companies, and support the responsible and inclusive integration of AI into basic and secondary education. It will also align AI curriculum integration with the Philippine Qualifications Framework to strengthen coherence between AI learning outcomes, national qualifications, and labor market needs. By institutionalizing this framework, DepEd aims to enhance the capacity of learners and educators to adapt to the future of work, while ensuring that AI adoption in education is strategically aligned with national development and workforce priorities.
- The Guidelines for Micro-credential Development, Approval and Recognition in Higher Education (CMO No. 1, s. 2025) by the Commission on Higher Education (CHED) establishes a national framework to institutionalize micro-credentials as a novel approach to lifelong learning.²⁵ This initiative aims to bridge the widening gap between higher education and the evolving demands of industry by providing a flexible and efficient solution for the workforce to adapt to new skill requirements and technologies. Micro-credentials are defined as smaller units of learning, such as a course or set of courses, that provide learners with specific knowledge, skills, and competencies, and are designed by public and private Higher Education Institutions (HEIs) either solely or jointly with industry partners. The framework covers both stackable credentials, which can be accumulated toward a full degree, and non-stackable ones for targeted professional development. For-credit micro-credentials can range from 1 to 30 credit units, with a maximum of 30 units applicable to a bachelor's degree, 9 units to a master's degree, and 7 units to a doctoral program. All micro-credentials must align with Philippine Qualifications Framework (PQF) Levels 5 to 8 and will be subject to a quality assurance and recognition process managed by CHED's Office of Programs and Standards Development (OPSD) to ensure they meet academic and industry standards.

²⁴ Department of Education (DepEd), "Establishment of the Center for Artificial Intelligence Research for the Department of Education," Department Order No. 013, s. 2025, <https://www.deped.gov.ph/2025/04/29/april-29-2025-do-013-s-2025-establishment-of-the-center-for-artificial-intelligence-research-for-the-department-of-education/>

²⁵ Commission on Higher Education (CHED), CMO No. 1, s. 2025, Memorandum on the Guidelines for Micro-Credential Development, Approval and Recognition in Higher Education. <https://ched.gov.ph/wp-content/uploads/CMO-No.-1-s.-2025.pdf>

On Legislation

- The House of Representatives has approved on final reading House Bill No. 11376, or the Wage Hike for Minimum Wage Workers Act, which mandates a P200-per-day increase in the salaries of minimum wage earners across the private sector, including contractual and sub-contractual employees in both agricultural and non-agricultural industries. The measure preserves the authority of Regional Tripartite Wages and Productivity Boards to grant additional increases, provides exemptions and incentives for small enterprises or those affected by disasters, and explicitly prohibits the reduction of existing allowances or benefits. Noncompliance carries fines of P100,000–P500,000 and/or imprisonment of two to four years. The bill reflects a legislative effort to enhance labor welfare, improve purchasing power, and support equitable human capital development while maintaining flexibility for regional wage-setting and enterprise-specific circumstances.
- Despite the House approval, the proposed wage hike has encountered a legislative impasse as the House's P200-per-day version conflicted with the Senate's earlier-approved P100-per-day proposal. The two chambers were unable to reconcile their differing versions before the adjournment of the 19th Congress, leaving the measure unratified. Senate leaders expressed concerns that the higher P200 increase could impose significant strain on small and medium enterprises, while the lack of compromise delays the intended enhancement of labor welfare and minimum wage protections. This underscores ongoing challenges in enacting national wage policy reforms that balance worker purchasing power, enterprise sustainability, and the timely advancement of human capital development.
- Senator Risa Hontiveros has filed Senate Bill (SB) 211, the Dagdag Sahod for Public Basic Education Teachers and Employees Act, and SB 575, the Healthy Buhay at Hanapbuhay Para sa Guro Act, proposing comprehensive measures to enhance the welfare of public school teachers and employees.²⁶ SB 211 seeks an across-the-board P15,000 monthly salary increase to be implemented in three tranches—P6,000 in the first year, P5,000 in the second, and P4,000 in the third—while SB 575 provides health-related benefits, including a 10-percent discount and VAT exemption on medicines, government-paid PhilHealth contributions, special wards in public hospitals, and a five-day annual mental health leave. In parallel, Hontiveros has also advocated for private sector workers through a proposed P200 daily minimum wage increase applicable nationwide to all employment statuses, including contractual, subcontractual, agricultural, and non-agricultural workers, highlighting that current minimum wages remain insufficient to meet basic living costs. These initiatives collectively aim to strengthen human capital development by improving teacher and worker compensation, securing health and retirement benefits, and supporting sustainable livelihood across the education and labor sectors.
- The proposed Enterprise Productivity Act (S. No. 1260) filed in the Philippine Congress seeks to promote inclusive and sustainable productivity growth across all industries by updating and replacing the Productivity Incentives Act of 1990 (RA 6971). The bill establishes a

²⁶ "Hontiveros pushes PHP 15,000 salary hike for teachers," Manila Times, September 6, 2025, <https://www.manilatimes.net/2025/09/06/news/national/hontiveros-pushes-p15000-salary-hike-for-teachers/2179873>
"Hontiveros seeks PHP 200 wage hike," Tribune, September 4, 2025, <https://tribune.net.ph/2025/09/04/hontiveros-seeks-p200-wage-hike>

framework for productivity improvement programs, productivity incentives committees, and formal productivity incentives programs, including gainsharing mechanisms and tax deductions for private enterprises that implement agreed-upon productivity initiatives. It aims to strengthen labor-management partnership, enhance employees' share in the fruits of production, and improve working conditions while supporting enterprise competitiveness. The measure also provides technical assistance from relevant government agencies, mandates accreditation of productivity experts, offers special support to micro, small, and medium enterprises (MSMEs), and encourages training, capacity-building, and workplace bipartite mechanisms, creating a comprehensive policy structure for human capital development and productivity-led labor growth in both private and public sectors.

- With the issuance of the Implementing Rules and Regulations (IRR) of Republic Act No. 12063 or the *Enterprise-Based Education and Training (EBET) Framework Act*, the Technical Education and Skills Development Authority (TESDA) and the Department of Labor and Employment (DOLE) institutionalized a policy framework that strengthens workforce development through enterprise-based training.²⁷ The law mandates closer alignment of technical-vocational education with labor market needs by expanding workplace-based training opportunities, synchronizing curricula with industry demands, and enhancing on-the-job learning. EBET is designed to address the jobs-skills mismatch, particularly in light of advancements in artificial intelligence and emerging technologies, with initial data showing an 85.48 percent employment rate for graduates of enterprise-based training.
- The adoption of the ISO 30414:2018 Certification for Human Resource Management – Guidelines for Internal and External Human Capital Reporting represents a global standardization of human capital management and reporting practices in the Philippines' construction sector.²⁸ The standard provides guidelines on core HR areas including organizational culture, recruitment and turnover, diversity, productivity, learning and development, employee engagement, health and safety, and leadership, enabling enterprises to systematically measure and optimize the contribution of their workforce. Its implementation encourages organizations to institutionalize robust HR reporting, enhance workforce development, and align human capital practices with broader business and labor market objectives, providing a benchmark for professionalizing HR management and supporting sustainable human capital growth.
- Senator Bam Aquino has filed a set of 10 education-focused measures, including the School-to-Employment Program (STEP) Act and amendments to Republic Act No. 10931, the Universal Access to Quality Tertiary Education Act, aimed at addressing the education-to-employment gap and strengthening support for economically disadvantaged students.²⁹ The STEP Act proposes the creation of Job Placement Offices in all public senior high schools, state universities, and local universities and colleges, alongside the establishment of a National Industry-Academe Council and Local Industry-Academe Councils to better align skills development with labor market needs. Complementing this, the TES amendments seek to ensure that all 4Ps beneficiaries who complete senior high school and enter CHED-recognized higher education institutions receive financial support,

with mechanisms prioritizing the most economically disadvantaged. Collectively, these measures aim to enhance human capital development by providing clearer pathways from education to decent employment, promoting equitable access to tertiary education, and strengthening the nation's workforce readiness.

- Senate Bill No. 124, or the Bayanihan Work Program Act, proposes the establishment of a nationwide National Jobs Guarantee Program administered by the Department of Labor and Employment in coordination with LGUs, DepEd, TESDA, and other agencies, aimed at providing all Filipino citizens aged 18 and above who are willing and able to work with dignified, socially beneficial employment during periods of economic disruption or structural unemployment.³⁰ The program envisions public work assignments in infrastructure maintenance, environmental rehabilitation, disaster preparedness, health and nutrition, care services, and educational support, with tasks aligned to participants' educational background and existing skills. Participants are guaranteed wages not lower than the prevailing regional minimum, full social protection including PhilHealth and SSS coverage, and opportunities for skills development to facilitate transition into long-term private or public sector employment. The legislation further establishes mechanisms for inclusive enrollment, project funding through the national treasury and LGU proposals, oversight via a multi-stakeholder National Oversight Committee, and regular reporting and independent evaluations, emphasizing human capital development, employment resilience, and equitable workforce participation.
- Senate Bills SBN-794, SBN-775, SBN-129, and SBN-54, all proposed amendments to the Adopt-a-School Act of 1998 (R.A. No. 8525), seek to enhance public-private collaboration in Philippine basic education while addressing distinct gaps in the law's implementation.³¹ SBN-794 (Senator Loren Legarda) targets the skills-to-employment mismatch, promoting stronger linkages between Senior High School graduates and industry needs. SBN-775 (Senator Pia S. Cayetano) focuses on broadening incentives to attract greater private sector participation, aiming to modernize schools and close resource gaps. SBN-129 (Senator Paolo Benigno "Bam" A. Aquino IV) highlights the law's practical shortcomings, citing that private organizations have been unable to utilize tax incentives since 1996 despite urgent needs for classrooms and functional toilets. SBN-54 (Senator Win Gatchalian) emphasizes the constitutional mandate for quality education, incentivizing private support for teacher training, facility development, and instructional technology modernization. Collectively, these measures reinforce the role of private sector engagement in bridging resource and capability gaps, thereby strengthening human capital development and workforce readiness in the education system.
- Senate Bill S. No. 127, the "Angat Sweldo Para Sa Guro Act" filed by Senator Paolo Benigno "Bam" A. Aquino IV, proposes additional support and compensation for public school teachers, locally funded teachers, Philippine Science High School System personnel, and

27 TESDA & DOLE, "TESDA, DOLE Sign EBET Framework Act Implementing Rules," Philippine News Agency, February 28, 2025, <https://www.pna.gov.ph/articles/1245143>

28 Makati Development Corporation (MDC), "MDC acquires world-class ISO 30414:2018 Certification for Human Resource Management," news release, <https://www.mdc.com.ph/news/mdc-acquires-world-class-iso-304142018-certification-for-human-resource-management/>

29 Senate of the Philippines, "PR/2025/0630_Aquino1," Senate Press Release, June 30, 2025, https://web.senate.gov.ph/press_release/2025/0630_aquino1.asp

30 Senate of the Philippines, S.B. No. 124 (20th Congress, First Regular Session), "An Act Establishing a National Jobs Guarantee Program to be Known as the 'Bayanihan Work Program'," introduced by Senator Paolo Benigno "Bam" A. Aquino IV, accessed via Senate PDF repository, <https://legacy.senate.gov.ph/lisdata/4660142605!.pdf>

31 <https://legacy.senate.gov.ph/lisdata/4734043339!.pdf>

<https://legacy.senate.gov.ph/lisdata/4731343312!.pdf>

<https://legacy.senate.gov.ph/lisdata/4660642610!.pdf>

<https://legacy.senate.gov.ph/lisdata/4652842532!.pdf>

other non-teaching personnel under the Department of Education (DepEd).³² The measure grants an additional PHP 10,000 monthly in three tranches over three years, which will form part of beneficiaries' basic salary for the computation of retirement pay and other benefits. It also authorizes Local School Boards to augment allowances through the Special Education Fund without compromising classroom or school building allocations, provides an annual PHP 1,000 medical allowance, and implements a Magna Carta Bonus to address previously unimplemented provisions of Republic Act No. 4670. The bill is designed to alleviate economic pressures on educators, support their well-being, and strengthen their capacity to deliver quality basic education, thereby contributing to human capital development and workforce readiness.

- Senate Bill S. No. 123, the "Libreng RLE Act" filed by Senator Paolo Benigno "Bam" A. Aquino IV, seeks to institutionalize standards for Related Learning Experiences (RLE) in nursing education, prohibit the collection of RLE fees in State Universities and Colleges (SUCs) and Local Universities and Colleges (LUCs), and provide funding support through the Commission on Higher Education (CHED).³³ The measure mandates that all public nursing programs integrate RLE costs into tuition or institutional funding, with SUCs and LUCs submitting projected expenses to CHED for inclusion in the annual budget via UniFAST. It also expands eligibility for the Tertiary Education Subsidy (TES) to cover RLE-related expenses for nursing students in accredited private higher education institutions. By standardizing clinical training and financing, the Act aims to reduce financial barriers, ensure quality hands-on learning, and strengthen the development of competent Filipino nurses, thereby contributing to human capital development in the health sector.
- Senate Bill S. No. 126, the "Student Discount Para Sa Load Act" filed by Senator Paolo Benigno "Bam" A. Aquino IV, institutionalizes a 20% discount on prepaid and postpaid mobile load, text, call, and internet services for all enrolled students from elementary to tertiary levels.³⁴ The measure aims to reduce the financial burden of digital connectivity, which has become essential for online learning, assignment submission, and access to educational resources, particularly for students from low- and middle-income families. Telecommunications companies (TELCOs) providing these services may claim tax deductions equivalent to the value of the discounts, incentivizing private sector participation and ensuring program sustainability. Implementation and compliance are overseen by the National Telecommunications Commission (NTC) and the Department of Information and Communications Technology (DICT), with penalties prescribed for TELCOs or retailers who fail to comply. By lowering the cost of digital access, the Act seeks to bridge the digital divide, enhance equitable access to education, and support the development of a more digitally literate student population.
- Under the proposed "Private Education Voucher Expansion (PEVE) Act" filed by Senator Paolo Benigno "Bam" A. Aquino IV, the Philippine government aims to modernize support for private basic education by establishing a comprehensive voucher program and creating the Bureau of Private Education (BPE) under the Department of Education to oversee implementation.³⁵ The bill proposes to expand coverage from kindergarten through senior

high school, empower parents and students to choose from a registry of recognized private schools, and prioritize underprivileged students and those in congested public school areas. It provides financial support to participating schools and teachers, including in-service training, teacher salary subsidies, and institutional development assistance, while ensuring accountability through performance monitoring and quality assurance. By reinforcing the complementary roles of public and private schools, the measure seeks to improve access, equity, and teaching quality in the Philippine basic education system.

- The proposed "Three-Year College Education (3CE) Act", filed by Senator Win Gatchalian, seeks to restructure the Philippine higher education system by setting the nominal duration of bachelor's degree programs at three years, with CHED-authorized flexibility for shorter completion based on industry needs, international benchmarks, and recognized best practices.³⁶ The bill removes general education courses from college, integrating them into the Senior High School (SHS) curriculum under the K to 12 Basic Education program, allowing students to focus exclusively on professional and specialization-focused courses in college. This reform aims to enhance efficiency, align higher education outcomes with labor market demands, improve international comparability and mobility of graduates, and uphold academic freedom while ensuring compliance with professional licensure requirements.
- The Pantawid Pamilyang Pilipino Program (4Ps) Law (Republic Act 11310), overseen by the Department of Social Welfare and Development (DSWD), is undergoing proposed amendments in consultation with the Senate Committee on Social Justice, Welfare, and Rural Development to enhance its role as a human capital investment and poverty reduction strategy.³⁷ Key proposed reforms include shifting the graduation of beneficiary households from a fixed seven-year period to a living-conditions-based assessment, introducing aftercare support such as micro-entrepreneurship and the Sustainable Livelihood Program (SLP) to prevent families from slipping back into poverty, and reorienting program design to emphasize long-term development and empowerment over conditional welfare. These amendments aim to strengthen the program's capacity to improve health, nutrition, education, and economic opportunities for children and families, while fostering self-sufficiency and reducing dependency.
- With the filing of Senate Bill No. 167, titled the "Complementarity in Education Act" by Senator Loren Legarda, the Philippine government seeks to strengthen the synergy between public and private educational institutions to improve student choice and expand access to quality education across all levels, from early childhood to higher and technical-vocational education.³⁸ The bill institutionalizes mechanisms for public-private partnerships, including the use of student vouchers, grants, and loan schemes, while promoting cost-effective allocation of resources and equitable distribution of financial support to learners. It mandates the creation of an integrated educational information system connecting DepEd, CHED, TESDA, and the ECCD Council to provide students, parents, and policymakers with transparent data on school quality, learning outcomes, and labor market alignment. Oversight and coordination are entrusted to a Partnership Board composed of government agencies and private sector representatives, tasked with

32 Aquino (Senate): Angat Sweldo Para sa Guro Act <https://legacy.senate.gov.ph/lisdata/4660442608!.pdf>
 33 Libreng RLE Act, accessed via Senate PDF repository, <https://legacy.senate.gov.ph/lisdata/4660042604!.pdf>
 34 <https://legacy.senate.gov.ph/lisdata/4660342607!.pdf>
 35 <https://legacy.senate.gov.ph/lisdata/4660542609!.pdf>

36 <https://legacy.senate.gov.ph/lisdata/4652542529!.pdf>

37 <https://www.pna.gov.ph/articles/1255759>

38 <https://legacy.senate.gov.ph/lisdata/4664442649!.pdf>

ensuring academic freedom, quality assurance, regulatory independence, and alignment of education programs with labor market needs. By leveraging the complementary capacities of both sectors, the bill aims to alleviate public school congestion, enhance institutional diversity, promote innovation, and ultimately elevate the overall quality and accessibility of education for Filipino learners.

- The Learner's Choice (TLC) in Private Basic Education Act of 2025, filed by Senator Alan Peter Cayetano, establishes a unified, learner-centered voucher system across all basic education levels to rationalize government subsidies for learners and teachers in private schools while promoting complementarity with public institutions.³⁹ This legislation prioritizes equitable access to quality education by targeting financial assistance to disadvantaged learners, particularly those from low-income households or overcrowded public schools, and enables portability of funds and learner choice across eligible private institutions. It mandates a robust management and quality assurance framework under the Department of Education, including a dedicated Bureau of Private Education, performance monitoring, accreditation, and anti-fraud mechanisms, alongside strengthened Teacher Salary Subsidy and In-Service Training Funds to enhance teacher development and compensation parity. Local government units are encouraged to align and supplement their scholarship programs with the national voucher system, fostering inclusivity and equity, with recognition under the Seal of Good Local Governance for LGUs that support portable and learner-focused education assistance programs.
- The "E-Textbook Para Sa Lahat Act" filed by Senator Paolo Benigno "Bam" Aquino IV mandates that all textbooks and instructional materials approved for use in basic education by the Department of Education (DepEd) be made available in digital format free of charge, aiming to reduce financial barriers for learners and support equitable access to quality education.⁴⁰ The policy requires authors and publishers to submit electronic versions (PDF or EPUB) to DepEd, which will then distribute these materials through authorized platforms to students and teachers at no cost. It also encourages the development and use of Open Educational Resources (OER), enabling teaching and learning materials to be freely accessed, shared, adapted, and redistributed, while incentivizing schools and educators to create OER aligned with the K-12 curriculum. Compliance is made a prerequisite for DepEd approval, procurement, or endorsement, and implementing rules include technical standards, accessibility measures for learners with disabilities, and safeguards for data privacy and copyright. By institutionalizing digital access and OER, the measure supports more flexible, inclusive, and technologically aligned learning, enhancing both student access and teacher capacity in the Philippine education system.
- The "One Tablet, One Student Act" (Senate Bill No. 159) filed by Senator Loren Legarda establishes a program providing all Filipino students enrolled in public schools and state universities and colleges (SUCs) with tablet computers to support digital and technology-assisted learning, with provisions for connectivity allowances or opt-outs for students who already have devices.⁴¹ The Department of Education (DepEd) and the Commission on Higher Education (CHED), in coordination with the Department of Information and Communications Technology (DICT) and the Department of Social Welfare and Development (DSWD), are tasked with beneficiary identification, transparent

procurement and distribution prioritizing disadvantaged or high-need areas, and standardized guidelines for device use, maintenance, and accountability. The measure mandates digital orientation and training for students, teachers, and parents to foster responsible use and digital literacy, integrates digital skills and cybersecurity into curricula, and establishes centralized asset tracking while ensuring environmentally sustainable e-waste management in partnership with the Department of Environment and Natural Resources (DENR). Funded through the General Appropriations Act and supplemented by LGUs, private sector, and international development support, the program aims to bridge the technological gap in education, enhance learning continuity amid disruptions, and equip learners with digital competencies critical for labor-market readiness in a technology-driven economy.

- The Philippine Senate has seen two parallel proposals aiming to restructure the K to 12 program by removing the Senior High School (SHS) component and establishing a simplified basic education cycle of one year of kindergarten, six years of elementary, and four years of secondary education.⁴² The "Abolishing Senior High School Education Act" (Senate Bill No. 1297), filed by Senator Robinhood Padilla, focuses on a three-year post-implementation review to address resource gaps such as teachers, classrooms, and learning materials, while emphasizing partnerships with higher education and technical-vocational institutions, alignment of teacher education and in-service training, and continued access to benefits under the Expanded Government Assistance to Students and Teachers in Private Education (E-GASTPE). Meanwhile, the "Rationalized Basic Education Act" (Senate Bill No. 72), filed by Senator Jinggoy Ejercito Estrada, similarly seeks to remove SHS and rationalize the curriculum but places additional emphasis on addressing overworked students, congested curricula, and low labor-market participation among SHS graduates, with a five-year post-implementation review and explicit focus on labor-market relevance and transition strategies for tertiary institutions. Both bills direct the Department of Education (DepEd), in coordination with the Commission on Higher Education (CHED) and Technical Education and Skills Development Authority (TESDA), to revise curricula for global competitiveness and college readiness, enhance teacher training, secure funding through DepEd's budget and the General Appropriations Act, and establish a Joint Congressional Oversight Committee to monitor implementation, reflecting a shared goal of balancing educational quality, accessibility, and labor-market readiness while mitigating the financial and practical burdens of extended schooling.

39 <https://legacy.senate.gov.ph/lisdata/4693542937!.pdf>
 40 <https://legacy.senate.gov.ph/lisdata/4659942603!.pdf>
 41 <https://legacy.senate.gov.ph/lisdata/4663642640!.pdf>

42 https://legacy.senate.gov.ph/lis/bill_res.aspx?congress=20&q=SBN-1297
<https://legacy.senate.gov.ph/lisdata/4654642550!.pdf>

ECCP EDUCATION ADVOCACY RECOMMENDATIONS

Improve the quality of education in the country.

Enhance the curriculum for the basic education system.

A strong and future-ready education system is the backbone of national competitiveness. The Philippines must urgently recalibrate its K to 12 curriculum to address persistent gaps in literacy, numeracy, and 21st-century skills, while also ensuring alignment with labor market needs. By strengthening foundational learning and embedding digital-age competencies, the country can better prepare its young population for productive employment and meaningful participation in the global economy.

The K to 12 reform program, introduced in 2012, remains the most comprehensive overhaul of the Philippine education system, extending basic education from 10 to 12 years and aligning the curriculum more closely with ASEAN peers. However, systemic challenges persist. The COVID-19 pandemic highlighted vulnerabilities in instructional delivery, with more than 28 million students affected by school closures.⁴³ Despite recovery initiatives, the Philippines continues to post alarmingly high learning poverty rates, with nine in ten children at late primary age unable to read simple texts.⁴⁴

These learning gaps are further reflected in international benchmarks. In PISA 2022, the Philippines scored significantly below OECD averages in mathematics, reading, and science, with fewer students achieving even minimum proficiency levels.⁴⁵ Similarly, while the country retains a relative advantage in English, it slipped four notches in the 2022 English Proficiency Index.⁴⁶ Such results highlight the dual challenge of sustaining English competitiveness while raising STEM and problem-solving capacities.

In response, the Department of Education (DepEd) launched the Basic Education Development Plan 2030 (BEDP 2030), its first long-term strategic plan for formal and non-formal education. The MATATAG agenda complements this effort by prioritizing literacy, numeracy, and socio-emotional learning (SEL), while addressing skills mismatch through adjustments in senior high school curricula. Meanwhile, the National Learning Camp (NLC) was introduced to mitigate learning loss, but participation remains limited due to its voluntary nature and the added financial burden for families. EDCOM II has recommended embedding NLC within the regular school calendar and providing transport or meal allowances to expand reach.⁴⁷

43 Janvic Mateo, "UNICEF Official Flags Philippines for Major Learning Crisis," Philippine Star, June 18, 2025, <https://www.philstar.com/headlines/2025/06/18/2451334/unicef-official-flags-philippines-major-learning-crisis>.

44 World Bank, Philippines – Learning Poverty Brief 2024 (Washington, D.C.: World Bank, 2024), <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099090524085540633>.

45 OECD, PISA 2022 Results – Volume I and II: Philippines Country Note (Paris: OECD Publishing, 2023), https://www.oecd.org/en/publications/pisa-2022-results-volume-i-and-ii-country-notes_ed6fbcc5-en/philippines_a0882a2d-en.html.

46 Asian News Network, "In the Philippines, Struggling Readers Drop to 18,717 from 51,537 – Education Department," Asia News Network, August 2024, <https://asianews.network/in-the-philippines-struggling-readers-drop-to-18717-from-51537-education-department>.

47 Second Congressional Commission on Education (EDCOM II), "To Improve PISA Performance, Go Back to Basics: Focus on Learners' Foundational Skills – World Bank," EDCOM II Official Website, 2024, <https://edcom2.gov>.

The European Chamber of Commerce of the Philippines (ECCP), through its Education Committee, urges the government to accelerate the revitalization of the K to 12 curriculum to produce job-ready graduates. This includes institutionalizing literacy, numeracy, and SEL as cornerstones of the modernized curriculum, while integrating hybrid learning modalities to ensure resilience against future disruptions. The ECCP also calls for stronger legislative and policy frameworks to address senior high school skills mismatch and ensure greater industry alignment, supported by the Enterprise-Based Education and Training Framework Act of 2024.⁴⁸

Moreover, the ECCP emphasizes the importance of investing in education research and innovation. While DepEd has institutionalized tools such as the Quality Control Checklist (QCC) and launched the E-Saliksik portal, greater public financing and private-sector engagement are needed to expand research scholarships and position universities as hubs of innovation. By embedding R&D into curriculum reform, the Philippines can transform education into a driver of productivity, competitiveness, and inclusive growth.

Facilitate enhanced training programs for teachers.

Teachers are essential stewards of learning, whose skills, training, and support directly determine the quality of education delivered. Enhancing training programs for teachers ensures they can adopt new curricula, deploy modern pedagogies, and meet evolving demands in literacy, digital learning, and socio-emotional education – ultimately ensuring that education outcomes in the Philippines become more equitable, robust, and aligned with global benchmarks.⁴⁹

In 2025, the Department of Education (DepEd) has rolled out cluster- and school-based training sessions under the new MATATAG Curriculum, particularly for Kindergarten, Grades 1, 4, and 7, as part of the phase 1 implementation in School Year 2024–2025.⁵⁰ These sessions are designed to equip teachers and school heads with the knowledge, lesson examples, and strategies needed to implement the updated curriculum effectively.⁵¹ The Department has also issued RM 677, S. 2025, training teachers for Phase 2 of the revised MATATAG Curriculum, which includes capacity-building for Grades 2, 3, 5, and 8.⁵²

Legislation has recently provided a significant boost to teacher support: the *Kabalikat sa Pagtuturo Act* was signed into law in 2024, increasing the teaching allowance from PHP 5,000 to PHP 10,000 starting in SY 2025–2026, which helps offset costs of teaching materials, supplies,

[ph/to-improve-pisa-performance-go-back-to-basics-focus-on-learners-foundational-skills-world-bank](https://www.edcom2.gov.ph/to-improve-pisa-performance-go-back-to-basics-focus-on-learners-foundational-skills-world-bank).

48 Second Congressional Commission on Education (EDCOM II), "New EBET Framework Act Seeks to Bridge Job-Skills Gap, Boost Employment Opportunities for Filipinos," EDCOM II Official Website, 2025, <https://edcom2.gov.ph/new-ebet-framework-act-seeks-to-bridge-job-skills-gap-boost-employment-opportunities-for-filipinos>.

49 DepEd, "Training on the MATATAG Curriculum for Kindergarten, Grade 1, 4 & 7 (K147) School Leaders and Teachers," DepEd, October 24, 2024. <https://www.deped.gov.ph/2024/10/24/training-on-the-matatag-curriculum-for-kindergarten-grade-1-4-7-k147-school-leaders-and-teachers>

50 DepEd, "MATATAG Curriculum Phase 1 SY 2024–2025 – MATATAG Curriculum Guides for Kindergarten, Grade 1, 4, and 7," DepEd, 2023–2024. <https://www.deped.gov.ph/matatagcurriculumk147/>

51 Ibid

52 DepEd Region VIII, "RM 530, S. 2025 – Training of Core Training Faculty for the Implementation of Phase 2 Revised K-12 MATATAG Curriculum Capacity-Building Activities for Grades 2, 3, 5, and 8 Teachers," Posted May 13, 2025. <https://region8.deped.gov.ph/2025/05/13/may-08-2025-rm-530-s-2025-training-of-core-training-faculty-for-the-implementation-of-phase-2-revised-k-12-matatag-curriculum-capacity-building-activities-for-grades-2-3-5-and-8-teachers/>

and incidental expenses.⁵³ Additionally, public school teachers will receive a PHP 7,000 annual medical allowance beginning in 2025 under Executive Order No. 64 s.-2024, enhancing their overall welfare and ability to focus on instruction⁵⁴.

Despite these advances, challenges remain. Teacher participation in some professional training remains uneven, especially in geographically isolated and disadvantaged regions. Some studies also report increased workloads under MATATAG due to new content demands, such as Grade 7 TLE teachers covering multiple exploratory areas, with limited additional support⁵⁵.

The European Chamber of Commerce of the Philippines (ECCP), through its Education Committee, urges the government to strengthen teacher training programs to ensure consistent and high-quality professional development across all regions. The ECCP advocates that the newly increased teaching allowance be complemented with sufficient budget allocations for ongoing training, supervision, and instructional support to implement the MATATAG curriculum effectively. It also calls for more core training faculty to be developed and deployed, especially under the Phase 2 rollout, to lead capacity-building activities for teachers of Grades 2, 3, 5, and 8. Furthermore, the ECCP supports policies that reinforce teacher welfare – including medical allowances, teaching materials stipends, and reduced barriers for remote or underserved teachers to access quality training. Through these measures, ECCP believes teacher training will better translate to improved classroom outcomes, reduced learning loss, and greater educational equity in the years ahead.

Address issues on educational facilities.

A safe, well-equipped, and fit-for-purpose learning environment is fundamental to quality education; addressing the backlog of classrooms, repairing dilapidated buildings, and ensuring adequate teaching-learning materials are not mere inputs—they affect students' attendance, learning outcomes, and teacher morale.⁵⁶

As of mid-2025, the Philippines faces an estimated backlog of 165,000 classrooms, a gap that, if unaddressed at current construction rates, could take decades to close.⁵⁷ The Department of Education (DepEd) has set a target of constructing 5,298 new classrooms in FY 2025 under the Basic Education Facilities Fund (BEF), while for FY 2024 only 3,597 of the projected 7,267 were completed.⁵⁸ Repairs and rehabilitation have also significantly underperformed: of over

10,000 classrooms targeted for repair/rehab in FY 2024, only about half (~5,132) were reached (3). Meanwhile, the 2026 National Expenditure Program proposes PHP 28 billion for educational facilities—construction, repair, electrification, furniture, and sanitation—to help partially address both classroom shortage and infrastructural deficits.⁵⁹

The European Chamber of Commerce of the Philippines (ECCP) urges the government to accelerate facility provisioning with urgency and equity in mind. ECCP advocates that all classroom construction under the BEF be tied to a National Classroom Master Plan that prioritizes disaster-resilient design, equitable deployment to underserved and disaster-prone regions, and coordinated support from LGUs. ECCP also supports expanding partnerships with the PPP Center to scale up infrastructure delivery, especially to address the 165,000-classroom backlog in a shorter timeframe than projected.⁶⁰ Moreover, teaching-learning material procurement—furniture, textbooks, digital tools—should be built into facility packages so that newly built or repaired classrooms are immediately usable and conducive to learning.

Strengthen vocational programs in the Philippines.

Technical and vocational education and training (TVET) programs are a critical driver of employability and productivity in developing economies such as the Philippines. By equipping students with practical skills directly matched to industry needs, vocational programs can narrow the job-skills gap, foster inclusive growth, and ensure that Filipino workers are better prepared for both domestic and international labor markets.⁶¹

Despite policy initiatives, the Philippines continues to face challenges in scaling accessible and market-relevant TVET. The passage of R.A. 11230 in 2019, which guarantees free access to TVET, and proposals in the 19th Congress to integrate apprenticeship and dual training systems mark important steps forward.⁶² However, studies highlight that reforms are still needed to ensure stronger enterprise-based training, more affordable access through subsidies and scholarships, and better alignment with industry requirements.⁶³ Furthermore, the World Bank stresses that reforming TVET is essential to overcoming persistent barriers to employment and productivity.⁶⁴

53 Presidential Communications Office. "PBBM Signs Law for Teachers' Yearly Allowance," PCO, June 3, 2024. https://pco.gov.ph/news_releases/pbbm-signs-law-for-teachers-yearly-allowance/

54 Inquirer News. "Public School Teachers to Receive HMO-Type Benefits – PHP 7,000 Medical Allowance in 2025," Philippine Daily Inquirer, August 22, 2024. <https://newsinfo.inquirer.net/1975620/public-school-teachers-to-get-p7000-medical-allowance-starting-2025>

55 Inquirer News. "Public School Teachers to Receive HMO-Type Benefits – PHP 7,000 Medical Allowance in 2025," Philippine Daily Inquirer, August 22, 2024. <https://newsinfo.inquirer.net/1975620/public-school-teachers-to-get-p7000-medical-allowance-starting-2025>

56 DepEd, Programs and Projects Status of Implementation: FY 2024, Education Facilities Division, December 2024, Departments of Education, Philippines, "New Classrooms Constructed," "Repair/Rehab of Classrooms," https://www.deped.gov.ph/wp-content/uploads/FY-2024-DepEd_Programs-and-Project-Status-of-Implementation.pdf

57 "DepEd: 165K classroom shortage could take 55 years to solve," GMA Integrated News, June 13, 2025, <https://www.gmanetwork.com/news/topstories/nation/949303/dep-ed-165k-classroom-shortage-could-take-55-years-to-solve/story/>

58 DepEd, Programs and Projects Status of Implementation: FY 2024, Education Facilities Division, December 2024, table on New Classrooms and Repair/Rehabilitated Classrooms, <https://www.deped.gov.ph/wp-content/>

[uploads/FY-2024-DepEd_Programs-and-Project-Status-of-Implementation.pdf](https://www.deped.gov.ph/wp-content/uploads/FY-2024-DepEd_Programs-and-Project-Status-of-Implementation.pdf)

59 "DepEd to get P28B for classrooms, education facilities in 2026 NEP," GMA Integrated News, August 15, 2025, <https://www.gmanetwork.com/news/topstories/nation/955962/dep-ed-to-get-p28b-for-classrooms-education-facilities-in-2026-nep/story/>

60 DepEd, "DepEd to bridge classroom, digital gap through PPP," DepEd.gov.ph, January 8, 2025, <https://www.deped.gov.ph/2025/01/08/dep-ed-to-bridge-classroom-digital-gap-through-ppp/>

61 World Bank, Philippines – Learning Poverty Brief 2024 (Washington, D.C.: World Bank, 2024), <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099090524085540633>.

62 Republic Act No. 11230, "An Act Instituting a Philippine Labor Force Competencies Competitiveness Program and Free Access to Technical-Vocational Education and Training (TVET)," 2019.

63 Second Congressional Commission on Education (EDCOM II), "New EBET Framework Act Seeks to Bridge Job-Skills Gap, Boost Employment Opportunities for Filipinos," EDCOM II Official Website, 2025, <https://edcom2.gov.ph/new-ebet-framework-act-seeks-to-bridge-job-skills-gap-boost-employment-opportunities-for-filipinos>

64 Second Congressional Commission on Education (EDCOM II), "To Improve PISA Performance, Go Back to Basics: Focus on Learners' Foundational Skills – World Bank," EDCOM II Official Website, 2024, <https://edcom2.gov.ph/to-improve-pisa-performance-go-back-to-basics-focus-on-learners-foundational-skills-world-bank>

In this context, the European Chamber of Commerce of the Philippines (ECCP), through its Education Committee and regional councils, continues to advocate for enhanced partnerships between government, industry, and higher education institutions. The Chamber actively engages in dialogues to support enterprise-based training, promotes stronger implementation of vocational and apprenticeship systems, and facilitates linkages between local institutions and international counterparts. Building on these efforts, the ECCP remains committed to collaborating with both the public and private sectors to ensure that vocational education and training programs are accessible, relevant, and responsive to community and industry needs.

Enhance support programs for private schools.

Private schools are vital partners in delivering quality education, particularly in giving learners more choices and relieving pressure on public schools; enhancing support programs for private schools ensures equity, improves teacher welfare, and strengthens education outcomes across the country.⁶⁵

In August 2025, the Department of Education approved raising the annual Teachers' Salary Subsidy (TSS) for eligible private school teachers from PHP 18,000 to PHP 24,000 under the GASTPE program starting School Year 2025-2026, via an ad referendum by the State Assistance Council. This move was announced by DepEd Secretary Sonny Angara, who noted the increase aims to help bridge the compensation gap between teachers in private and public schools.⁶⁶ Despite this increase, private schools still face challenges, such as delays in subsidy disbursement, uneven access to government assistance, and ensuring that private schools meet required accreditation or quality standards under programs such as ESC (Education Service Contracting).⁶⁷

ECCP continues to advocate that government private school support should be more reliable and substantial: the Chamber insists that the subsidy increase approved this year be accompanied by streamlined disbursement mechanisms, enhanced oversight and accountability for private school participation, improved in-service training support for private educators, and expanded access for private schools, especially in underserved or remote areas. ECCP remains engaged with DepEd, PEAC, and other private education stakeholders to ensure these improvements are implemented continuously and equitably, aligning with the wider goal of making both public and private basic education high-quality and accessible to all.⁶⁸

Augment the implementation of academic equivalency programs.

Recognizing alternative pathways to academic credentials is essential to make higher education

more inclusive; by strengthening equivalency programs that validate work experience and non-formal learning, the Philippines can ensure more citizens finish degrees, increase employability, and reduce barriers for lifelong learners.⁶⁹

In March 2025, Republic Act 12124, or the ETEEAP Act, was signed into law, institutionalizing the Expanded Tertiary Education Equivalency and Accreditation Program, thereby giving working professionals with at least five years of relevant experience and secondary education the right to apply for degree equivalency based on skills, knowledge, and prior learning. CHED is the lead implementing agency, deputizing higher education institutions (HEIs), defining assessment standards, and monitoring the institutions offering ETEEAP. As of early 2025, CHED has deputized 111 HEIs to offer ETEEAP programs, and over 41,000 Filipinos have benefitted from the program since its inception under the new law.⁷⁰

ECCP advocates for robust implementation of the ETEEAP law through establishing clear guidelines and funding for HEIs in underserved regions to offer ETEEAP degrees, ensuring that assessment and equivalency processes are transparent and affordable, and that the technical secretariat (CHED-Office of Programs and Standards Development) is strengthened to support applicants in navigating equivalency. ECCP remains committed to engaging with government agencies and educational institutions to monitor ETEEAP implementation, promote awareness among working professionals and private employers about its validity, and ensure the equivalency awarded is recognized both nationally and internationally.⁷¹

Improve the health and nutrition programs for students.

The ECCP and Education Committee recognise the need to invest in overall health and well-being measures (OHMs) for public kindergarten and elementary learners. In 2018, DepEd launched the *Oplan Kalusugan (OK) sa DepEd* program, focusing on major school health and nutrition components such as the School-Based Feeding Program (SBFP), National Drug Education Program (NDEP), Adolescent Reproductive Health Education (ARH), Water, Sanitation, and Hygiene (WASH) in Schools (WinS), and Medical, Dental, and Nursing Services. In 2024, the national budget allocated PHP 300 million toward nutritionally at-risk mothers and children to reinforce children's nutritional support under the Philippine Multisectoral Nutrition Project (PMNP).

The EDCOM II observed that the Philippines still bears one of the highest stunting rates globally—26.7 % for children under five compared to a global average of 22.3 %. Nutrition interventions comply with global norms, but coverage, targeting, and continuity remain problematic. Under R.A. No. 11037 (*Masustansyang Pagkain Para sa Batang Pilipino Act*), DSWD is mandated to feed malnourished children, yet in practice the feeding program in day care centres extends to all children, blurring targeting. DepEd reports indicate that approximately 30 % of learners benefiting from SBFP relapse into “wasted” or “severely wasted” status, underscoring

65 <https://www.gmanetwork.com/news/topstories/nation/954487/dep-ed-approves-p24-000-annual-subsidy-for-private-school-teachers/story/>

66 “DepEd hikes subsidy for private school teachers,” Philippine News Agency, August 3, 2025, <https://www.pna.gov.ph/articles/1255714>.

67 Philstar.com, “DepEd raises private school teachers’ annual salary subsidy to P24,000,” August 1, 2025, <https://www.philstar.com/headlines/2025/08/01/2462357/dep-ed-raises-private-school-teachers-annual-salary-subsidy-p24000>

68 SunStar Manila, “DepEd increases private school teachers’ subsidy to P24,000,” August 1, 2025, <https://www.sunstar.com.ph/manila/dep-ed-increases-private-school-teachers-subsidy-to-p24000>

69 “PBBM signs law on alternative education program – ETEEAP Act,” Presidential Communications Office, March 5, 2025, https://pco.gov.ph/news_releases/pbbm-signs-law-on-alternative-education-program/.

70 “CHED welcomes ETEEAP passage,” Tribune, March 7, 2025, <https://tribune.net.ph/2025/03/07/ched-welcomes-eteeap-passage>

71 “Marcos OKs expanded tertiary education program,” Philippine News Agency, March 5, 2025, <https://www.pna.gov.ph/articles/1245389>.

the fragility of short-term feeding initiatives. Moreover, while R.A. No. 6972 mandates a daycare center in every barangay; only about 36 % of barangays have at least one Child Development Center (CDC). The passage in 2025 of the ECCD Systems Act (R.A. 12199) now requires that every barangay establish a CDC and sets minimum qualifications and funding obligations for local government units under the law's provisions (link to ECCD Act).⁷²

Going forward, the Chamber continues to advocate for a more holistic and sustainable health-nutrition model integrated within education. ECCP supports the expanded SBFP launched in 2025 with its 120-day feeding regimen covering all kindergarten learners and undernourished elementary students, while urging stricter nutrition monitoring, quality assurance, and fortification standards.⁷³ The Chamber also maintains its long-standing call for broadening ECCD access, pressing that LGUs allocate adequate funding and adopt the new legal mandates under R.A. 12199 to build and operate CDCs, equip them with health, sanitation, and learning resources, and ensure that health services (including oral health, ENT, prenatal counselling) are integrated into school health systems. ECCP remains actively involved with DepEd, DOH, and LGUs in coordinating these efforts to embed health, nutrition, and early childhood development within the education ecosystem.

ECCP HUMAN CAPITAL DEVELOPMENT ADVOCACY RECOMMENDATIONS

Reinforce skills and capability development.

The ECCP and Education Committee continue to affirm the importance of reinforcing skills and capability development through work immersion in Senior High School. Under DepEd Order No. 30, s. 2017 – Guidelines for Work Immersion, SHS students are required to complete a minimum of 80 hours of work immersion, designed to expose learners to work environments relevant to their specialization.⁷⁴ According to the Basic Education Report 2023, however, 83 % of SHS graduates still pursue higher education while only a little over 10 % find employment immediately thereafter, suggesting that the standard 80 hours may not suffice to build strong employable skills.

In 2025, DepEd piloted an enhanced immersion scheme under the Strengthened SHS curriculum, expanding immersion hours in 14 selected schools to 420 or 640 hours, depending on track and specialization, while maintaining alignment with DO 30, s. 2017's foundational guidelines.⁷⁵ This pilot aims to deepen industry exposure and improve learner readiness for employment

⁷² "What's in the new law requiring child development centers in every barangay," Rappler, May 20, 2025, <https://www.rappler.com/philippines/things-to-know-early-childhood-care-and-development-systems-act/>

⁷³ "DepEd expands feeding program to all kindergarten learners," GMA Integrated News, July 21, 2025, <https://www.gmanetwork.com/news/topstories/nation/953263/deped-expands-feeding-program-to-all-kindergarten-learners/story/>

⁷⁴ Department of Education. "DO 30, s. 2017 – Guidelines for Work Immersion." DepEd Official Gazette. June 5, 2017. <https://www.deped.gov.ph/2017/06/05/do-30-s-2017-guidelines-for-work-immersion/>

⁷⁵ Department of Education. "DM_s2025_048r – Pilot Implementation of the Strengthened Senior High School Immersion Program." DepEd, 2025. https://www.deped.gov.ph/wp-content/uploads/DM_s2025_048r.pdf

pathways.⁷⁶

The ECCP, through its Human Capital and Education Committees, maintains its longstanding recommendation to extend the immersion requirement beyond 80 hours to better match real-world learning curves; it supports the pilot initiative and calls for its scaling across all SHS schools nationwide. ECCP also affirms its ongoing collaboration with DepEd to help design a revised immersion framework (as hinted in the 2024 Basic Education Report) that ensures sufficient time, quality supervision, and alignment with labor market needs, so that learners may transition more confidently into employment or entrepreneurship.

Enact a revised apprenticeship law.

The ECCP and its Human Capital Committee remain steadfast in urging for a revised apprenticeship framework so that Filipino youth gain marketable technical skills through legally protected apprenticeships. The recent passage of Republic Act No. 12063, the Enterprise-Based Education and Training (EBET) Framework Act (signed into law on November 7, 2024), now institutionalises and strengthens apprenticeship programs by integrating them under one framework with incentives for participating enterprises and by harmonising apprenticeship, learnership, and dual training modalities.²

In context, prior proposals like House Bill No. 1680 (the Revised National Apprenticeship Program Act) and analogous Senate bills sought to clarify standards for training and apprentice protections; with EBET now law, many of those proposals' aims are absorbed under its mandates.² However, implementation—particularly ensuring that enterprises adhere to standards (wages, safety, training quality), that apprentices are not exploited, and that LGUs and private sector partners are mobilised—remains uneven. A 2025 report found that some apprenticeship programs were misused to pay trainees below minimum wage, prompting TESDA and DOLE to issue warnings and begin investigations.⁷⁷

The ECCP continues to advocate that provisions in RA 12063 be fully and swiftly implemented with strong enforcement mechanisms, regular inspection, and transparency.⁷⁸ ECCP supports continuous collaboration with TESDA, DOLE, DepEd, and private sector stakeholders to ensure that incentives are effective, protection for apprentices is strengthened, and apprenticeship placements are made attractive for both enterprises and trainees.

Ease restrictions on the employment of foreign nationals (DO 248-25A)

The regulatory framework governing foreign nationals' employment in the Philippines has recently undergone significant revision. Department Order No. 248, series of 2025 ("New Rules and Regulations on the Employment of Foreign Nationals") was promulgated on January 21, 2025, replacing and revising many of the provisions under DOLE Order No. 221, s. 2021.⁷⁹ The new

⁷⁶ "DepEd names 14 pilot schools for Senior High School immersion." Philstar, June 28, 2025. <https://www.philstar.com/headlines/2025/06/28/2453849/deped-names-14-pilot-schools-senior-high-school-immersion>

⁷⁷ TESDA, "TESDA probes reported apprenticeship program's violations," Philippine News Agency, June 3, 2025, <https://www.pna.gov.ph/articles/1251405>

⁷⁸ "RA 12063 – Enterprise-Based Education and Training (EBET) Framework Act," LawPhil, November 7, 2024, https://lawphil.net/statutes/repacts/ra2024/ra_12063_2024.html

⁷⁹ InsightPlus (Baker McKenzie), "DOLE issues new rules and regulations on the employment of foreign

rules became effective fifteen (15) days after publication, shifting key procedural requirements for Alien Employment Permits (AEPs), strengthening compliance obligations, and introducing new programs to ensure skills transfer and labor market protection.⁸⁰

Among the most consequential changes is the extension of the window for filing AEP applications: whereas DO 221 required application within 10 working days from contract signing or work start, DO 248 now mandates filing within 15 calendar days from execution of the employment contract or issuance of appointment.¹ The “labor market test” or publication requirement is also expanded: employers must publish the vacancy and the identity of the foreign national in a newspaper of general circulation, in PhilJobNet, and in the PESO or Job Placement Office with jurisdiction over the worksite.¹ In recognition of executive-level hires, the new rules exempt certain corporate officers (as certified by the corporate secretary) from the publication requirement.⁸¹

The new rules introduce or reinforce several frameworks aimed at enhancing Filipino workforce development. These include the requirement for a Skills Development Program (SDP) and Understudy Training Program (UTP): employers are expected, in priority industries, to transfer knowledge from foreign nationals to at least two Filipino employees.⁴ Additionally, DO 248 allows the filing of AEP applications even while the foreign national is still abroad, though the AEP cannot be released until they enter the Philippines with the appropriate working visa.¹ The New Rules also impose stricter grounds for denial or revocation of AEPs, including misrepresentation, non-compliance with program requirements, and failure to submit required documentation.⁸²

Recognizing implementation challenges, DOLE issued Supplemental Guidelines (DO 248-A) on June 9, 2025, which clarify and amend aspects of DO 248.⁵ Key clarifications include more detailed guidance on the labor market test, publication requirements, and the regional offices’ obligations to act within 15 working days after payment of fees.⁵ For AEPs issued before February 10, 2025, renewal applicants are now allowed to comply with UTP/SDP requirements in lieu of full new compliance.⁸³

Given these changes, the ECCP and its Human Capital Committee emphasize several points of continued advocacy. First, the Chamber supports the modernization and digitalization

nationals in the Philippines (DO 248, 2025),” InsightPlus, January 2025, <https://insightplus.bakermckenzie.com/bm/employment-compensation/philippines-dole-issues-new-rules-and-regulations-on-the-employment-of-foreign-nationals-in-the-philippines>

80 Global Compliance News, “DOLE issues new rules and regulations on the employment of foreign nationals,” Global Compliance News, February 6, 2025, https://www.globalcompliance.com/2025/02/06/https-insightplus-bakermckenzie-com-bm-employment-compensation-philippines-dole-issues-new-rules-and-regulations-on-the-employment-of-foreign-nationals-in-the-philippines_06272025/

81 Ocampos & Suralvo Law Offices, “DOLE issues new rules and regulations on the employment of foreign nationals,” Ocampos & Suralvo, May 2025, <https://www.ocamosuralvo.com/2025/05/09/dole-issues-new-rules-and-regulations-on-the-employment-of-foreign-nationals/>

82 Companies & Immigration Partners, “Philippines: New Employment Rules for Foreign Nationals,” Corporate Immigration Partners, February 24, 2025, <https://corporateimmigrationpartners.com/philippines-new-employment-rules-for-foreign-nationals/>

83 InsightPlus (Baker McKenzie), “DOLE issues supplemental guidelines clarifying and amending the rules on Alien Employment Permits,” InsightPlus, June 2025, <https://insightplus.bakermckenzie.com/bm/employment-compensation/philippines-dole-issues-supplemental-guidelines-clarifying-and-amending-the-rules-on-alien-employment-permits>

of AEP processing (including data sharing with BI, online verification, and AEP Management Systems), which the DOLE hinted would accompany the new rules.⁸⁴ Second, ECCP continues to advocate for the synchronization of AEP validity with the term of employment contracts, so employers and foreign hires are not forced into unnecessary renewal cycles. Third, ECCP urges robust enforcement and oversight to prevent misuse of the system (e.g. underpayment, misrepresentation, or failure to comply with training obligations). Finally, ECCP remains engaged in dialogues with DOLE, BI, and Congress to refine implementing rules, ensure regional consistency, and support private sector understanding and compliance of the new regime.

Increase labor productivity through improved workplace productivity

The ECCP has long endorsed productivity incentives as a means to foster inclusive and sustainable enterprise growth while upholding the principle of shared responsibility between labor and capital. Under Republic Act No. 6971, or the *Productivity Incentives Act of 1990*, employers and workers are encouraged to voluntarily enter into productivity programs and share in the resulting gains.⁸⁵ However, as the Philippine economy evolves—shaped by flexible work arrangements, telecommuting, and the continuing need for post-pandemic recovery, stakeholders increasingly recognize that this framework must be updated to address modern workplace realities and to institutionalize clearer, more measurable incentives for productivity growth.

Within the 20th Congress, multiple reform measures have been filed to modernize RA 6971. Senate Bill No. 1260, or the *Enterprise Productivity Act*, proposes to repeal RA 6971 and replace it with a more comprehensive framework designed to promote inclusive and sustainable productivity growth.⁸⁶ Meanwhile, Senate Bill No. 478, or the *Business Enterprise Productivity Act*, similarly seeks to amend RA 6971 to align productivity schemes with evolving business models and labor arrangements.⁸⁷ Complementing these efforts, Senate Bill No. 210, which amends the *Wage Rationalization Act (RA 6727)*, introduces mechanisms that link wage policy and worker earnings to MSME productivity performance, ensuring a stronger link between enterprise-level growth and worker benefits.⁸⁸ Together, these measures reflect a legislative recognition that productivity incentives are central to improving competitiveness, supporting MSMEs, and ensuring fair income distribution.

In this regard, the ECCP and its Human Capital Committee continue to support the enactment of a modernized productivity incentives framework that strengthens the Enterprise Productivity

84 Fragomen, “New DOLE Rules for Employing Foreign Nationals,” Mobility Minute, <https://www.fragomen.com/insights/new-dole-rules-for-employing-foreign-nationals-or-mobilityminute.html>

85 Republic Act No. 6971, “Productivity Incentives Act of 1990,” LawPhil, accessed September 2025, https://lawphil.net/statutes/repacts/ra1990/ra_6971_1990.html

86 Senate Bill No. 1260, An Act Promoting Inclusive and Sustainable Productivity Growth, Repealing for the Purpose Republic Act No. 6971, Otherwise Known as the “Productivity Incentives Act of 1990”, 20th Congress, accessed September 2025, https://web.senate.gov.ph/lis/bill_res.aspx?congress=20&q=SBN-1260

87 Senate Bill No. 478, An Act Promoting Inclusive and Sustainable Business Enterprise Productivity Growth, Amending for the Purpose Republic Act No. 6971, Otherwise Known as the “Productivity Incentives Act of 1990”, 20th Congress, accessed September 2025, https://web.senate.gov.ph/lis/bill_res.aspx?congress=20&q=SBN-478

88 Senate Bill No. 210, An Act Amending Republic Act No. 6727, Otherwise Known as the “Wage Rationalization Act,” Further Rationalizing Wage Policy and Mechanisms for Better Worker Earnings Based on MSME Productivity and for Other Purposes, 20th Congress, accessed September 2025, https://web.senate.gov.ph/lis/bill_res.aspx?congress=20&q=SBN-210

Committee (EPC) or equivalent body in every workplace, clarifies its composition and qualifications, and ensures participation from both management and labor representatives. The Chamber also underscores the need for clear provisions on employee consent, consultation procedures, and the non-diminution of benefits rule, while providing flexibility for enterprises facing financial distress or operational challenges. To encourage adoption, the implementing rules should specify minimum program elements such as performance metrics, gainsharing frequency, dispute resolution, and monitoring mechanisms. In continuity with its advocacy, the ECCP remains committed to engaging the Department of Labor and Employment (DOLE), the National Wages and Productivity Commission (NWPC), and both House and Senate committees to ensure that these legislative reforms achieve a balanced and sustainable productivity environment across sectors.

Reconsider the proposals to legislate minimum wage increases and their adverse effects.

The ECCP continues to caution against blanket legislative wage increases, advocating that wage policy should remain responsive, region-sensitive, and grounded in enterprise capacity. Under Republic Act No. 6727, the Regional Tripartite Wages and Productivity Boards (RTWPBs) are legally empowered to set minimum wages appropriate to local conditions.⁸⁹

Recent wage orders in 2025 illustrate this continuing practice and the complexity of wage reform. In the National Capital Region (NCR), the RTWPB approved Wage Order No. NCR-26, which raises the daily minimum wage for non-agricultural workers from PHP 645 to PHP 695, and adjusts agricultural/other sectors to PHP 658.⁹⁰ This PHP 50 increase, effective July 18, 2025, is the largest hike approved by the NCR wage board to date.⁹¹ In Caraga region, the RTWPB likewise approved a PHP 20 increase, raising its regional minimum wage to PHP 435 starting May 1, 2025.⁹² These developments underscore that RTWPBs are actively exercising their authority and illustrating differentiated wage adjustments rather than uniform mandates.

Simultaneously, Senate Bill No. 210 (filed July 2025) is pending committee deliberation and proposes to further revise RA 6727 by tying wage adjustments more closely to MSME productivity performance and introducing operational reforms to wage setting.⁹³ The Chamber recognizes such proposals but cautions that legislated wage hikes, if not properly calibrated, risk overburdening enterprises with limited flexibility and may lead to employment distortions, especially in low-margin sectors.

Therefore, the ECCP urges Congress to reconsider across-the-board wage mandates in favor of strengthening the RTWPB system, which is already operational and capable of more nuanced

⁸⁹ Republic Act No. 6727, Wage Rationalization Act, LawPhil, accessed September 2025, https://lawphil.net/statutes/repacts/ra1989/ra_6727_1989.htm

⁹⁰ DOLE, "Circular No. 2025-043 – Wage Order No. NCR-26," PMap, accessed 2025, <https://pmap.org.ph/circular-no-2025-043-wage-order-no-ncr26-providing-for-a-minimum-wage-increase-in-the-national-capital-region/>

⁹¹ PNA, "Minimum Wage Earners in NCR to Get PHP 50 Pay Hike," July 2025, <https://www.pna.gov.ph/articles/1253187>

⁹² PIA, "RTWPB Caraga Announces Increase of P20 to Minimum Wage Earners," 2025, <https://pia.gov.ph/rtwpb-caraga-announces-increase-of-p20-to-minimum-wage-earners>

⁹³ Senate Bill No. 210, An Act Amending RA 6727 to Link Wage Policy to MSME Productivity, 20th Congress, accessed September 2025, https://web.senate.gov.ph/lis/bill_res.aspx?congress=20&q=SBN-210

adjustments. The Chamber also emphasizes that wage reforms should be accompanied by productivity support, training, incentives, and MSME assistance to ensure wage increases are sustainable. ECCP remains committed to continuing dialogue with Congress, DOLE, NWPC, and stakeholders, reflecting its longstanding advocacy for equitable and viability-aware wage policy.



ASSESSMENT OF THE 2024 RECOMMENDATIONS

ISSUE	RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Improve the quality of education in the country	Enhance the curriculum for the basic education system	
	Facilitate enhanced training programs for teachers	
	Address issues on educational facilities	
	Strengthen vocational programs in the Philippines	
Enhance support programs for private schools		
Augment the implementation of academic equivalency programs		

94 <https://www.bworldonline.com/education/2025/07/30/688687/deped-launches-ten-year-plan-to-improve-learning-quality/>
95 <https://tec.deped.gov.ph/news/tec-advances-roadmap-2025-2035-anchors-teacher-development-in-national-education-reform/>
96 <https://www.deped.gov.ph/2024/12/20/deped-and-ppp-center-partner-to-address-classroom-backlog/>

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
The Department of Education (DepEd) launched the Quality Basic Education Development Plan (QBEDP) 2025-2035, a 10-year strategy focused on improving learning outcomes, curriculum, leadership, and governance. ⁹⁴	
DepEd continues to implement teacher training programs under the MATATAG Agenda, focusing on enhancing instructional quality and digital literacy competencies. ⁹⁵ The Teacher Education Council (TEC) is advancing a 2025-2035 roadmap to align teacher development with national education reforms.	
DepEd has partnered with the Public-Private Partnership (PPP) Center to build 15,000 classrooms, aiming to address classroom shortages and improve learning environments. ⁹⁶	
The Technical Education and Skills Development Authority (TESDA) continues to offer free online courses through the TESDA Online Program (TOP), providing accessible technical-vocational education and training.	
DepEd is working with the Private Education Assistance Committee (PEAC) to develop a three-year strategic plan to strengthen public-private education partnerships, aiming to improve access and quality in private education.	
DepEd announced the passers for the 2024 Accreditation and Equivalency (A&E) Test, continuing efforts to provide alternative pathways for learners to complete their basic education.	

ISSUE	RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Improve health and nutrition programs for students		
Reinforce skills and capability development		
Enact a revised apprenticeship law		
Ease restrictions on the employment of foreign nationals		
Increase labour productivity through improved workplace productivity schemes		

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
DepEd has expanded the School-Based Feeding Program (SBFP) to run for 120 days, doubling the duration from previous years, to address malnutrition among elementary students.	
DepEd is implementing the Dynamic Learning Program (DLP) in select pilot schools, aiming to enhance student engagement and learning outcomes through innovative teaching methods.	
Legislative efforts are ongoing to reform the apprenticeship program, aiming to ensure the availability of qualified manpower in critical and in-demand skills through the participation of employers, workers, and government and non-government agencies.	
	The Department of Labor and Employment issued DO 248-25A, which imposed stricter documentation and processing requirements for foreign nationals seeking employment in the Philippines. This move effectively tightens prior procedures and limits flexibility for employers in hiring foreign talent, representing a retrogression from previous efforts to streamline foreign employment processes.
The proposed Enterprise Productivity Act aims to promote shared responsibility in enhancing productivity in work cultures, providing incentives to enterprises that implement productivity incentive programs and technical assistance to enterprises and employees to boost productivity.	

INFRASTRUCTURE & ICT ADVOCACY PAPER 2025

INTRODUCTION

The development of the infrastructure sector is crucial for facilitating economic growth and development in the Philippines. In his 2023 State of the Nation Address, President Ferdinand Marcos Jr. stated, “One of the keys to continuing economic growth is infrastructure development, so we will build better and more.” The Build Better More (BBM) program represents President Marcos’ commitment to creating a comprehensive infrastructure development initiative aimed at addressing the significant deficiencies in the nation’s current infrastructure. This program is designed to stimulate the national economy by promoting investments in construction and generating stable employment opportunities that are competitive in the job market. Expanding on the previous administration’s Build Build Build initiative, the Build Better More program will span five years, from 2023 to 2028. It includes 124 entirely new infrastructure flagship projects (IFPs), along with 74 projects carried over from the former Build Build Build program, resulting in a total of 198 high-impact IFPs. The estimated financial allocation for the BBM program is approximately PHP 8.3 trillion.¹

Over the years, significant reforms have been introduced to create a more favorable environment for investment and private sector participation. These reforms include the Public-Private Partnership (PPP) Code, the amended Public Service Act, and Executive Orders No. 18 and 59, all aimed at streamlining permitting processes and attracting greater involvement from the private sector. To boost infrastructure spending, the Public-Private Partnership (PPP) Code, embodied in Republic Act No. 11966, was enacted in December 2023. This legislation is designed to enhance the investment landscape of the country by establishing a more stable and predictable policy environment for priority projects.

Notably, the PPP Code encourages increased private sector participation by creating clear, transparent, and consistent procedures for procurement, regulation, and risk-sharing arrangements. IFPs are financed through a mix of national government allocations, official development assistance, and Public-Private Partnerships. Currently, 35 of the IFPs are being pursued through PPP arrangements, which present strong investment potential. These PPPs are expected to drive innovation, improve operational efficiency, and strengthen collaboration with the private sector.²

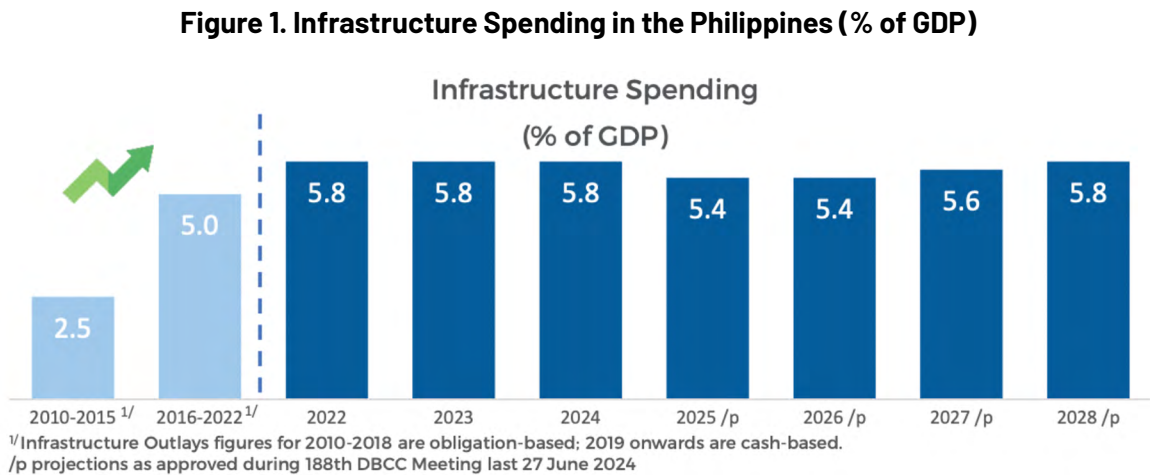
Despite facing numerous challenges, the Philippine economy sustained a stable gross domestic product (GDP) growth rate of 5.6% in 2024, making it the second fastest-growing economy in the Association of Southeast Asian Nations (ASEAN) region. Government expenditures increased by 7.2% in 2024, primarily due to higher allocations for personnel services such as the disbursement of bonuses and expanded investments in public infrastructure.³ The Department of Budget and

1 Business National RP1. (04 March 2025). PBBM’s Build Better More Infrastructure Project is the Philippines’ Key to a Brighter Tomorrow. Retrieved from <https://radypilipinas.ph/2025/03/pbbms-build-better-more-infrastructure-project-is-the-philippines-key-to-a-brighter-tomorrow/>

2 PPP. (April 2025). Public-Private Partnerships in the Philippines’ Infrastructure Flagship Projects. Retrieved from <https://www.bsp.gov.ph/Pages/IRG/irg-files/Public-Private%20Partnerships%20in%20the%20Philippines%E2%80%99%20Infrastructure%20Flagship%20Projects%20%28April%202025%29.pdf>

3 DOF. (23 January 2025). PH Economy Maintained Steady Growth in 2024 despite Challenges; Outlook for 2025 remains Bullish Driven by Lower Inflation, Higher Consumption, and Investments. Retrieved from <https://www.dof.gov.ph/ph-economy-maintained-steady-growth-in-2024-despite-challenges-outlook-for-2025-remains-bullish-driven-by-lower-inflation-higher-consumption-and-investments/>

Management (DBM) reported that the national government infrastructure spending reached PHP 1.142 trillion from January to September 2024. This marks an 11.9% increase compared to the PHP 1.021 trillion spent during the same period in 2023, based on the DBM's latest data.⁴



Source: Public-Private Partnership

With regard to digital infrastructure, the Philippines stands at a critical juncture in its journey towards deepening the integration of information and communications technology (ICT), particularly as the sector aims to diversify toward higher-value digital services such as artificial intelligence, data analytics, data centers, and cybersecurity. Regionally, the Philippines remains a major player in ASEAN's fast-growing digital economy. Its large, English-speaking talent pool has made it the second-largest digital services hub in Southeast Asia, reinforcing its comparative advantage in outsourcing and shared services.⁵ In 2024, the Philippine IT-BPM industry generated approximately USD 38 billion in revenues and employed 1.82 million workers, with a clear roadmap to expand to USD 59 billion and 2.5 million jobs by 2028. This positions the industry not only as a pillar of the national economy, as it contributes more than 8% to GDP through service exports, but also as a cornerstone of the country's long-term competitiveness in the global digital economy.⁶

Relatedly, the Philippines has exhibited significant strides in the adoption of AI and integrating innovation. In 2024, the country ranked 56th out of 188 in the Government AI Readiness Index⁷ with a score of 58.51 above the global average of 47.59. Furthermore, the Philippines also climbed the 2025 Global Innovation Index (GII)⁸ to rank 50 out of 140 economies. This was much

4 Esguerra D.J. (26 November 2024). DBM: 9-month Infra spending up nearly 12% in 2024. Retrieved from <https://www.pna.gov.ph/articles/1238694>

5 Interesse, G. (14 July 2025). Beyond Call Centers: The Rise of High-Value IT-BPM Services in the Philippines. Retrieved from <https://www.aseanbriefing.com/news/beyond-call-centers-the-rise-of-high-value-it-bpm-services-in-the-philippines>

6 Morales, N.J. (2 October 2024). Philippine outsourcing to grow 7% this year despite AI threat, industry group says. Retrieved from <https://www.reuters.com/technology/artificial-intelligence/philippine-outsourcing-grow-7-this-year-despite-ai-threat-industry-group-says-2024-10-02>

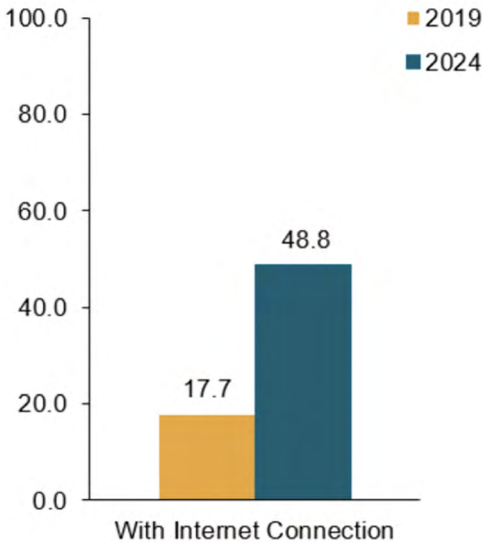
7 Oxford Insights. (2024). Government AI Readiness Index 2024. Retrieved from <https://oxfordinsights.com/ai-readiness/ai-readiness-index/>

8 World Intellectual Property Organization. (2025). Global Innovation Index 2025: Innovation at a Crossroads. Retrieved from <https://www.wipo.int/web-publications/global-innovation-index-2025/assets/80937/global-innovation-index-2025-en.pdf>

higher than its previous ranking of 59th in 2022, 56th in 2023, and 53rd in 2024. The index, likewise, highlighted the country among the top 3 in innovation economies under the lower-middle income group.

Key enablers of this growth include the steady improvement in internet access and connectivity, reforms in the regulatory environment, and targeted investments. According to the Philippine Statistics Authority (PSA), household internet penetration increased sharply from 17.7% in 2019 to 48.8% in 2024, amounting to about 13.56 million households now online. Two out of every three Filipinos aged 10 years and older reported using the internet in 2024, equivalent to 61.46 million individuals.⁹

Figure 2. Percentage of Households with Access to Internet at Home: Philippines, 2019 and 2024



Source: Philippine Statistics Authority

In conjunction, internet performance has steadily improved as the country now ranks sixth in internet penetration in the region climbing from ninth place in less than two years. This is evidenced by the increase of the median fixed download speed increased from 62.51 megabits per second (Mbps) in the second quarter of 2022 to 94.42 Mbps in the same quarter of 2024, accounting for a 51% jump. Upload speeds also improved from 58.65 Mbps to 94.13 Mbps over the same period.¹⁰ Despite these improvements, however, the World Bank notes that the Philippines continues to trail behind its regional peers largely due to outdated policy frameworks and weak competition.¹¹ Referencing the PSA's 2024 National Information and Communications

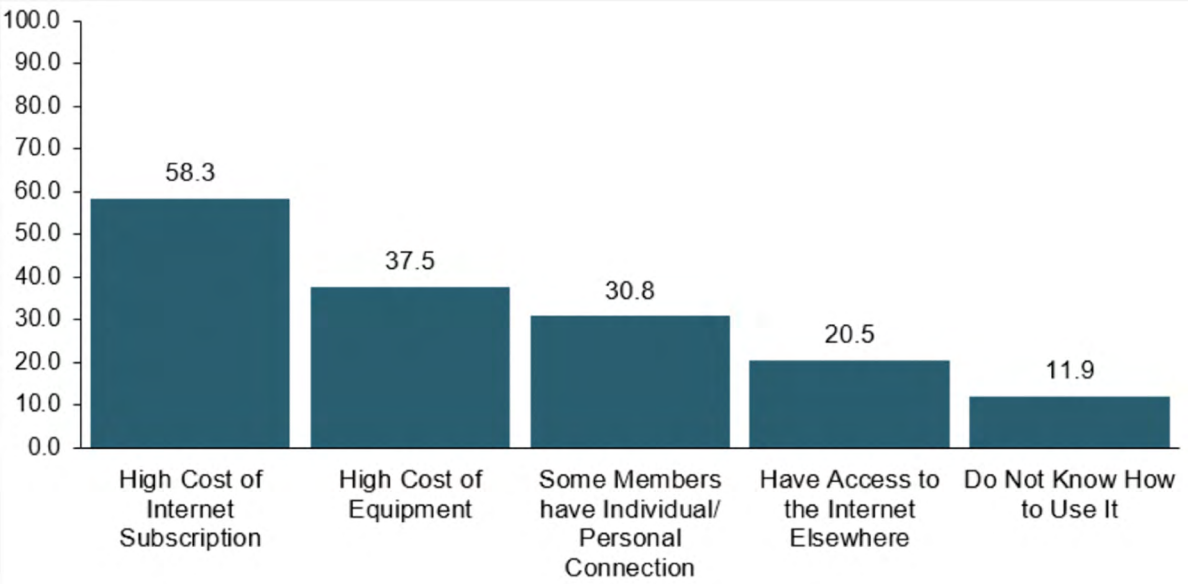
9 Philippine Statistics Authority. (21 July 2025). Percentage of Households with Internet Connection Increased to 48.8 percent in 2024; Two in Every Three Individuals Aged 10 Years and Over Used the Internet. Retrieved from <https://psa.gov.ph/content/percentage-households-internet-connection-increased-488-percent-2024-two-every-three>

10 Moral, M. (9 April 2025). The Philippines sees steady gains in internet connectivity. Retrieved from <https://www.bworldonline.com/special-features/2025/04/09/665138/the-philippines-sees-steady-gains-in-internet-connectivity/>

11 World Bank. (2 July 2025). Unlocking the Philippines' Digital Transformation by Increasing Internet Connectivity. Retrieved from <https://www.worldbank.org/en/results/2025/07/02/unlocking-the-philippines->

Technology Household Survey,¹² the high costs of internet subscriptions and equipment remain the top barriers for access to the internet among households at 58.3% and 37.5%, respectively, which further exacerbates the digital divide.

Figure 3. Top 5 Barriers for Not Having Internet Connection at Home Among Households: Philippines, 2024



Source: Philippine Statistics Authority

Apart from connectivity, the Department of Trade and Industry (DTI) further acknowledges the Philippines’ shortcoming in adopting modern digital technologies¹³ such as cloud platforms, artificial intelligence, and process automation, most especially among small and medium enterprises. Without deeper integration of these tools into business and government operations, the country risks capturing only limited value from its improved digital infrastructure. Reflecting the growing recognition of the need for accelerated digital infrastructure and connectivity initiatives, the Department of Information and Communications Technology (DICT) has likewise requested a budget of PHP 18.9 billion for 2026.¹⁴

Ultimately, by addressing long-standing regulatory barriers, the Philippines can unlock the full potential of its ICT and infrastructure sectors. With clear policies, sustained investment, and stronger public-private collaboration, the country is well-positioned to build a resilient base that not only drives economic growth but also strengthens both physical and digital connectivity nationwide.

digital-transformation-by-increasing-internet-connectivity

12 Philippine Statistics Authority. (21 July 2025). 2024 National Information and Communications Technology Household Survey (Preliminary Results). Retrieved from https://psa.gov.ph/system/files/Isredsd/2024_NICTHS%20INFOGRAPHICS.pdf

13 Bosano, R. (15 April 2025). Philippines lags in use of modern technology, official admits. Retrieved from <https://www.abs-cbn.com/news/nation/2025/4/15/official-admits-ph-lagging-behind-in-using-modern-technology-2338>

14 Gonzales, G. (9 September 2025). DICT seeks P18.9-billion budget for 2026. Retrieved from https://www.rappler.com/philippines/department-information-communications-technology-budget-2026/?utm_source=chatgpt.com

RECENT REFORMS AND INDUSTRY DEVELOPMENT

- The **Build Better More (BBM) program**, the flagship infrastructure initiative of the current administration, continues to drive the government’s goal of sustaining annual infrastructure spending at 5–6% of GDP to support medium-term growth targets of 6.5–8%.¹⁵ As of 2025, the infrastructure outlay stands at PHP 1.507 trillion, representing approximately 5.2% of GDP.¹⁶ As of April 30, the government’s catalog of key projects has increased to 207 from the earlier count of 186 projects, which were estimated at P9.6 trillion. The main sectors involved are physical connectivity, water resources, agriculture, health, and digital infrastructure.¹⁷
- In June 2024, President Marcos ordered changes to the nomenclature and tariff rates on various products to ensure a continuous supply of goods and protect the purchasing power of Filipinos. By issuing **Executive Order No. 62**, President Marcos recognized the need for a new, multi-year, comprehensive tariff schedule that would provide a transparent and predictable tariff structure. Among the key features of EO 62 is the maintenance of the current Most Favored Nation (MFN) tariff rates, which range from 0 percent to 65 percent on various industrial products. This includes **natural gypsum and anhydrite**, materials used in the manufacture of building products such as cement and plasterboard.¹⁸
- **The Department of Public Works and Highways (DPWH), with support from the Asian Development Bank (ADB), is creating flood risk management master plans** for 3 major river basins: Mag-Asawang Tubig basin in Mindoro, the Agno River basin in Luzon, and the Cadac-an River basin in Leyte. Funded by ADB’s Infrastructure Preparation and Innovation Facility (IPIF), these plans aim for long-term flood control while integrating water conservation, irrigation, and energy use. Identified issues include inadequate flood control in Agno, siltation in Mindoro, and storm vulnerability in Leyte. Drafts were presented to stakeholders last September 2024 to align with the government’s national flood control strategy, supporting the Marcos administration’s Build Better More program focused on disaster resilience and inclusive development.¹⁹
- In February 2025, the **Philippines’ sovereign debt reached a record P16.63 trillion**, a 1.96% increase from January, according to the Bureau of the Treasury. This rise was due to the issuance of **new domestic and external debt aimed at financing socioeconomic**

15 BSP. (2025). Public-Private Partnerships in the Philippines’ Infrastructure Flagship Projects. Retrieved from: https://www.bsp.gov.ph/Pages/IRG/irg-files/PPP%20in%20the%20Philippines%E2%80%99%20Infrastructure%20Flagship%20Projects%20%28June%202025%29.pdf?utm_source

16 DBM. (2025). Agenda for Prosperity: Fulfilling the Needs and Aspirations of the Filipino People. Retrieved from: https://www.dbm.gov.ph/wp-content/uploads/Our%20Budget/2025/2025-People%27s-Proposed-Budget-%28as-of-10.2%29.pdf?utm_source

17 Jocson LMC. (08 May 2025). Philippine government approves more infrastructure flagship projects. Retrieved from: https://www.bworldonline.com/top-stories/2025/05/08/671123/philippine-government-approves-more-infrastructure-flagship-projects/?utm_source

18 PCO. (21 June 2024). PBBM Orders Modification of Tariff Rates on Various Products. Retrieved from: https://pco.gov.ph/news_releases/pbbm-orders-modification-of-tariff-rates-on-various-products/

19 Rosel T. (13 September 2024). DPWH, ADB Roll out Flood Risk Management Plans for 3 Major River Basins. Retrieved from: <https://mb.com.ph/2024/9/13/dpwh-adb-roll-out-flood-risk-management-plans-for-3-major-river-basins>

and infrastructure programs.²⁰

- The International Finance Corporation (IFC) has committed **\$75 million** in equity to the ISQ Growth Markets Infrastructure Fund II, managed by I Squared Capital. This fund will channel investments into infrastructure across emerging markets, including the Philippines, **targeting sectors like transport, digital infrastructure, energy transition, and particularly sustainable water and waste management.**²¹
- As of 11 April 2025, the government expanded its public-private partnership (PPP) pipeline to 187 projects valued at **P2.64 trillion, up from 176 projects worth P2.60 trillion in the previous month.** The 14 new projects include three national initiatives and 11 local projects, comprising both unsolicited proposals endorsed to implementing agencies and projects directly submitted by implementing agencies, according to the PPP Center. This expansion reflects growing opportunities for private sector participation in infrastructure development and underscores the need for a stronger, more streamlined PPP framework to accelerate project delivery and attract sustainable investments.²²

ON LEGISLATION

- On 04 February 2025, the Government Procurement Policy Board (GPPB), under the leadership of DBM Secretary Pangandaman, **approved the Implementing Rules and Regulations (IRR) for Republic Act No. 12009, known as the New Government Procurement Act (NGPA).** This IRR operationalizes RA 12009, which replaced the longstanding RA 9184 (Government Procurement Reform Act) and was signed into law on July 20, 2024. It lays out modernized procurement modalities designed to bolster transparency, efficiency, and value for money through innovations like technology-driven processes, open contracting, and integrated systems across government agencies.²³
- On 4 September 2025, President Marcos signed the **Enhanced Fiscal Regime for Large-Scale Metallic Mining Act.** Under the new law, mining companies that operate within the government's specified mining sites will pay a royalty of 5% out of their gross output. For mining operations outside mineral reservations, companies will be required to pay a margin-based royalty on their income from metallic mining activities. In addition, the law imposes an extra tax on firms with profit margins exceeding 30 percent, ensuring that a fair share of these windfall earnings is allocated to the government for the benefit of the Filipino people.²⁴
- In a significant move to accelerate infrastructure development, President Marcos, Jr. signed a new law that amends the existing **Right-of-Way (RoW) Act on 18 September**

2025. The law extends its coverage to include all **Public-Private Partnership (PPP) infrastructure projects**, not just those undertaken directly by the government. This allows private firms in sectors such as electricity, telecommunications, and water to more easily acquire necessary land. With the new law, it is expected to address long-standing RoW issues that have historically caused significant delays in the completion of major infrastructure projects, like the Metro Manila Subway.²⁵

As the government intensifies efforts to close the country's digital divide, the new administration has outlined the following key priorities and initiatives:

- On 7 July 2025, President Marcos led the grand launch of Phases 2 and 3 of the **National Fiber Backbone (NFB) project**, a flagship initiative of the DICT which aims to establish a secure and robust fiber optic network for the Philippines.²⁶ Phases 2 and 3 of the NFB laid approximately 1,800 kilometers of new fiber optic cable in Cagayan Valley, CALABARZON, Bicol, Eastern Visayas, and Mindanao, further expanding the country's digital infrastructure.
- Phase 1 was earlier launched in April 2024, covering 1,200 kilometers from Laoag, Ilocos Norte to Quezon City. The remaining phases are expected to be completed in 2026²⁷ and is projected to improve connectivity, particularly for those in far-flung and underserved communities.
- Corollary to the NFB project, the country's high digital consumption along with strong support from the current administration positions the Philippines as **a strategic regional hub for data centre development** with the potential for the market to reach USD 1.79 billion by 2030.²⁸ Approximately PHP 7.5 billion of the DICT's PHP 10.27 billion budget for 2025 is allocated for the **Free Public Internet Access Program (FPIAP)**, which covers the construction of the NFB as well as cell towers and data centers.²⁹ In 2026, the DICT hopes to secure a higher budget to proceed with its aggressive pursuit of connectivity and data center projects.
- In relation, the DICT, in September 2025, announced its plan to bid out a PHP 3-billion contract to supply SIM cards to public school students under its **Bayanihan SIM Project**, an offshoot of the FPIAP.³⁰ This supplements the government's efforts in addressing the digital gap.
- On 4 April 2024, President Ferdinand R. Marcos Jr. issued Executive Order No. 58, s. 2024,

20 Cordero T. (01 April 2025). PH Debt Reaches Record P16.3 trillion in Feb 2025. Retrieved from: <https://www.gmanetwork.com/news/money/economy/941229/ph-debt-reaches-record-p16-63-trillion-in-feb-2025/story/>

21 De Vera BA. (20 May 2025). IFC-Backed Funds to Finance 'Green' Projects in Philippines. Retrieved from: <https://mb.com.ph/2025/05/20/ifc-backed-funds-to-finance-green-projects-in-philippines>

22 PPP (17 April 2025). PPP project pipeline at P2.64 trillion as of April. Retrieved from: https://ppp.gov.ph/in_the_news/ppp-project-pipeline-at-p2-64-trillion-as-of-april/

23 Esguerra D.J (05 February, 2025). New Gov't Procurement Law IRR Approved – DBM). Retrieved from: <https://www.pna.gov.ph/articles/1243358>

24 PCO. (04 September 2025). PBBM signs Enhanced Fiscal Regime for Large-Scale Metallic Mining Act, mandating royalty fees from mining sites. Retrieved from: https://pco.gov.ph/news_releases/pbbm-signs-enhanced-fiscal-regime-for-large-scale-metallic-mining-act-mandating-royalty-fees-from-mining-sites/

25 CM Hufana. (18 September 2025). Marcos signs law amending RoW Act. Retrieved from: https://www.bworldonline.com/top-stories/2025/09/18/699133/marcos-signs-law-amending-row-act/#google_vignette

26 PCO. (7 July 2025). PBBM launches National Fiber Backbone Phases 2 and 3 to digitally connect more Filipinos. Retrieved from https://pco.gov.ph/news_releases/pbbm-launches-national-fiber-backbone-phases-2-and-3-to-digitally-connect-more-filipinos/

27 Philippine News Agency. (27 February 2025). PH poised to become SE Asia's digital-infra powerhouse. Retrieved from <https://www.pna.gov.ph/articles/1244993>

28 Medina, A.F. (13 June 2025). Rising Demand for Data Centers in the Philippines. Retrieved from <https://www.aseanbriefing.com/news/rising-demand-for-data-centers-in-the-philippines/>

29 Piad, T.J. (4 June 2025). New chief seeks doubling of 2026 DICT budget. Retrieved from <https://business.inquirer.net/529056/new-chief-seeks-doubling-of-2026-dict-budget>

30 Rosales, E.F. (19 September 2025). DICT to bid out P3 billion contract to supply free SIMs to students. Retrieved from <https://www.philstar.com/business/2025/09/19/2473810/dict-bid-out-p3-billion-contract-supply-free-sims-students>

which officially adopted the **National Cybersecurity Plan (NCSP) 2023-2028**³¹ developed by the DICT. The comprehensive plan provides the country with policy direction, operational guidelines in building its cybersecurity posture, as well as the fortification of the country's cyberspace against online threats.

Relatedly, in September 2024, the Philippines made a significant leap in the 2024 United Nations Global Cybersecurity Index (GCI), **improving in ranking to 53rd from 61st in 2020**. The country secured an index score of 93.49, which further enabled its movement from Tier 3 to Tier 2 or "Advancing Nations." The DICT remains committed to attaining Tier 1 status through the proper implementation of the NCSP.³²

- In October 2024, the World Bank approved the **Philippines Digital Infrastructure Project** loan allocating USD 287.24 million for the government's national fiber optic backbone to address the middle-mile and last-mile connectivity.³³ Later in November 2024, the World Bank also greenlit the **Second Digital Transformation Development Policy Loan** with a committed amount of USD 750 million, to further support the government's efforts to transform the digital sector.³⁴ Of the total loan amount, USD 706.65 million has already been disbursed as of August 2025. The loan will close in March 2026.³⁵
- On 25 April 2025, the DICT issued **Department Circular No. HRA-001 s. 2025**³⁶, a landmark policy mandating all government agencies to adopt the Information Systems Strategic Plans (ISSPs) unified standards in information and communications technology (ICT) planning. Under the policy, all covered government entities must incorporate the standard ISSP template approved by the DICT and the Medium-Term Information and Communications Technology Harmonization Initiative (MITHI) Steering Committee. The primary goal is to enhance the efficiency, accountability, and coherence of government ICT investments, as well as support long-term planning and digital readiness across agencies.
- More recently, the DICT has called on the need to reform outdated policies, particularly the National Building Code, with regard to **mandating all buildings to be fiber-ready**.³⁷ This forms part of the department's legislative priorities to address the digital divide through infrastructure development while also shifting the general perspective of

telecommunications as being an optional service to an essential utility.

- On 3 July 2025, the DTI launched the **National AI Strategy Roadmap (NAISR) 2.0** aimed at reinforcing the capacity for sustainable digital transformation³⁸. The roadmap remains aligned with the Philippine Development Plan (PDP) 2023-2028 as it highlights the potential of emerging technologies in job creation and economic development. In conjunction, the DTI also launched the **Center for AI Research (CAIR)**, envisioned to be a center of excellence for AI research and development.

Initially under the DTI, the CAIR was later transferred under the Department of Education (DepEd) and relaunched as the **Education Center for AI Research (E-CAIR)** in February 2025.³⁹ Since then, E-CAIR has shifted its focus to gradually integrate AI-driven solutions into the country's education system.

- In relation, the Department of Science and Technology (DOST) has, likewise, proposed a **National Artificial Intelligence Strategy for the Philippines (NAIS Ph)** which was introduced in April 2025.⁴⁰ This iteration of the strategy emphasizes five core areas for AI advancement, namely, infrastructure, workforce, innovation, ethics and policy, and deployment.
- To aid in the future-proofing of the Filipino workforce, the DICT has also implemented its program known as **Strengthening the Philippine Workforce through Adaptive and Responsive Digital Knowledge (SPARK)** in alignment with Republic Act No. 11927 or the Philippine Digital Workforce Competitiveness Act. The program is geared towards bridging the country's digital-skills gap with a particular focus on upskilling and reskilling the Filipino workforce to meet the demands of the growing digital economy.⁴¹

ON LEGISLATION

- On 23 August 2025, the **Open Access in Data Transmission Act or Konektadong Pinoy Act (KPA)**⁴² lapsed into law effectively removing the outdated franchise requirement, among other legal barriers, enabling new and smaller players to enter the data transmission sector and encourage competition. In addition, the KPA raises reforms pertaining to spectrum management, affordable connectivity, infrastructure sharing, and ease of doing business through the streamlining of licensing processes.^{43,44,45} As of 21 September 2025, the DICT is yet to release the Implementing Rules and Regulations (IRR) of the KPA.

31 Department of Information and Communications Technology. (February 2024). National Cybersecurity Plan 2023-2028. Retrieved from <https://cms-cdn.e.gov.ph/DICT/pdf/NCSP-2023-2028-FINAL-DICT.pdf>

32 Ronda, R.A. (16 September 2024). DICT: Philippines cybersecurity rating improves. Retrieved from <https://www.philstar.com/headlines/2024/09/16/2385527/dict-philippines-cybersecurity-rating-improves>

33 Cigaral, I.N. (12 October 2024). PH internet gets boost with \$287-M World Bank loan. Retrieved from <https://business.inquirer.net/484454/ph-internet-gets-boost-with-287-m-world-bank-loan>

34 World Bank. (12 November 2024). World Bank Helps Boost Digital Transformation in the Philippines. Retrieved from <https://www.worldbank.org/en/news/press-release/2024/11/12/world-bank-helps-boost-digital-transformation-in-ph>

35 De Vera, B.A. (29 August 2025). Konektadong Pinoy advances digital transformation in Philippines—World Bank. Retrieved from <https://mb.com.ph/2025/08/29/konektadong-pinoy-advances-digital-transformation-in-philippines-world-bank>

36 Department of Information and Communications Technology. (25 April 2025). Department Circular No. HRA-001. Retrieved from <https://cms-cdn.e.gov.ph/DICT/pdf/Department%20Circular%20No.%20HRA-001%20s.%202025.pdf>

37 Cruz, B.M. (10 September 2025). Building code updates, AI rules top DICT legislative priorities. Retrieved from <https://www.bworldonline.com/economy/2025/09/10/697656/building-code-updates-ai-rules-top-dict-legislative-priorities/>

38 Department of Economy, Planning, and Development. (4 July 2024). Launch of AI Roadmap, Center for AI Research to Unlock New Opportunities in PH Digital Economy - NEDA. Retrieved from <https://depdev.gov.ph/launch-of-ai-roadmap-center-for-ai-research-to-unlock-new-opportunities-in-ph-digital-economy-neda>

39 Chi, C. (21 February 2025). 'This is the Future': DepEd sets up AI Hub. Retrieved from <https://qa.philstar.com/headlines/2025/02/21/2423182/this-future-deped-sets-ai-hub>

40 Santos, J. (8 May 2025). Gov't eyes 2028 roadmap for ethical, inclusive AI development. Retrieved from <https://mb.com.ph/2025/05/08/govt-eyes-2028-roadmap-for-ethical-inclusive-ai-develop>

41 PNA. (5 March 2025). SPARK: DICT's Initiative to Futureproof the Filipino Workforce. Retrieved from <https://pia.gov.ph/spark-dicts-initiative-to-futureproof-the-filipino-workforce/>

42 Official Gazette. (29 August 2025). Republic Act No. 12234. Retrieved from <https://www.officialgazette.gov.ph/downloads/2025/08aug/20250824-RA-12234-FRM.pdf>

43 Jose, A.E. (25 August 2025). Konektadong Pinoy bill lapses into law. Retrieved from <https://www.bworldonline.com/top-stories/2025/08/25/693439/konektadong-pinoy-bill-lapses-into-law/>

44 Cabalza, D. (25 August 2025). 'Konektadong Pinoy' bill lapses into law. Retrieved from <https://newsinfo.inquirer.net/2099855/konektadong-pinoy-bill-lapses-into-law>

45 King-Dominguez, R.M. (29 August 2025). Dissecting the Konektadong Pinoy Law. Retrieved from <https://www.manilatimes.net/2025/08/29/business/top-business/dissecting-the-konektadong-pinoy-law/2175782>

- On 5 September 2025, President Marcos signed the **E-Governance Act**⁴⁶ into law thereby institutionalizing the transition towards a digitally empowered and integrated government. The law covers back-end government operations between and across agencies and government-to-government transactions. Furthermore, the DICT is designated as the law's lead implementing body and administrator.⁴⁷ In this regard, it directs the department to adopt a national policy aimed at promoting innovations, supporting start-ups, and facilitating the entry and adoption of technologies. Likewise, an E-government masterplan must be formulated by the DICT.

One year after the effectivity of the E-Governance Act, the government will establish the EGov Unified Project Management Office (EGov UPMO). Its primary task will be to ensure that ICT projects in the government are efficiently managed. E-Government Programs (EGPs) shall be developed while Local Government Units (LGUs) are also mandated to establish their own eLGU systems.⁴⁸

- Understanding the urgent action to bridge the digital divide, the proposed **Better Internet Act**⁴⁹ aims to improve internet services in the country. It mandates Public Telecommunications Entities (PTEs) and Internet Service Providers (ISPs) to expand their service coverage in all unserved and underserved areas as well as adhere to the delivery of a minimum standard for broadband quality.
- The proposed **Artificial Intelligence (AI) Regulation Act**⁵⁰ ensures the deployment of AI remains ethical, sustainable, and safe as the adoption of this technology continues to proliferate. Several parallel bills have been filed at both the Senate and House of Representatives, with a particular focus on its development, application, and creation of a regulatory body.
- In relation to the continued advancement of digitalization and AI, the **Workers' Protection and Skills Development in the Digital Economy Act**⁵¹ seeks to equip the workforce with the necessary capacity and safeguards to harness technology for efficiency. Along the same vein, the proposed legislation maintains the competitiveness of the Filipino workforce in the global job market and takes into account the potential risks. While several iterations have been filed, certain proposals also highlight the integration of digital literacy and AI readiness in basic and higher education.
- The proposed **Cybersecurity Act**⁵² further underscores the government's commitment to strengthening the national cybersecurity framework. Remaining cognizant of the

increasing reliance on technology and, therefore, the need to address the prevalence of persistent and more sophisticated cyberthreats, several bills have been filed at both houses of Congress.

- In conjunction with the fast pace of digital transformation in the country, the proposed **Critical Information Infrastructure Protection Act**⁵³ aims to mandate the adoption of adequate measures against cyberthreats as the Philippines becomes increasingly vulnerable due to its continued digital expansion.

INFRASTRUCTURE ADVOCACY RECOMMENDATIONS

Incorporate sustainability in infrastructure project planning and implementation through funds allocation for green infrastructure and faster blended cement adoption in the Philippines

The Philippines' continued susceptibility to climate change impedes infrastructure provision and operation, undermining significant infrastructure investments. With its exposure to natural hazards, reliance on climate-sensitive natural resources, and vast coastlines, the Philippines ranked first among 193 countries in the 2022 and 2023 World Risk Report.^{54 55} Climate change poses significant risks to the infrastructure sector, such as the softening and surface deterioration of pavements under extreme heat, the weakening of road surfaces from heavy rainfall, and the accelerated corrosion of steel. It can also trigger flooding and landslides, resulting in road closures and the need for extensive rehabilitation.⁵⁶ As such, enabling economic development builds on the solid foundation of sustainable, green, resilient, and modern infrastructure systems.

According to United States Environment Protection, green infrastructure is more cost-effective than traditional gray infrastructure, as it improves air quality caused by urban heat and promotes water conservation, reducing the need for irrigation.⁵⁷ Further, green infrastructure provides important environmental benefits by enhancing urban biodiversity, improving stormwater quality, reducing erosion, and supporting natural water cycles. From an economic perspective, it reduces building energy costs, extends the lifespan of grey infrastructure, and lowers drainage system maintenance expenses.⁵⁸

46 Official Gazette. (16 September 2025). Republic Act No. 12254. Retrieved from <https://www.officialgazette.gov.ph/downloads/2025/09sep/20250905-RA-12254-FRM.pdf>

47 Unite, B. (11 September 2025). Marcos signs E-Governance Act. Retrieved from <https://mb.com.ph/2025/09/11/marcos-signs-e-governance-act>

48 Gita-Carlos, R.A. (11 September 2025). PBBM institutionalizes shift to e-governance. Retrieved from <https://www.pna.gov.ph/articles/1258547>

49 As of 21 September 2025, there have been bills filed at the Senate and House on Better Internet – Senate Bill Nos. 471 and 632; and House Bill Nos. 1134 and 1652.

50 As of 21 September 2025, there have been bills filed at the Senate and House on Artificial Intelligence Regulation – Senate Bill Nos. 25, 79, 182, 782, 852, and 1190; and House Bill Nos. 13, 57, 73, 252, 387, 598, 658, 659, 1196, 1920, 2312, 2318, 2319, 2323, 2827, 3195, 3462, 3480, 3688, and 3905. All bills are currently pending in the committee.

51 As of 21 September 2025, there have been bills filed at the Senate and House on Workers' Protection and Skills Development in the Digital Economy – Senate Bill Nos. 79, 182, and 649; and House Bill Nos. 165, 166, 243, 598, 1698, 1699, 2186, and 4037. All bills are currently pending in the committee.

52 As of 21 September 2025, there have been bills filed at the Senate and House on Cybersecurity – Senate Bill No. 1163; and House Bill Nos. 6, 660, 919, 1922, 2193, 2826, 3193, 3822, 4186, 4191, and 4381.

53 As of 21 September 2025, there have been bills filed at the Senate and House on Critical Information Infrastructure Protection – Senate Bill No. 662; and House Bill Nos. 620, 2826, 3822, 4187, 4191, and 4381.

54 Bündnis Entwicklung Hilft / IFHV (2023): World Risk Report 2023. Retrieved from https://weltrisikobericht.de/wp-content/uploads/2024/01/WorldRiskReport_2023_english_online.pdf

55 Bündnis Entwicklung Hilft, Ruhr University Bochum – Institute for International Law of Peace and Conflict. (2022) World Risk Report 2022. Retrieved from <https://weltrisikobericht.de/weltrisikobericht-2022-e>.

56 Presentation of Climate Change Commission Policy Research and Development Division Chief Hon. Jerome Ilagan during the ECCP Infrastructure Committee Meeting on 7 February 2024.

57 United States Environment Protection. (2015). Green Infrastructure Opportunities that arise during Municipal Operations. Retrieved from: https://www.epa.gov/sites/default/files/2015-09/documents/green_infrastructure_roadshow.pdf

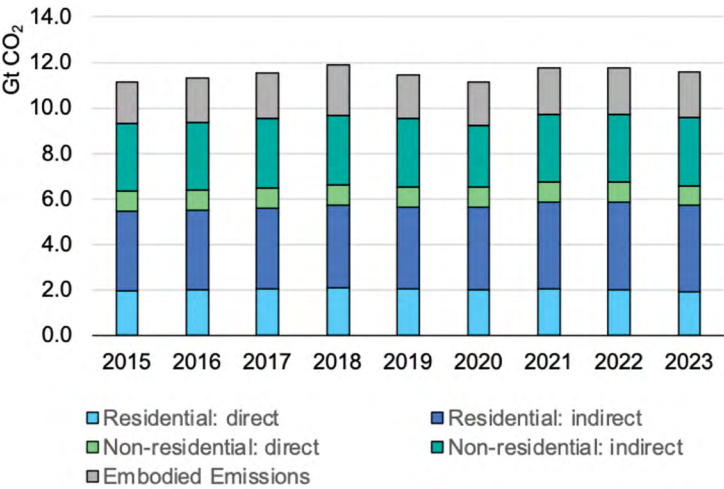
58 Global Design Cities Initiative. (n.d). Benefits of Green Infrastructure. Retrieved from: <https://globaldesigningcities.org/publication/global-street-design-guide/utilities-and-infrastructure/green-infrastructure-stormwater-management/benefits-green-infrastructure/>

In 2018, the PPP Governing Board (PPPGGB) adopted a resolution mandating the integration of environmental and social safeguards across the entire PPP project cycle, strengthening the policy framework for sustainable infrastructure. This provides a strong benchmark for advancing green infrastructure development in the Philippines. Complementing this, the Philippine Action Plan for Sustainable Consumption and Production (PAP4SCP), crafted by NEDA with ADB support, lays out policy reforms and initiatives across short-term (2020-2022), medium-term (2022-2030), and long-term (beyond 2030) horizons. Notably, among its four action nodes, infrastructure is prioritized as a key driver in mainstreaming sustainable practices and accelerating the shift toward green development.⁵⁹

The Committee emphasizes that climate change must be systematically integrated into infrastructure planning, design, operation, and maintenance. To meet the Philippines’ climate commitments under the Paris Agreement, substantial investment in green infrastructure is essential. On this account, we recommend embedding resilience and sustainability measures into existing infrastructure operations and future investments to mitigate economic risks and reduce long-term financial burdens. This requires accounting for Scope 1, 2, and 3 emissions under the Greenhouse Gas Protocol, supported by a comprehensive emissions inventory that enables stakeholders to identify and target the most significant reduction opportunities. Furthermore, the adoption of innovative technologies and nature-based solutions (NBS) should be prioritized to enhance infrastructure sustainability and climate resilience.

Infrastructure plays a significant role exacerbating climate change impacts. According to the Global Status Report for Buildings and Construction, as of early 2025, the buildings and construction sector remains a major emitter, accounting for 34% of global energy demand and CO₂ emissions in 2023. Operational emissions reached a record 9.8 Gt, while embodied carbon from construction materials contributed 2.9 Gt. Despite modest gains, such as the rising share of renewables (17% of sectoral energy use) and growing electrification, the sector is still off track to meet Paris Agreement targets, with emissions up 5% since 2015 instead of moving toward the required 28% reduction by 2030.⁶⁰

Figure 4. CO₂ emissions in buildings 2010–2023

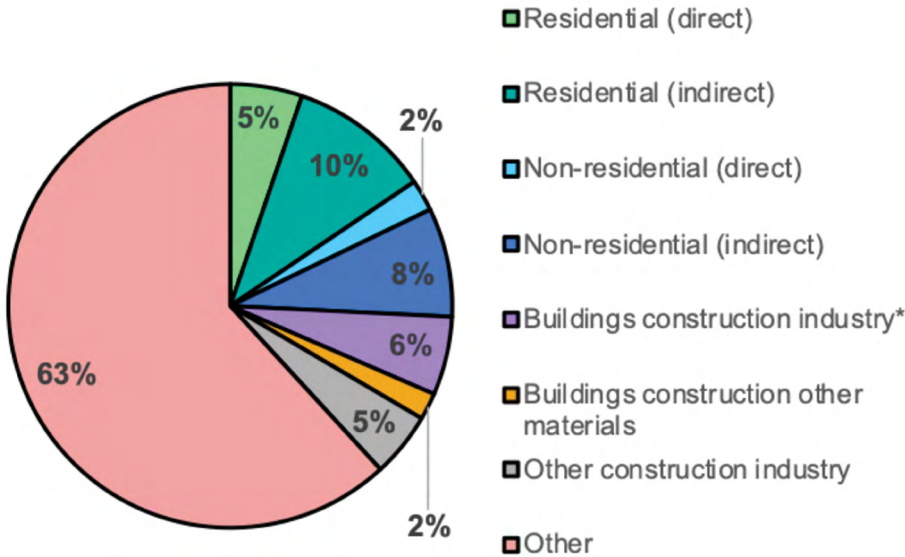


Source: Global Status Report for Buildings and Construction 2024/2025

59 Davidson, K., Gunawan, K., Almeida, M., & Boulle, B. (2020). Green Infrastructure Investment Opportunities: Philippines 2020 Report. *Asian Development Bank*. DOI: <http://dx.doi.org/10.22617/TCS200335-2>

60 United Nations Environment Programme Global Alliance for Buildings and Construction. (2025). *Global Status Report for Buildings and Construction*. Retrieved from: English (28.26Mb)

Figure 5. Share of buildings in global energy and process emissions in 2023



Source: International Energy Agency 2024

A substantial shift in the building and construction industry’s demand for low-carbon materials can drive supply chain transformation, significantly reducing emissions within material production and across related sectors. On this view, the Committee calls for the government to adopt decarbonisation strategies by emphasising energy conservation via passive design techniques to lower operational energy consumption. Specifically, we are committed to promoting the increase of the use of blended cement in public infrastructure projects and reducing that of Type 1 cement, which produces more carbon emissions. Considering that concrete is the most widely used construction material, blended cement significantly reduces the consumption of non-renewable raw materials and the emission of greenhouse gases.⁶¹ Such a move will aid the country in achieving its goal of cutting carbon emissions by 75% by 2030.⁶²

In cement manufacturing, carbon dioxide (CO₂) is produced during the production of clinker, a nodular intermediate product that is then finely ground, along with a small proportion of calcium or anhydrite, into hydraulic cement. During the production of clinker, limestone is heated or calcined to produce lime and CO₂ as a by-product. The higher the clinker content of the cement, the more CO₂ is emitted. In the Philippines, there are two types of cement produced: Portland cement and Blended cement. Portland cement has a higher clinker content ranging from 90% to 97% while Blended cement has about 55% to 80% depending on the availability of alternative materials.

The production of blended cement in the country has been increasing over the years and its current share in the total cement production is estimated at 65% where the remaining 35% is Portland cement. Supplementary cementitious materials (SCMs) such as fly ash, natural

61 García-Segura, T. & Yepes, V. (2014). Life cycle greenhouse gas emissions of blended cement concrete including carbonation and durability. *The International Journal of Life Cycle Assessment* 19(1). DOI:10.1007/s11367-013-0614-0

62 Department of Finance. (2021). President Duterte approves PHL commitment of 75 percent emissions reduction target by 2030. Retrieved from <https://www.dof.gov.ph/president-duterte-approves-phl-commitment-of-75-percent-emissions-reduction-target-by-2030/>

pozzolan, and granulated blast furnace slag may be used to substitute clinker to produce Blended cement. The substitution of clinker with SCMs results in a significant avoidance of emissions, management of industrial waste, and possibly reduced limestone quarrying. Additionally, domestically produced cement has a lower CO₂ footprint compared to imported cement as long as sea freight costs are reduced. The Committee firmly supports the alignment of standards and regulations across government agencies in the Philippines to facilitate the expanded utilisation of blended cements in public infrastructure projects. This alignment is imperative due to existing disparities in legislation and interpretations among regulatory bodies, which are resulting in delays and obstacles in the integration of alternative materials into blended cement production.

We also urge the current administration to implement energy-efficient technology and procedures, and utilisation of low-carbon materials in various government infrastructure projects. This can be achieved by pushing for policy reforms that will promote sustainable practices and techniques both within government operations and in the private sector in line with its commitment to the Paris Climate Agreement. In the current Congress, several bills have been filed seeking to amend R.A. 9184 or the Government Procurement Reform Act (GPRA)⁶³ as well as to establish a Green or Sustainable Public Procurement Program⁶⁴ for all departments, bureaus, offices, and agencies of the government. The Committee strongly supports the provisions on Sustainable Public Procurement where the sustainability of materials to be procured shall be given greater weight in the evaluation of bids for infrastructure projects.

The Philippine Development Plan 2023–2028 outlines strategies to expand and modernize critical infrastructure, with cross-cutting and sector-specific initiatives covering connectivity (physical and digital), water resources, energy, and social infrastructure.⁶⁵ It is incumbent upon the Philippines to take a sectoral approach to identify how different infrastructure sectors contribute to reducing greenhouse gas (GHG) emissions and aligning the expansion of green projects with its national climate goals. The private sector's engagement is critical in raising additional resources and facilitating the implementation of innovative technology to accelerate sustainable infrastructure development.

Align infrastructure policies of the national government and local government units (LGUs) by improving the implementation of the Mandanas-Garcia Ruling and the ease of doing business in the infrastructure sector

The Mandanas-Garcia Ruling (2018), a landmark Supreme Court decision, expanded the computation of the Internal Revenue Allotment to include all national taxes, significantly increasing the fiscal resources of local government units (LGUs). This strengthens decentralization by providing LGUs with a more predictable revenue stream, greater autonomy in planning and implementing development projects, and enhanced fiscal transparency and accountability.

However, its full implementation poses challenges in fiscal sustainability and intergovernmental coordination. Effective rollout requires recalibrating revenue-sharing arrangements to maintain

⁶³ Senate Bill Nos. 1803, 1023, 619, And 618.

⁶⁴ Senate Bill Nos. 1877, 1857, 1488, 623, 556.

⁶⁵ National Economic and Development Authority. (2023). Philippine Development Plan 2023–2028. Retrieved from <https://pdp.neda.gov.ph/wp-content/uploads/2023/01/PDP-2023-2028.pdf>

balance between national and local governments, while ensuring that LGUs are equipped with the capacity, systems, and financial management skills needed to maximize the development impact of their increased share.

Against this backdrop, the implementation of the Mandanas-Garcia Supreme Court ruling should be further improved to ensure the timely completion and quality of infrastructure projects. Several issues persist, including a lack of technical capability in some LGUs, concerns about the absorptive capacity of local road contractors, and a lack of manpower in LGUs, particularly in municipalities and low-income LGUs.⁶⁶ On this account, the Committee calls on the national government and LGUs to allocate sufficient resources for the regular maintenance of infrastructure facilities. Equally important is the establishment of a robust monitoring system to ensure that contractors hold valid licenses and accreditations, thereby upholding quality and safety standards

To ensure the socioeconomic impact of the increased fiscal resources made available to LGUs under the Mandanas-Garcia Ruling, the national government must complement fiscal transfers with technical assistance and clear service delivery standards. This includes assessing cost-sharing mechanisms for devolved infrastructure projects and ensuring effective collaboration with LGUs. The private sector can further augment local capacity by providing technical expertise, sharing best practices, and promoting technological innovation in infrastructure development.

At the same time, continued government support is essential to improve the ease of doing business, particularly in addressing right-of-way (ROW) challenges. Infrastructure projects have faced delays due to pandemic-related restrictions, mobility of construction materials, and complex ROW acquisition processes. To address valuation, compensation, and expropriation concerns, Senate Bill No. 1537 seeks to amend Republic Act No. 10752 (Right-of-Way Act of 2016), with the aim of expediting project implementation and ensuring fairer, clearer terms for both property owners and government.

Strengthen public-private partnerships by ensuring sanctity of PPP contracts, prioritising solicited bids, and institutionalising capacity building programs to LGUs to participate in PPP initiatives

The ECCP and its Infrastructure Committee emphasize that modern, efficient infrastructure is essential to enhancing the Philippines' competitiveness and attracting investments. Infrastructure development also creates opportunities for sustained multi-stakeholder collaboration. To this end, the ECCP urges the government to further strengthen public-private partnerships (PPPs), leveraging private sector resources, expertise, and innovation. PPPs not only provide alternative financing for infrastructure but also help free up public funds for critical social services.

Passed into law in 1990, R.A. 6957, also known as the Build-Operate-Transfer (BOT) law, was hailed as a pioneering legislation in the Southeast Asian region. Initially, the Philippines stood out among its developing counterparts in Asia for its early adoption of BOT or PPP frameworks for

⁶⁶ Navarro, A. M. & Latigar, J. S. (2022). Road and Rail Transport Infrastructure in the Philippines: Current State, Issues, and Challenges. *Philippine Institute for Development Studies*. Retrieved from <https://pidswebs.pids.gov.ph/CDN/document/pidsdps2234.pdf>

infrastructure advancement. However, its position in attracting PPP investments has gradually declined in comparison to its ASEAN counterparts. From 2018 to 2022, total PPP investment in the Philippines recorded at USD 7.09 billion. In comparison, Indonesia received USD 14.10 billion in total PPP investments, while Vietnam saw USD 21.25 billion. A further cause for concern for the country is the percentage of cancelled projects—reaching almost 12% of total investments as compared to 1.58% and 0.59% in Thailand and Vietnam, respectively.⁶⁷

The passage of Republic Act No. 11966, or the Public-Private Partnership (PPP) Code of the Philippines, marks a pivotal step toward realizing the country's "Golden Age of Infrastructure". The law establishes a unified and predictable legal framework for PPPs, creating an environment of stability and confidence for both public and private partners. By streamlining guidelines and procedures, it enhances transparency, accountability, and efficiency in project development and procurement, thereby accelerating infrastructure delivery. Importantly, the PPP Code not only strengthens private sector participation but also enables the government to allocate scarce public resources to other priority sectors, amplifying the overall impact of infrastructure investments on national development.

A successful PPP program, however, requires consistent adherence to contracts to facilitate the sustained engagement of the private sector. In the Philippines, there have been instances where adjustments in tariffs and tolls specified in contracts were disregarded by implementing agencies (IAs) and regulators.⁶⁸ Ensuring sanctity of PPP contracts is vital to maintaining trust and encouraging private sector participation. To further secure infrastructure operations' long-term viability, the ECCP urges the government to prioritise solicited bids over unsolicited ones and negotiated contracts except for infrequent cases. Solicited bids provide a more coordinated approach to infrastructure development and are more aligned with the government's infrastructure program. Dealing with unsolicited proposals involves a number of challenges, ranging from an overwhelming number of proposals to coordination issues and a lack of public capacity for assessment. Concerns have been expressed concerning the possible use of unsolicited bids to avoid competitive bidding and promote non-transparency. Accordingly, we support the recent plans of the PPP Center to focus on solicited projects, which will have been reviewed extensively for conformity to government priorities.⁶⁹

The PPP Code now provides a more flexible time period for challenges to unsolicited proposals, which must undergo a comparative challenge following a right-to-match mechanism within 90 days to one year.⁷⁰ While this establishes a structured process to assess unsolicited proposals, potential delays in project selection may arise. As such, the concerned agencies must ensure timely and efficient execution of projects. The ECCP Infrastructure Committee also highly encourages competition fairness in PPP processes.

In relation to the foregoing, the Committee reiterates that facilitating PPPs requires the

67 Senate Economic Planning Office. (September 2023). Policy Brief – Advancing Public-Private Partnerships in the Philippines. Retrieved from [https://legacy.senate.gov.ph/publications/SEPO/SEPO%20Policy%20Brief_PPP_27Sept2023\(1\).pdf](https://legacy.senate.gov.ph/publications/SEPO/SEPO%20Policy%20Brief_PPP_27Sept2023(1).pdf)

68 Ibid.

69 Jocson, L. M. A. (08 February 2023). PPP Center focused on solicited projects to better align with gov't priorities. Retrieved from <https://www.bworldonline.com/economy/2023/02/08/503820/ppp-center-focused-on-solicited-projects-to-better-align-with-govt-priorities/?amp>

70 Padre-Isip, R. & Aniang, J. M. (4 January 2024). The Public-Private Partnership Act Key Provisions (Philippines). *Nishimura & Asahi (Gaikokuho Kyodo Jigyo)*. Retrieved from https://www.nishimura.com/sites/default/files/newsletters/file/asia_240104_en.pdf

strengthening of the institutional capacity of existing government bodies. We underline the need to provide direction and support to LGUs engaging in PPP projects, including capacity building and technical assistance programs, in order to facilitate successful collaboration between the national government and LGUs in infrastructure development. Having a specialised facility for project planning, monitoring, and execution that is tailored to lower-tier LGUs can also be considered. Additionally, IAs of PPP projects should also incorporate sustainability criteria in approving project proposals. In alignment with the policy thrust of the government to mitigate climate change, eligible types of PPP projects must also expanded to waste water, among others.

Reconsider mineral reservations and imposition of mineral reserve status

Former President Duterte signed Executive Order (EO) No. 130 of 2021 in April 2021, amending Section 4 of Executive Order No. 79 of 2012, or the Grant of Mineral Agreements.⁷¹ With this policy, the government can enter into new mineral mining agreements subject to compliance with the Philippine Mining Act of 1995 and other applicable laws, rules, and regulations. This is a welcome development as it will allow the mining industry to continue to support various government initiatives as well as infrastructure programs by providing raw materials for the construction and growth of other sectors. This will also generate additional job opportunities in remote, rural areas where mining operations are taking place, thereby boosting countryside development.

Under the current regime, President Ferdinand Marcos Jr. signed into law Republic Act No. 12253, or the Enhanced Fiscal Regime for Large-Scale Metallic Mining Act. The law replaces the fragmented fiscal obligations under existing mining agreements. Under the new law, operations within mineral reservations are subject to a 5 percent royalty on gross output, while those outside mineral reservations will follow a margin-based royalty ranging from 1.5 to 5%.⁷²

Taking this into account, the Committee urges for a fair mining tax revenue system while maintaining the competitiveness and attractiveness of the country's mining industry. The tax increase on mining in the Philippines could pose risks to foreign direct investments (FDIs) in the sector. The imposition of mineral reserve status on existing mining tenements may be inflationary, imposing a heavy burden on consumers and rendering affected industries uncompetitive.

Level the playing field in the construction industry for fully foreign-owned and local contractors alike by amending Rule 3.1 of the IRR of R.A. 4566 to allow foreign contractors to be issued regular licenses under the same conditions as those posed to domestic players

Licensing of foreign and local contractors in the Philippines is governed by Republic Act No. 4566, as amended by Presidential Decree No. 1846, otherwise known as the Contractors' License Law. The Contractors' License Law states that the Philippine Construction Accreditation Board

71 Official Gazette. (2021). Executive Order No. 130 - Amending Section 4 of Executive Order No. 79, s. 2012, Institutionalizing And Implementing Reforms in the Philippine Mining Sector, Providing Policies and Guidelines to Ensure Environmental Protection And Responsible Mining in the Utilization of Mineral Resources. Retrieved from <https://www.officialgazette.gov.ph/downloads/2021/04apr/20210414-EO-130-RRD.pdf>

72 Cabato L. (04 September 2025). Marcos signs Enhanced Fiscal Regime for Mining Industry Act. Retrieved from: <https://business.inquirer.net/545111/signing-of-enhanced-fiscal-regime-for-the-mining-industry-act>

(PCAB) has the authority to issue, suspend and revoke the licenses of contractors.⁷³ However, Rule 3.1 of the Implementing Rules and Regulations (IRR) of R.A. 4566 distinguishes between two types of licenses: regular and special. A regular license is issued to a domestic construction firm or a corporation with at least 60% Filipino equity. On the other hand, a special license may be issued to a joint venture, a consortium, a foreign contractor, or a project owner, provided the licensee will engage only in the construction of a single, specific project/undertaking. This distinction is not found in the law.

To demonstrate openness to foreign players, the PCAB issued Board Resolution No. 333, s. 2013 “Creating A Quadruple A Or “AAAA” Category Under the PCAB Regular License for Contractors with a Net Worth of At Least 1 Billion Pesos, and Allowing Foreign Contractors to be Licensed Under the said Category.”⁷⁴ This permits foreign contractors to engage in several construction projects as long as they have a minimum net worth of PHP 1 billion to qualify for a AAAA license. This required investment amount is disproportionately high, especially when compared to the AAA regular license category’s minimum stockholders’ equity of only PHP 180 million.

This discrimination between foreign and domestic contractors in the licensing process lacks a legal basis. R.A. 4566 does not provide for any nationality criteria but only for minimum requirements related to the technical capacity of the contractor. Additionally, Article 48 of the Omnibus Investments Code, as cited in the PCAB IRR, has since been amended and can no longer be used as the basis for Rule 3.1. The Department of Justice opined in 2011⁷⁵ that no law prescribes the restrictions made to the regular licensing of foreign contractors as stipulated in the IRR of R.A. 4566.

The licensing restrictions for foreign contractors are not conducive to fair market competition. According to the Philippine Competition Commission (PCC), foreign firms would have to pay twelve times more in application fees compared to local ones.⁷⁶ Such a nationality distinction limits the ability of foreign contractors to enter the market and compete with domestic competitors based on a level playing field. Not only do foreign contractors feel the repercussions; importantly, this also creates detrimental effects on much-needed infrastructure development and the wider Philippine economy.

The lifting of the restrictions on foreign contractors and promoting fair competition will only bring positive economic benefits. Furthermore, the PCC estimates an additional PHP 210 billion worth of private construction activities, particularly in the residential, condominiums, commercial, industrial, and institutional segments, should the construction sector be liberalized.⁷⁷

On this basis, we propose that the PCAB evaluate and amend Rule 3.1 of the IRR of R.A. 4566 to allow foreign contractors to be issued regular licenses under the same conditions as domestic players, thus aligning the contractor licensing procedure with the principles of fair

73 Section 5, Article I, R.A. No. 4566, “An Act Creating The Philippine Licensing Board For Contractors, Prescribing Its Powers, Duties And Functions, Providing Funds Therefore, And For Other Purposes”

74 Construction Industry Authority of the Philippines. PCAB Classification/ Categorisation table. Retrieved from http://construction.gov.ph/online_forms/pcab-categorization-classification-table/

75 DOJ LML M-2111-622 dated 21 September 2011

76 Philippine Competition Commission (2017). Anti-Competitive Effects of Regulatory Restrictions: The Case of the Construction Sector (01-2017). Retrieved from https://www.phcc.gov.ph/wp-content/uploads/2017/03/PolicyNote_20170316-1.pdf

77 Ibid.

competition and transparent market practices, in accordance with R.A. 4566, the Foreign Investment Negative List, and the State’s investment rationalization policy. More competition in the infrastructure sector will have a beneficial spillover impact on the wider economy and will be a significant step forward in attracting more investment in the infrastructure sector and conveying the message that the Philippines is open for business.

In any event, foreign contractors must also abide by the Building Code regulations of the Philippines as promulgated by the Department of Public Works and Highways (DPWH). Foreign contractors engaged in government projects are enjoined to R.A. 11981 or the *Tatak Pinoy* Act which is coherent with R.A. 912, whereby in the case of Philippine government-funded projects, contractors are currently required to use Philippine-made products in public works construction whether done directly by the government or awarded thru contracts. In relation to this, we underline that sustainability should be integrated into these efforts. The ECCP Infrastructure Committee recommends that products used in construction, whether for government-funded projects or private ventures, should prioritise sustainability criteria, including factors such as the environmental impact of materials as well as the social responsibility of suppliers.

The benefits for infrastructure development, employment generation, and innovation, knowledge, and technology transfers that increased competition in the infrastructure sector will have a positive spillover effect to the wider economy and will be a significant step forward towards attracting more FDI in the infrastructure sector and conveying the message that the Philippines is open for business.

ICT ADVOCACY RECOMMENDATIONS

Ensure the swift release and effective implementation of the Konektadong Pinoy Act (KPA) Implementing Rules and Regulations (IRR)

The ECCP commends the government for the passage of the Konektadong Pinoy Act, which provides an important foundation for improving telecommunications infrastructure, lowering consumer costs, and expanding service delivery. However, its full benefits will only materialize once its Implementing Rules and Regulations (IRR) are released and operationalized. The ECCP calls on the government to prioritize the immediate issuance of the IRR with provisions that promote fair competition, ensure infrastructure sharing, and reduce franchise bottlenecks. This will encourage private investment, accelerate rollout timelines, and ultimately provide Filipino consumers with more affordable and reliable connectivity.

While the DICT has established a self-imposed deadline on the release of the IRR, the ECCP likewise acknowledges the department’s openness to collaboration as two public consultations have already been conducted together with industry and sector stakeholders.⁷⁸ It is relevant to note, however, that mandating data localization creates unnecessary barriers to innovation, raises costs for businesses, and risks isolating the Philippines from the global digital economy. Such measures, if enacted, would be highly disruptive to several ICT industries, particularly the Business Process Management (BPM) and Business Process Outsourcing (BPO) sectors.

78 Ronda, R.A. (22 September 2025). DICT: Konektadong Pinoy IRR done by October 2. Retrieved from <https://www.philstar.com/headlines/2025/09/22/2474535/dict-konektadong-pinoy-irr-done-october-2>

Instead, the ECCP reiterates that policies should focus on ensuring secure and trusted data governance frameworks that are interoperable with international standards. ECCP urges the government to categorically reject data localization measures under the KPA or related laws, and to actively align the Philippines with frameworks such as the EU’s General Data Protection Regulation (GDPR)⁷⁹ and Asia-Pacific Economic Cooperation’s Cross-Border Privacy Rules (APEC CBPR) System.⁸⁰ This will position the Philippines as a trusted partner in cross-border trade and reinforce its competitiveness as a regional digital hub.

Accelerate digital infrastructure development and connectivity

Fast-track the rollout of the national broadband and fiber backbone

The Philippine government, in partnership with the private sector, has made progress in expanding national broadband and fiber connectivity. However, coverage gaps remain, particularly in rural and remote areas. The World Bank further notes that the Philippines accounts for more than half of the population unconnected to mobile broadband within the ASEAN region.⁸¹ ECCP calls for the fast-tracking of backbone infrastructure projects, supported by appropriate financing mechanisms, clear right-of-way policies, and stronger public-private collaboration. Doing so will strengthen the foundation for a digital economy and support inclusive growth.

Further to expanding coverage, the Chamber also highlights the need to address the quality of connectivity particularly in terms of speed, stability, and affordability. Drawing data from the Ookla Speedtest Global Index⁸², the Philippines ranked 66th out of 103 in mobile and 54th out of 154 in fixed broadband, globally. Zooming into the regional performance within the country, Metro Manila maintained the fastest median mobile download speed at 63.33 Mbps while CALABARZON had the fastest median fixed download speed with 95.47 Mbps.⁸³ In comparison, the Autonomous Region in Muslim Mindanao recorded the slowest median mobile download speed at 16.2 Mbps and Eastern Visayas had the slowest median fixed download speed at 43.12 Mbps, further emphasizing the digital divide.

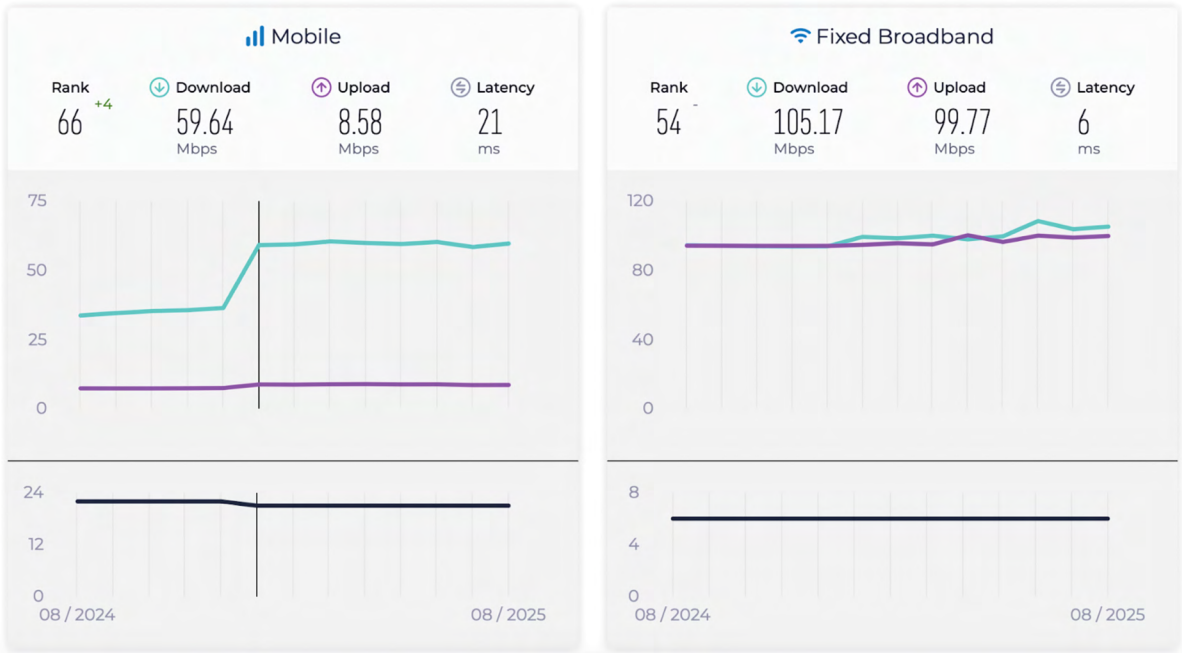


Figure 6. Philippines Median Country Speeds Updated August 2025
Source: Ookla Speedtest Global Index

Connectivity must be treated as a public good, critical to enabling inclusive access to education, healthcare, financial services, and e-governance. ECCP urges the government to expand subsidy programs and support mechanisms for last-mile deployment in rural areas, including public Wi-Fi and incentives for private sector rollout. Ensuring equitable connectivity will close the digital divide and create new opportunities for growth in previously underserved communities.

Conduct transparent spectrum management and reallocation of mid-band frequencies

The ECCP emphasizes the urgent need for reforms in spectrum management and regulatory frameworks to accelerate the rollout and improve the quality of mobile broadband infrastructure in the Philippines. Mobile broadband has become the backbone of connectivity for millions of Filipinos, yet the country continues to lag behind regional peers due to outdated laws and inefficiencies in spectrum allocation.⁸⁴ While fixed broadband offers unlimited data, low latency, and stability, mobile broadband is much more accessible for the majority of users.⁸⁵

However, radio spectrum management in the Philippines is still governed by RA No. 3864 or the 1931 Radio Control Act,⁸⁶ which restricts access to licensed frequencies to entities holding a congressional franchise and requires permits for the establishment of radio stations. RA No.

79 Official Journal of the European Union. (4 May 2016). General Data Protection Regulation. Retrieved from <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R0679>

80 Asia-Pacific Economic Cooperation. (November 2019). APEC Cross-Border Privacy Rules System. Retrieved from <https://cbprs.org/wp-content/uploads/2019/11/4.-CBPR-Policies-Rules-and-Guidelines-Revised-For-Posting-3-16-updated-1709-2019.pdf>

81 World Bank. (2 July 2025). Unlocking the Philippines’ Digital Transformation by Increasing Internet Connectivity. Retrieved from <https://www.worldbank.org/en/results/2025/07/02/unlocking-the-philippines-digital-transformation-by-increasing-internet-connectivity>

82 Ookla. (August 2025). Speedtest Global Index - Philippines. Retrieved from <https://www.speedtest.net/global-index/philippines>

83 Ookla. (n.d.). Philippines Speedtest Connectivity Report H2 2024. Retrieved from <https://www.ookla.com/research/reports/philippines-speedtest-connectivity-report-h2-2024>

84 Cruz, B.M. (9 January 2025). Low penetration slows Philippines’ 5G adoption. Retrieved from <https://www.bworldonline.com/technology/2025/01/09/645384/low-penetration-slows-philippines-5g-adoption>

85 Tech for Good Institute. (n.d). The Future of Broadband in the Philippines: Addressing Challenges and Policy Recommendations. Retrieved from <https://techforgoodinstitute.org/research/research-commentary/the-future-of-broadband-in-the-philippines-addressing-challenges-and-policy-recommendations/>

86 LawPhil. (n.d.). Republic Act No. 3846. Retrieved from https://lawphil.net/statutes/repacts/ra1963/ra_3846_1963.html

7925 or the 1995 Public Telecommunications Policy Act⁸⁷ attempted to modernize the framework but remains inadequate for today's rapidly evolving wireless technologies. This outdated policy landscape has led to underutilization of critical spectrum resources, particularly mid-band and low-band frequencies essential for cost-effective 4G expansion and nationwide 5G deployment. As a result, consumers and businesses, including the BPO industry, face connectivity challenges that limit productivity and competitiveness.

To this end, the Chamber, through its ICT Committee, underscores that mobile broadband is essential not only for bridging the digital divide but also for sustaining the Philippines' position as a leading outsourcing hub. High-quality, affordable, and resilient internet access underpins 24/7 business continuity, supports hybrid work arrangements, and enables participation in the global digital economy.

Develop a future-ready and globally competitive workforce with a particular focus on the development of digital skills

The increasing adoption of AI and related emerging technologies has the significant potential to disrupt skills demand locally and globally. In conjunction, the World Economic Forum estimates that 59% of the world's workforce will require upskilling and reskilling by 2030.⁸⁸ Evidently, the digital economy requires a highly skilled workforce with competencies in advanced technologies. In this light, the ECCP calls for expanded collaboration between government, academia, and the private sector to deliver accessible training programs in AI, cloud computing, cybersecurity, and data analytics, among other nuanced digital skills. This should include upskilling for both existing workers and new graduates, ensuring that Filipino talent remains globally competitive.

The Philippines has, likewise, developed a strong reputation in freelancing under various ICT professions such as animation, design, and digital content creation. With this in mind, the Chamber recommends formal recognition and support for these sectors alongside the gig economy to effectively diversify the digital workforce and create pathways for inclusive participation in the global digital economy.

Relatedly, curriculum reform is an essential foundation to prepare the next generation for digital-first careers. Hence, embedding coding, digital literacy, and critical thinking in the K-12 curriculum should be considered. Additionally, strengthening higher education programs in engineering, data science, and IT must also be explored. The Chamber highlights the potential of industry-academia partnerships to guide curriculum design to ensure alignment with the evolving real-world labor market needs.

Improve ease of doing business and cyber-resilience to position the Philippines as a digital regional investment hub

Following its signing into law, the E-Governance Act presents a significant opportunity to enhance government service delivery and significantly improve ease of doing business in the Philippines. Fragmented and paper-based regulatory processes remain a major barrier to ICT investment and innovation.

87 Supreme Court E-Library. (n.d.). Republic Act No. 7925. Retrieved from <https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/2/3071>

88 World Economic Forum. (January 2025). Future of Jobs Report 2025. Retrieved from https://reports.weforum.org/docs/WEF_Future_of_Jobs_Report_2025.pdf

As such, the ECCP supports the full implementation and nationwide rollout of the E-Governance Act, ensuring that all citizens can access digital portals for public services in a transparent and efficient manner. Moreover, we call on the government to accelerate digital regulatory reforms that streamline business registration, harmonize LGU clearances, and create transparent, one-stop online portals for permitting processes. Simplifying and digitizing compliance requirements will reduce costs, improve investor confidence, and attract more foreign and domestic investment into the economy.

Corollary to the increasing integration of technology, there is also a foreseeable increase in risks related to cyberthreats such as breach of data privacy, unethical use, and intellectual property and antitrust challenges.⁸⁹ To this end, the ECCP emphasizes the need to constantly review the country's cybersecurity strategy to include risk assessment, capacity building, and coordination across both public and private stakeholders in line with evolving cyberthreats to build national resilience.

Ultimately, trust and integrity should be at the center of the Philippines' digital governance framework. By emphasizing transparency, compliance, security, and accountability, the country can differentiate itself as a reliable partner in global digital trade and investment.

Recognize the potential of regional ICT development and innovation

A national, whole-of-nation approach is essential to ensure inclusive benefits from digital transformation. Moreover, regional hubs already present real and measurable potential.⁹⁰ Cities such as Cebu, Davao, Iloilo, Clark, and Naga are emerging as tier-2 and tier-3 cities making them viable data center hubs. This entails lower land acquisition costs, improved energy access, and access to skilled regional labor.⁹¹ In this light, the ECCP acknowledges the consideration of policies that deliberately decentralise growth from Metro Manila and integrate regional development into the national ICT strategy. Inclusive planning will expand opportunities, reduce regional inequality, and grow resilient local ecosystems that feed the national economy.

89 Department of Economy, Planning, and Development. (7 February 2025). Policy Note on Artificial Intelligence. Retrieved from <https://depdev.gov.ph/wp-content/uploads/2025/02/Policy-Note-on-Artificial-Intelligence.pdf>

90 BusinessWorld. (7 April 2025). Regional growth booming for startups in 2024 – QBO Innovation study. Retrieved from <https://www.bworldonline.com/sparkup/2025/04/07/664027/regional-growth-booming-for-startups-in-2024-qbo-innovation-study>

91 Medina, A.F. (13 June 2025). Rising Demand for Data Centers in the Philippines. Retrieved from <https://www.aseanbriefing.com/news/rising-demand-for-data-centers-in-the-philippines/>

ASSESSMENT OF 2024 INFRASTRUCTURE ADVOCACY RECOMMENDATIONS

ISSUE	RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Prioritisation and allocation of funds for green infrastructure		
Incorporate sustainability in infrastructure project planning and implementation		The Philippine Congress has advanced procurement reforms by passing the New Government Procurement Act (NGPA), which amends Republic Act No. 9184 and includes provisions for Green Public Procurement (GPP). The NGPA's Implementing Rules and Regulations (IRR), approved in February 2025, mandate sustainable procurement practices, such as updating eco-friendly product lists and integrating green criteria. Additionally, separate bills in the House and Senate seek to establish a nationwide Sustainable Public Procurement (SPP) Program but are still under committee review. Meanwhile, the Government Procurement Policy Board (GPPB) and the Procurement Service of the Department of Budget and Management (PS-DBM) have started implementing green procurement through pilot projects and updated standards for common-use supplies.
Align infrastructure policies of the national government and local government units (LGUs) by improving the implementation of the Mandanas-Garcia Ruling		President Marcos, Jr. has signed a new law that amends the existing Right-of-Way (RoW) Act on 18 September 2025. This legislation is designed to streamline the process of acquiring land for large-scale government and private sector projects.
Strengthen public-private partnerships		Republic Act No. 11966, or the Public-Private Partnership (PPP) Code of the Philippines, was signed into law on 5 December 2023. The law will provide a unified legal framework for all PPPs to create a stable and predictable environment for collaboration between private and public sectors in infrastructure development.

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
The PPPGB approved a resolution in 2018 that intends to integrate environmental and other safeguards throughout the whole PPP project cycle to improve the policy framework under which PPPs operate. Similarly, the PAP4SCP will serve as a guiding framework to influence and drive sustainable practices and behavior across sectors and levels of government. Infrastructure is one of the four action nodes in the PAP4SCP, and the plan aims for green infrastructure development.	

ISSUE	RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Reconsider mineral reservations and imposition of mineral reserve status		President Marcos in 2025 signed the Enhanced Fiscal Regime for Large-Scale Metallic Mining Act. Under the new law, mining companies that operate within the government's specified mining sites will pay a royalty of 5% out of their gross output.
Level the playing field in the construction industry for fully foreign-owned and local contractors alike	Amend Rule 3.1 of the IRR of R.A. 4566 to allow foreign contractors to be issued regular licenses under the same conditions as those posed to domestic players	

ASSESSMENT OF 2024 ICT-BPM-KPM ADVOCACY RECOMMENDATIONS

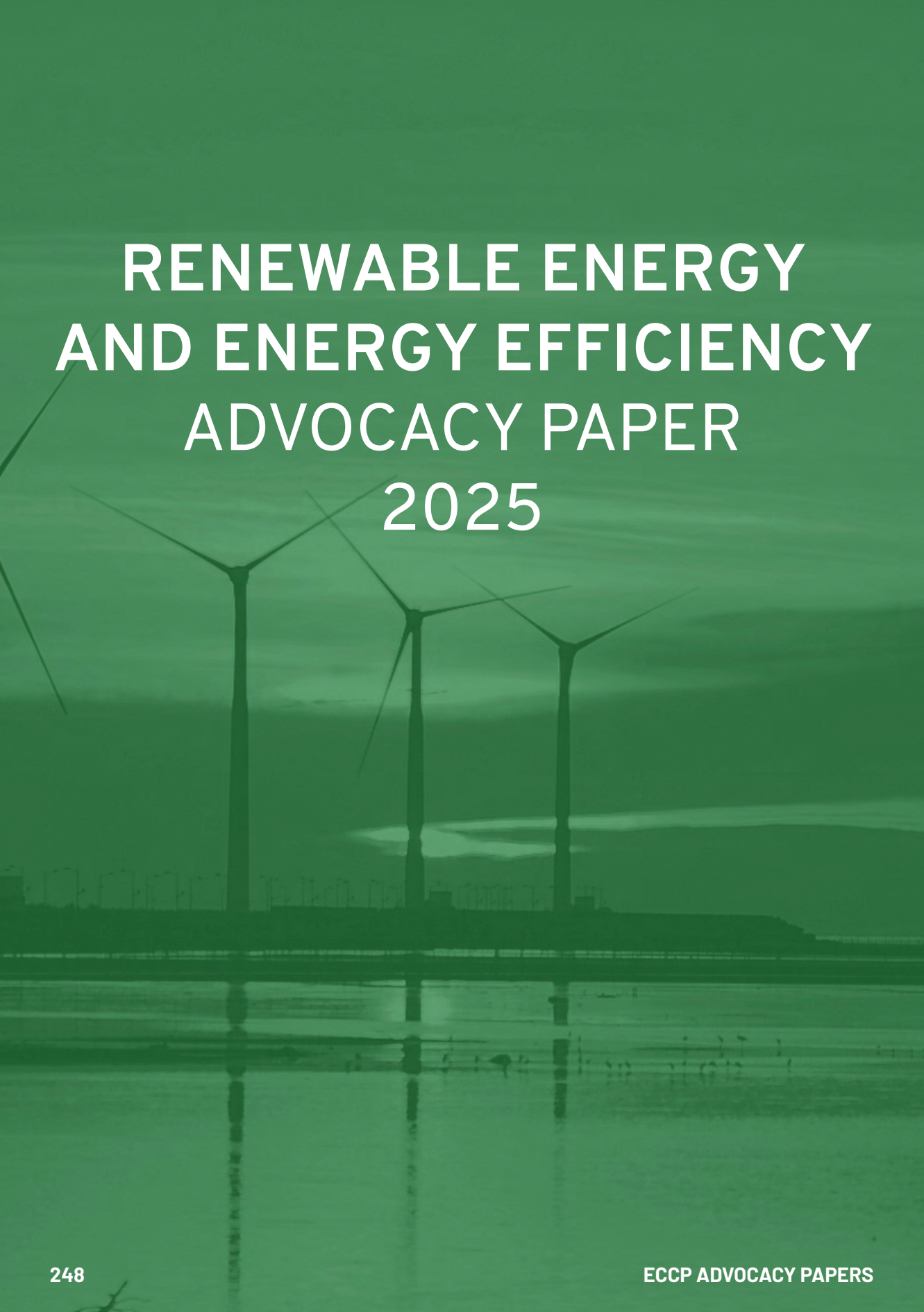
ISSUE	RECOMMENDATION	COMPLETED/SUBSTANTIAL PROGRESS
Maintain competitive incentives for ICT-BPO investments		The CREATE MORE Act (RA 12066), signed in November 2024, lowered the CIT for RBEs under the Enhanced Deductions Regime from 25% to 20%, expanded VAT zero-rating to “directly attributable” services, and institutionalized work-from-home flexibility of up to 50% for PEZA-registered RBEs. It also extended incentive periods for high-value projects and capped local business taxes at 2% of gross income. While these reforms enhance competitiveness, their full impact depends on the timely issuance of clear IRR and consistent LGU implementation.

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
	There has been no significant moves to amend the said IRR on both the executive and legislative fronts.

SOME PROGRESS	NO PROGRESS/ RETROGRESSION

ISSUE	RECOMMENDATION	COMPLETED/SUBSTANTIAL PROGRESS
Continued improvement of internet infrastructure and broadband services	Adopting the open access in data transmission approach	
	Implement a forward-looking spectrum management policy in the country	
	Enactment of a common tower policy	
Upskill the Philippine workforce with special focus on developing science, technology, engineering and mathematics (STEM) capabilities for increased employment opportunities and entrepreneurial capabilities		
Maintain an enabling environment for cross-border data flow		

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
In August 2025, the Konektadong Pinoy Bill lapsed into law as the Open Access in Data Transmission Act. It removes the requirement for ISPs to secure legislative franchises and CPCNs, streamlines permitting, and mandates infrastructure sharing. This reform is expected to lower costs, open the market to new entrants, and improve service quality, especially in underserved areas. The Implementing Rules and Regulations are being drafted.	
	Spectrum management remains outdated, still governed largely by the Radio Control Law of 1931 and RA 7925 (1995). No comprehensive spectrum reform has been enacted, and allocation continues to be reactive rather than forward-looking. Industry continues to push for modernization to support 5G and emerging technologies, but legislative and regulatory movement has been slow.
The Common Tower Policy has already been implemented through DICT Department Circular No. 008(2020) and the ARTA Joint Memorandum Circular (2021). This framework allows independent tower companies to build and share infrastructure with multiple telcos, reducing costs and accelerating rollout. Implementation is ongoing, with thousands of new towers constructed since adoption, though challenges remain in harmonizing LGU permitting.	
Workforce upskilling is being supported through TESDA's National Technical Education and Skills Development Plan (NTESDP) 2023–2028, which prioritizes STEM and digital literacy, alongside the Trabaho Para sa Bayan Act, which institutionalizes a national jobs creation and skills development framework. The DICT has launched programs on digital literacy, AI, and cybersecurity, aligning with industry shifts toward higher-value services such as analytics, engineering design, and software development. However, the rapid adoption of AI and automation underscores the urgency of scaling STEM-focused training to sustain competitiveness and entrepreneurial opportunities.	
	Debates over data localization remain unresolved. Industry stakeholders have warned that restrictive provisions in pending bills, including elements under the Konektadong Pinoy Act, could raise costs and reduce competitiveness, particularly for MSMEs. Cross-border data flows continue to be at risk depending on how the IRR is finalized, leaving uncertainty over the regulatory environment.



RENEWABLE ENERGY AND ENERGY EFFICIENCY ADVOCACY PAPER 2025

INTRODUCTION

Globally, the clean-energy shift continues at a rapid pace. In 2024, the International Energy Agency (IEA) notes global energy demand grew by approximately 2.2%, a much faster rate compared to the annual average of 1.3% observed between 2013 and 2023¹. In relation, electricity demand surged by 4.3%, far outpacing overall growth. Nearly 80% of the increase in electricity generation was met by renewable sources and nuclear power, which was led by expansions in solar photovoltaic and wind. Despite these gains, however, national policies seem to lag behind international pledges, including the COP28² goal of tripling renewable energy (RE) capacity by 2030, or at least 11,000 gigawatts (GW). Likewise, it targets doubling the global annual average rate of energy efficiency improvements from 2% to over 4% every year until 2030. This spells the need for much faster permitting, grid flexibility, and larger flows of public and private finance to keep warming below 1.5°C.

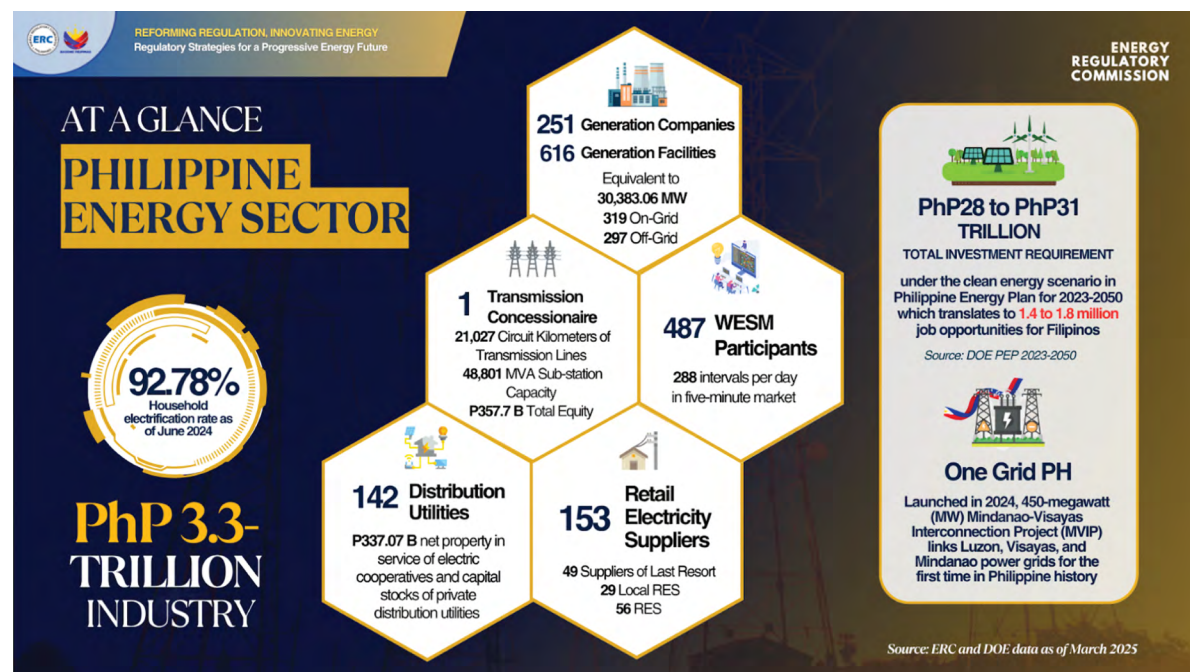
Diving into the Philippine context, the country stands at a decisive point in its energy transition. Relative to the IEA review, rising electricity demand, heavy dependence on imported fossil fuels, and exposure to volatile global fuel prices have underscored the urgency of accelerating RE deployment. In general, the country's energy sector has grown into a PHP 3.3 trillion industry,³ particularly as investments pour in through the "Green Lanes" for strategic investments program to support the government's push to address energy security, improve access to energy, and comply with national and international commitments. As of May 2025, the Board of Investments (BOI) has granted 208 projects with Green Lane certification, 78% of which are in RE, totaling ₱5.2 trillion in investment value.⁴

1 International Energy Agency. (March 2025). Global Energy Review 2025. Retrieved from <https://iea.blob.core.windows.net/assets/5b169aa1-bc88-4c96-b828-aaa50406ba80/GlobalEnergyReview2025.pdf>

2 United Nations Climate Change Conference. (2023). Global Renewables and Energy Efficiency Pledge. Retrieved from <https://www.cop28.com/en/global-renewables-and-energy-efficiency-pledge>

3 Crismundo, K. (15 May 2025). PH energy sector grows to P3.3-T. Retrieved from <https://www.pna.gov.ph/articles/1250190>

4 Manila Bulletin. (30 May 2025). Investments in Philippines soars 71% since mid-2022, fueled by renewable energy. Retrieved from <https://mb.com.ph/2025/05/30/investments-in-philippines-soars-71-since-mid-2022-fueled-by-renewable-energy>



Source: Energy Regulatory Commission⁵

The increase in RE investments in the country are due to several factors, among which include the aforementioned Green Lane program, the regulatory environment, and the local business climate. The Philippines ranked 2nd most attractive emerging market for clean power investments with a score of 2.65 out of 5 in the 2024 Climatescope Report, which evaluates individual markets' readiness to implement energy transition investments.⁶⁷ In an effort to maintain this growth, the Department of Energy (DOE) will continue to enhance policies and strategies relating to clean energy.⁸ Ultimately, RE plays a critical role in supporting the country's economic growth and improving quality of life through job creation and capacity building, particularly as it positions itself as a regional leader.

Within Southeast Asia, the Philippines is regarded as one of the most dynamic and fastest-growing economies in the region, outpacing several of its Association of Southeast Asian Nations (ASEAN) neighbors. At present, it is on track to move out of the lower-middle income status and into the upper-middle classification by 2026 given the steady economic growth since 2021 due to the recovery of key economic sectors.⁹ On top of this, the government has been very aggressive in pushing its energy transition agenda. From being considered the most coal-dependent grid in Southeast Asia,¹⁰ there has been an apparent shift towards the

⁵ Dimalanta, M.C. (3 July 2025). Presentation for Joint Foreign Chambers of the Philippines' Arangkada Philippine Power Roundtable Discussion.

⁶ BloombergNEF. (November 2024). Climatescope 2024: Emerging Markets Power Factbook. Retrieved from <https://www.global-climatescope.org/>

⁷ Esmael, L. (10 December 2024). Ph emerges as hot spot for RE investments. Retrieved from <https://business.inquirer.net/495578/ph-emerges-as-hot-spot-for-re-investments>

⁸ Esmael, L. (5 January 2025). PH aspires to be next green power paradise. Retrieved from <https://business.inquirer.net/499854/ph-aspires-to-be-next-green-power-paradise>

⁹ World Bank. (April 2025). Philippines At-A-Glance. Retrieved from <https://www.worldbank.org/en/country/philippines/overview>

¹⁰ Varadhan, S. & Chow, E. (22 July 2025). Philippines set for first coal power decline in 17 years amid rising LNG use. Retrieved from <https://www.reuters.com/sustainability/climate-energy/philippines-set-first-coal-power-decline-17-years-amid-rising-lng-use-2025-07-22/>

acceleration of renewable energy adoption as referenced by an annual decline in coal-fired electricity output. Against this backdrop, the country can serve as a model for regional and even global energy investors.¹¹

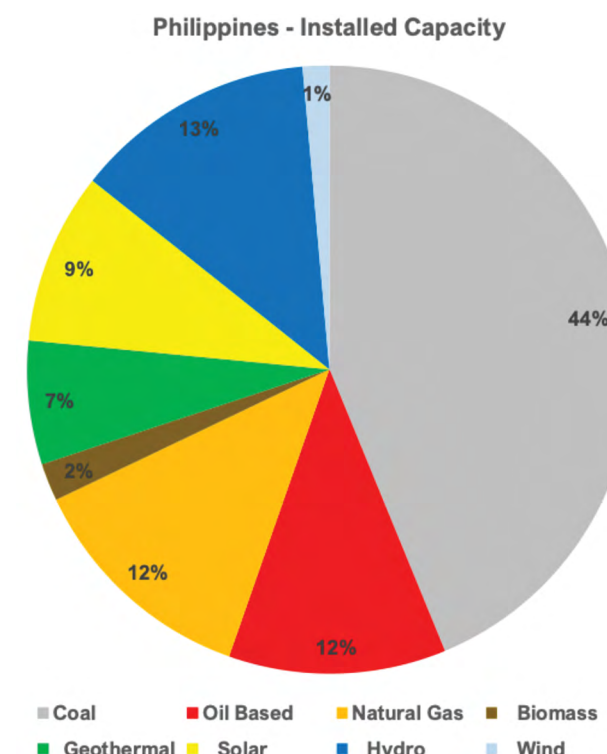


Figure 1. Philippines Installed Capacity (Grid-connected) as of December 2024

Source: Department of Energy¹²

While significant strides have been made, challenges still persist within the country's energy sector, particularly in terms of ensuring reliable, affordable, accessible, and sustainable electricity. In conjunction, electricity demand has likewise been rising across all major islands due largely to population growth, urbanization, and digitalization. Drawing data from the Power Development Plan 2023-2050, the DOE indicates that from an actual peak demand of 16,596 MW in 2022, total peak demand is projected to reach 68,483 MW by 2050. This reflects an average annual growth rate of 5.2%.¹³ In 2024, total peak demand reached 19,274 MW.

¹¹ decline-17-years-amid-rising-lng-use-2025-07-22/

¹² dela Cruz, A.K. (25 July 2025). Philippines' role in Southeast Asia's energy transition. Retrieved from <https://opinion.inquirer.net/184911/philippines-role-in-southeast-asias-energy-transition>

¹³ Department of Energy. (14 February 2025). List of Existing Power Plants (Grid-connected) as of 31 December 2024. Retrieved from https://legacy.doe.gov.ph/sites/default/files/pdf/electric_power/existing_power_plants/04.%20LVM%20Summary.pdf

¹⁴ Department of Energy. (20 May 2025). Power Development Plan 2023-2050. Retrieved from https://legacy.doe.gov.ph/sites/default/files/pdf/electric_power/development_plans/Power%20Development%20Plan%202023-2050.pdf

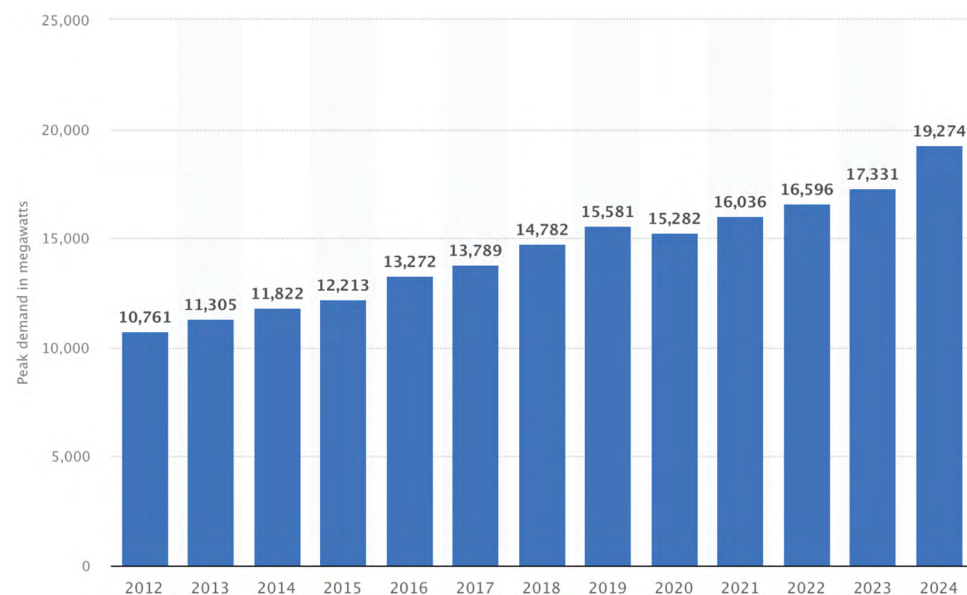


Figure 2. Total peak power demand in the Philippines from 2012 to 2024 (in megawatts)

Source: Statista¹⁴

To address these developments, both public and private stakeholders have steadily expanded installed grid capacity. Yet the sector remains heavily dependent on fossil fuels, with coal and natural gas accounting for 42% and 22%, respectively, of total capacity. This underscores the country's continued vulnerability to supply risks and price volatility. In response, government commitments have emphasized diversifying the energy mix to bolster long-term energy security and sustainability. At the start of 2025, renewables made up 72 percent of all committed projects, representing 4,945 MW of new capacity.¹⁵ Alongside these projects, the DOE has supported the rollout of battery energy storage systems (BESS) to enhance grid stability, while the National Grid Corporation of the Philippines (NGCP) completed several large-scale transmission projects in 2024 to reinforce reliability across major islands.¹⁶

¹⁴ Balita, C. (8 August 2025). Peak power demand Philippines 2012-2024. Retrieved from <https://www.statista.com/statistics/1251576/philippines-peak-electrical-demand/>

¹⁵ Lelis, B. (13 January 2025). DOE: Over 6,800 MW projects to boost power supply this year. Retrieved from <https://www.philstar.com/business/2025/01/13/2413712/doe-over-6800-mw-projects-boost-power-supply-year>

¹⁶ Talavera, S.J. (7 January 2025). NGCP sees timely completion of grid projects. Retrieved from <https://www.bworldonline.com/corporate/2025/01/07/644994/ngcp-sees-timely-completion-of-grid-projects/>

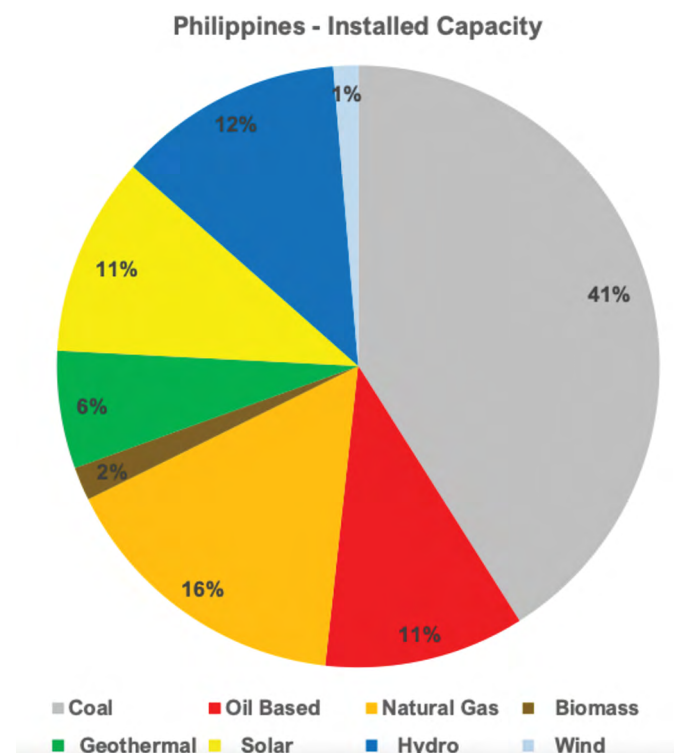


Figure 3. Philippines Installed Capacity (Grid-connected) as of July 2025

Source: Department of Energy¹⁷

The regulatory environment reflects similar priorities, focusing on securing supply while accelerating the shift to cleaner energy. Foundational measures such as the Electric Power Industry Reform Act (EPIRA)¹⁸ and the Renewable Energy Act of 2008¹⁹ established the framework for liberalization, investment, and scaling up renewables. However, implementation has often lagged behind ambition, underscoring the need for stronger institutional capacity, clearer accountability, and more consistent enforcement of existing rules.

Relative to the penetration of renewables, there exists a stigma of higher power costs in the country compared to its ASEAN neighbors. However, actual rates as well as wholesale electricity market prices have likewise shown an overall decrease.²⁰ This led to lower market clearing prices as renewable generation displaced higher-cost conventional plants. The Energy Regulatory Commission (ERC) likewise reported moderated generation rates in May 2025, attributing the trend to improved market conditions, greater supply availability, and the agency's consistent enforcement of regulatory rules.

¹⁷ Department of Energy. (15 September 2025). List of Existing Power Plants (Grid-connected) as of 31 July 2025. Retrieved from <https://prod-cms.doe.gov.ph/documents/d/guest/04-summary-lvm-pdf>

¹⁸ Supreme Court E-Library. (n.d.). Republic Act No. 9136. Retrieved from <https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/2/22261>

¹⁹ Official Gazette. (n.d.). Republic Act 9513. Retrieved from <https://www.officialgazette.gov.ph/downloads/2008/12dec/20081216-RA-09513-GMA.pdf>

²⁰ Crismundo, K. (8 May 2025). PH power costs for data centers on par with ASEAN peers. Retrieved from <https://www.pna.gov.ph/index.php/articles/1249679>

	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025
CAR	5.2	4.3	4.0	5.3	5.3
NCR	6.8	7.2	7.1	7.8	7.5
Reg I	5.8	5.6	5.4	6.2	5.8
Reg II	5.3	4.9	5.2	6.1	5.6
Reg III	5.4	4.9	4.4	5.9	5.6
CALABARZON	5.5	5.5	5.4	5.8	5.3
MIMAROPA	8.5	8.4	8.6	8.7	8.9
Reg V	5.0	4.6	4.6	5.7	5.6
Reg VI	6.4	6.2	6.1	7.1	6.2
Reg VII	6.1	5.9	5.8	6.5	6.3
Reg VIII	6.1	6.6	6.3	6.9	6.2
Reg IX	6.4	5.9	5.7	6.3	6.0
Reg X	6.6	6.6	6.6	6.9	6.5
Reg XI	6.3	6.1	6.1	6.7	6.2
Reg XII	5.4	5.2	5.3	5.8	5.3
CARAGA	6.2	6.2	6.3	6.6	6.2
BARM	5.7	5.8	5.8	5.8	5.8
Upward monthly adjustment					

Figure 4. Generation rates from January to May 2025

Source: Energy Regulatory Commission²¹

BILLING PERIOD	LUZON				BILLING PERIOD	VISAYAS				BILLING PERIOD	MINDANAO			
	Average Zonal Price (PhP/kWh)					Average Zonal Price (PhP/kWh)					Average Zonal Price (PhP/kWh)			
	Reg Down	Reg Up	Con	Dis		Reg Down	Reg Up	Con	Dis		Reg Down	Reg Up	Con	Dis
August 2024	7.34	7.04	5.61	4.77	August 2024	13.71	13.06	14.01	4.8	August 2024	3.81	4.97	1.25	0.03
September 2024	2.83	4.07	3.2	2.34	September 2024	27.27	26.95	6.94	6.41	September 2024	1.28	1.91	1.65	0.14
October 2024	10.64	6.34	2.92	2.07	October 2024	26.63	21.73	8.02	4.66	October 2024	5.38	6.1	3.52	0.56
November 2024	10.5	12.54	2.64	1.4	November 2024	27.25	22.11	7.43	3.01	November 2024	7.22	7.57	2.3	0.13
December 2024	5.51	5.44	3.93	0.7	December 2024	25.2	20.66	9.95	4.01	December 2024	8.52	8.53	1.39	0.13
January 2025	5.25	5.39	1.39	0.43	January 2025	20.86	20.53	20.22	2.14	January 2025	5.42	4.83	0.43	0
February 2025	8.39	8.2	3.83	0.29	February 2025	23.83	23.89	13.86	3.41	February 2025	16.55	16.36	1.02	0.06
AVERAGE	7.21	7.00	3.36	1.71	AVERAGE	23.54	21.28	11.49	4.06	AVERAGE	6.88	7.18	1.65	0.15

Figure 5. Rates from August 2024 to February 2025 billing

Source: Energy Regulatory Commission²²

Overall, the Philippine energy sector is navigating a pivotal transition. Rising demand, high consumer costs, and fossil fuel dependence continue to pressure the grid, while national energy targets and decarbonisation goals call for large-scale investment and innovation. Stakeholders from both government and industry have set ambitious commitments to expand renewable energy and modernize infrastructure, yet progress remains uneven. How the country manages this transition will play a decisive role in shaping its economic competitiveness, energy resilience, and long-term sustainability.

²¹ Dimalanta, M.C. (3 July 2025). Presentation for Joint Foreign Chambers of the Philippines' Arangkada Philippine Power Roundtable Discussion.

²² Ibid.

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

- The **One Grid PH initiative**, launched in 2024, marked a historic milestone with the completion of the 450-megawatt (MW) Mindanao-Visayas Interconnection Project (MVIP), linking the Luzon, Visayas, and Mindanao power grids for the first time in the nation's history.²³
- ERC has issued **Resolution No. 11, s. 2024** which gives authority to the Chairperson and CEO to **sign provisional authorities for Power Supply Agreements (PSAs)** and **other urgent orders**. This is intended for applications from Distributed Utilities (DUs) that have a high exposure to the volatile prices in the Wholesale Electricity Spot Market (WESM). This will allow to streamline and expedite the approval process for urgent cases thereby mitigating the financial risks faced by the DUs and their consumers.²⁴
- In early 2025, the Board of Investments (BOI) announced **PHP 75 billion in new investments in the clean energy sector under the Green Lane Certification Program**.²⁵ The BOI reported in May 2025 that the Green Lane Program has facilitated a total of **PHP 5.168 trillion in investments across 203 projects**.²⁶
- The ERC announced in **February 2025 that the ERC online implementation form will be effective pertaining to the submission of pre-filing applications**.²⁷ The process will apply be applied to ERC Rates, Non-Rates, and Compliance Cases (quasi-judicial applications) while only ERC-registered e-mail addresses with a valid certificate of registration (COR) may transact with ERC and upload documents via the ERC-provided OneDrive Link.²⁸
- The Department of Energy (DOE) projects that the **Philippines will achieve a 50% share of clean energy in the power generation mix by 2040**, with simulations indicating a possible increase to 56.9%. The Marcos administration has set interim targets of 35% by 2030 and 50% by 2040. To date, the DOE has received 14,624.84 megawatts (MW) of committed power projects scheduled for completion by mid-2028, within the current administration's term.²⁹
- The **Anti-Red Tape Authority (ARTA) is working to make the Philippines more attractive** to investors by collaborating with other agencies like the Department of Trade and Industry (DTI), **Department of Energy (DOE)**, and Department of Environment and

²³ Dimalanta, M.C. (3 July 2025). Presentation for Joint Foreign Chambers of the Philippines' Arangkada Philippine Power Roundtable Discussion.

²⁴ Ibid.

²⁵ Monzon, A.M (28 February 2025). BOI Oks P75B in Clean Energy Energy Projects. Retrieved from: <https://business.inquirer.net/509063/boi-oks-p75b-in-clean-energy-projects>

²⁶ Monzon, A.M (01 May 2025). Philippines 'Green Lane' Program Racks up P5.17T Worth of Projects. Retrieved from: <https://business.inquirer.net/523062/philippines-green-lane-program-racks-up-p5-17t-worth-of-projects>

²⁷ Dimalanta, M.C. (3 July 2025). Presentation for Joint Foreign Chambers of the Philippines' Arangkada Philippine Power Roundtable Discussion.

²⁸ ERC. (6 February 2025). ERC Advisory on the Implementation of ERC Online Pre-filing Form. Retrieved from: https://web.facebook.com/ERCgovPH/posts/advisory-effective-10-february-2025-the-energy-regulatory-commission-erc-will-im/937861395157987/?_rdc=1&_rdp

²⁹ Crismundo, K. (22 April 2025). DOE optimistic to meet 50% clean energy share by 2040. Retrieved from: <https://www.pna.gov.ph/articles/1248488>

Natural Resources (DENR). **ARTA Secretary Perez encourages businesses to harness Philippines' renewable energy potential to address high power related costs.**³⁰

- The Department of Interior and Local Government (DILG) issued **Memorandum Circular No. 2025-047 which mandated Local Government Units (LGUs) to implement key provisions of the Energy Efficiency and Conservation (EE&C) Act.** With the new memorandum, LGUs will be required to use energy-saving ways to reduce public sector energy consumption while promoting long-term savings.³¹
- The Supreme Court has upheld the **authority of the DOE, ERC, and NREB to implement the Renewable Energy Act of 2008 (RA 9513),** affirming the legality of the **Renewable Portfolio Standard and Feed-In Tariff (FIT) system.** The Court ruled that delegation of technical matters to regulatory agencies is valid, and confirmed the legality of advance collection of the FIT Allowance from consumers.³²
- The Philippines is advancing toward consumer choice in electricity supply through the **Retail Aggregation Program (RAP)** under the Wholesale Electricity Spot Market (WESM). **As of June 2025, 20 aggregated groups, 19 in Luzon and 1 in the Visayas have registered, with retail energy transactions now comprising 24.37% of the total market (up from 22% in 2024).** RAP allows contestable customers like banks, resorts, and commercial establishments to pool demand and negotiate better prices and services from retail electricity suppliers.³³
- In the first quarter of 2025, **ERC issued over 900 certificates of compliance (COCs)** and provisional authorities to operate, alongside approving 14 Power Supply Agreements (PSAs). These actions are projected to add **5,419 megawatts (MW) of new capacity to the national grid** and include permits for 94 self-generating facilities, 7 independent power producers, and 868 net-metering qualified end-users. The ERC further processed these approvals well ahead of the mandated deadlines under the Energy Virtual One-Stop Shop (EVOSS) Act, with COCs processed in an average of 26 days (down from 60) and PSAs in 60 days (down from 75).³⁴
- ERC Chair Francisco Saturnino Juan announced that the **Commission has opened its meetings to the public for transparency.** This move allows the public to be more informed on power rates and other key issues under deliberation by the agency. Further, the ERC Chair has initiated revisions on several rules to expedite the resolution of cases filed within the agency.³⁵
- In August 2025, the ERC drafted a new resolution to accelerate the reduction of the retail

30 PCO. (06 May 2025). ARTA works with other Agencies to make PH more Attractive to investors. Retrieved from: https://pco.gov.ph/news_releases/arta-works-with-other-agencies-to-make-ph-more-attractive-to-investors/

31 Romero, M.B. (19 May 2025). LGUs told: Cut energy use. Retrieved from: <https://tribune.net.ph/2025/05/19/lgus-told-cut-energy-use>

32 Sarao, Z. (08 April 2025). SC Rules in Favor of ERC, DOE, NREB on Renewable Energy Tariffs. Retrieved from: <https://newsinfo.inquirer.net/2051097/sc-maintains-erc-doe-nreb-has-power-over-renewable-energy-tariffs>

33 Power Philippines. (07 July 2025). Retail Aggregation Program Expands, Bringing Electricity Choice Closer to Consumers. Retrieved from: <https://powerphilippines.com/retail-aggregation-program-expands-bringing-electricity-choice-closer-to-consumers/>

34 Lelis B. (05 April 2025). ERC Ramps up Approval of Power Projects. Retrieved from: <https://www.philstar.com/business/2025/04/05/2433548/erc-ramps-approval-power-projects>

35 Gutierrez P. (22 August 2025). ERC Chairs Opens Meetings to Public for Transparency. Retrieved from: <https://www.abs-cbn.com/news/business/2025/8/22/erc-chair-opens-meetings-to-public-for-transparency-1535>

competition threshold. The proposed policy is designed to **expand the Retail Competition and Open Access (RCOA) program.** Once implemented, it will allow a greater number of end-users to select their own electricity suppliers and negotiate more favorable rates, thereby increasing consumer choice and promoting a competitive energy market.³⁶

- The **ERC has amended the rules of its Net Metering Program** to make renewable energy adoption easier and more accessible for consumers, while also integrating smart technologies. Under the new guidelines, consumers can now **bank and roll over unused net-metering credits,** with the option to transfer these credits to a new owner if the property changes hands. **Distribution utilities (DUs) are also required to provide transparent and updated information on their net-metering programs,** including application forms, procedures, and quarterly reports on hosting capacities. Additional provisions cover requirements such as maintaining good credit standing and disclosing the costs and locations for installing Renewable Energy Certificate (REC) meters.³⁷
- The **Green Energy Auction Program (GEAP)** has continued to attract investments in the renewable energy (RE) sector. In 2024, the Department of Energy (DOE) reported an installed RE capacity of around 8,000 megawatts (MW). **The DOE targets to increase the share of RE in the country's energy mix to 35% by 2030 and 50% by 2040.** At present, the bulk of installed capacity comes from hydro, geothermal, wind, and solar sources.³⁸ The **GEA is now on its fourth round,** which has so far attracted a total of **9,423.622 MW** in renewable energy capacity as of 20 September 2025.³⁹
- The Inter-Agency Energy Efficiency and Conservation Committee (IAEECC) led by the DOE, has issued a directive **requiring all government agencies to adopt energy-efficient products and prioritize the installation of solar rooftop systems.** This directive aims to **lower electricity consumption in the public sector and accelerate the transition to clean energy.** In line with this directive, all government offices must comply with the Minimum Energy Performance Standards (MEPS) under the Philippine Energy Labeling Program (PELP), which sets mandatory efficiency benchmarks for appliances, equipment, and other energy-consuming products before they can be used or sold.⁴⁰
- As of 20 September 2025, the DOE announced that **at least 100 MW of RE capacity will be made available for contract auction.** Based on its draft terms of reference, the DOE has identified hydropower, geothermal, and wind resources with sufficient technical data to support promotion and development. Notably, seven hydropower projects with a combined potential capacity of 37.4 MW have been listed under the fifth Open and Competitive Selection Process (OCSP).⁴¹
- In February 2025, the DOE conducted a review of its **Total Electrification Program**

36 Galang. (18 August 2025). ERC Moves to Fast-track lower electricity Threshold for Retail Competition. Retrieved from: <https://mb.com.ph/2025/08/18/erc-moves-to-fast-track-lower-electricity-threshold-for-retail-competition>

37 Galang (02 September 2025). ERC amends net-metering rules to boost renewable energy use. Retrieved from: <https://mb.com.ph/2025/09/02/erc-amends-net-metering-rules-to-boost-renewable-energy-use>

38 Villanueva J. (25 June 2025). Green Energy Auction Program Boosting PH's RE Investments-Exec. Retrieved from: <https://www.pna.gov.ph/articles/1252950>

39 Esmal LK. (20 September 2025). DOE to Auction 100 MW of Renewable Energy Contracts. Retrieved from: <https://business.inquirer.net/548031/doe-to-auction-new-renewable-energy-contracts>

40 Villanueva J. (18 September 2025). Gov't agencies now required to use energy-efficient products. Retrieved from: <https://www.pna.gov.ph/articles/1259002>

41 Ibid

(TEP) ahead of the current administration's midterm in alignment with the target of fully energizing the country by 2028.⁴² The TEP entails a push to accelerate electrification through government funding and aligning strategies with distribution utilities, ECs, local government units, and other stakeholders. The department maintained the feasibility of the program in attaining its goal so long as the budget allocation remains available, with its completion requiring approximately PHP 25 billion per year.⁴³

Later in August 2025, the DOE signed a memorandum of agreement (MOA) with five electric cooperatives (ECs) worth PHP 192.8 million as part of the first batch of electrification projects under the Locally Funded Project-TEP (LFP-TEP).^{44,45} Through the LFP-TEP, the DOE along with the implementing ECs aim to deploy a mix of on-grid connections and microgrid solutions to deliver reliable power. Subsequent batches of the program are expected to roll out throughout the remainder of 2025.

- ERC has established an ad hoc **"Commission of Three"** composed of three Commission members to **expedite the approval of Certificates of Compliance (COCs) and Provisional Authorities (PAOs)** to ensure the immediate resolution of consumer complaints, especially those outside of regular Commission en banc meetings.⁴⁶

LEGISLATIVE UPDATES

- In September 2024, during the 6th Legislative-Executive Development Advisory Council (LEDAC), **President Marcos Jr. underscored the urgency of addressing the country's flooding problem and called for the swift passage of the Waste-to-Energy (WTE) Bill.** President Marcos emphasized that unmanaged solid waste significantly contributes to flooding, citing that WTE projects have reduced flooding by up to 40% in certain areas in the country. The President further highlighted the need to review and strengthen the proposed law, noting that effective implementation must happen at the local government level. He stressed that WTE should now be regarded not only as a clean energy initiative but also as a critical component of flood control and waste management.⁴⁷
- Proposed amendments to the **Electric Power Industry Reform Act (EPIRA)** were identified among the **Legislative Executive Development Advisory Council's (LEDAC) Common Legislative Agenda (CLA) for the 19th Congress.**⁴⁸ The reforms, backed by energy stakeholders, aim to lower electricity costs, address recurring brownouts, and ensure long-term energy security. Key proposals include expanding the ERC from five to nine members to expedite case resolution. While progress has been made in the House

42 Lagare, J.B. (7 February 2025). DOE reviews target, funding of its total electrification program. Retrieved from <https://business.inquirer.net/505432/doe-reviews-target-funding-of-its-total-electrification-program>

43 Ibid.

44 Villanueva, J. (19 August 2025). DOE, electric coop execs ink pact for electrification program. Retrieved from <https://www.pna.gov.ph/articles/1256900>

45 Lectura, L. (20 August 2025). DOE to energize 5K more households in off-grid areas. Retrieved from <https://businessmirror.com.ph/2025/08/20/doe-to-energize-5k-more-households-in-off-grid-areas>

46 Dimalanta, M.C. (3 July 2025). Presentation for Joint Foreign Chambers of the Philippines' Arangkada Philippine Power Roundtable Discussion.

47 PCO. (25 September 2024). PBBM seeks immediate passage of 'Waste-to-Energy Bill' to address flooding. Retrieved from: https://pco.gov.ph/news_releases/pbbm-seeks-immediate-passage-of-waste-to-energy-bill-to-address-flooding/

48 Legislative Executive Development Advisory Council. (n.d). LEDAC Common Legislative Agenda for the 19th Congress. Retrieved from <https://ledac.depdev.gov.ph/resources-2/19th-congress/>

of Representatives, it remains stalled in the Senate, raising concerns that Congress may miss the opportunity to act on President Marcos' call to modernize the 2001 law in response to current energy challenges.⁴⁹

- On 18 September 2025, President Marcos signed the **Philippine National Nuclear Energy Safety Act**,⁵⁰ a landmark law aimed to ensure the safe use of nuclear energy as it is integrated into the country's energy transition. The law also establishes the creation of the **Philippine Atomic Energy Regulatory Authority (PhilAtom)**, which will have sole and exclusive authority to regulate the use of nuclear energy and radiation sources in the Philippines.⁵¹ The DOE and DOST have, likewise, welcomed the signing of the law as it propels the current administration's push for nuclear power to be part of the energy mix by 2032.⁵²

ECCP RENEWABLE ENERGY AND ENERGY EFFICIENCY RECOMMENDATIONS

Continued implementation of a sustainable energy mix and distributed generation to match rising demand

The Philippines possesses vast renewable energy potential across solar, wind, geothermal, hydro, and biomass resources, yet much of it remains under-utilized. The DOE has set an ambitious target of achieving a 50 percent share of renewables in the power generation mix by 2040. In turn, this requires approximately 52.8 GW of additional capacity, and calls for consistent policy implementation to meet these goals.⁵³ To this end, the ECCP recommends the sustainable and timely implementation of relevant mechanisms such as the GEAP, which demonstrates that with the right incentives and regulatory clarity, private investment will flow into Philippine renewables.

Furthermore, the Chamber emphasizes that distributed and emerging energy solutions must likewise be prioritized alongside utility-scale deployment. Rooftop solar, smart grids, and battery storage can decentralize power generation, ease demand on the grid, and empower prosumers to participate actively. Distribution utilities must therefore be mandated to modernize their networks for bidirectional power flow and to remove barriers to net metering.⁵⁴

Remaining cognizant of these developments, equitable access to energy must remain a cornerstone of the country's transition. To this end, the ECCP supports the LFP-TEP and similar

49 Lelis B. (24 May 2025). Urgent Passage of EPIRA Amendments Sought. Retrieved from: <https://www.philstar.com/business/2025/05/24/2445310/urgent-passage-epira-amendments-sought>

50 Official Gazette. (24 September 2025). Republic Act No. 12305. Retrieved from <https://www.officialgazette.gov.ph/downloads/2025/09sep/20250918-RA-12305-FRM.pdf>

51 Cabalza, D. & Cabato, L. (25 September 2025). Marcos signs law creating PhilAtom, new nuclear regulatory agency. Retrieved from <https://newsinfo.inquirer.net/2115362/marcos-signs-law-creating-philatom-new-nuclear-regulatory-agency>

52 Ibid.

53 Manila Standard. (7 April 2024). 52,825 MW of new renewable supply needed by 2040-DOE. Retrieved from <https://manilastandard.net/business/314433431/52826-mw-of-new-renewable-supply-needed-by-2040-doe>

54 President Marcos Jr., F. (28 July 2022). State of the Nation Address [Speech]

programs in their aim to energize remote and off-grid communities through microgrids, hybrid renewable systems, and expanded rural connections. Such initiatives must be scaled up to ensure that the benefits of the energy transition are shared inclusively across the archipelago.

Beyond conventional renewables, emerging technologies are also beginning to shape the Philippine energy landscape.⁵⁵ The ECCP supports pilot projects and regulatory pathways that enable these technologies to be tested and deployed, positioning the country to harness future-ready solutions.

In parallel, the adoption of electric vehicles (EVs) represents another critical dimension of the transition. EV uptake, supported by the Electric Vehicle Industry Development Act (EVIDA),⁵⁶ will increase electricity demand but also provide opportunities for vehicle-to-grid services that enhance flexibility.⁵⁷ The ECCP emphasizes the importance of synchronized policies on EV infrastructure, renewable charging, and grid readiness to maximize these benefits.

Finally, we recognise the need to shift the perspective of all concerned stakeholders, including regulators, utilities, investors, and consumers alike, to reflect the changing energy ecosystem. This entails moving beyond traditional centralized generation models toward a more dynamic, decentralized, and flexible system where efficiency, prosumer engagement, and new technologies play a central role. Ensuring that this cultural and institutional shift takes place will be as important as the technical and legal reforms in realizing the Philippines' clean energy transition.

Despite the lack of a formal net-zero target, the ECCP reaffirms its support for an energy shift for the Philippines that responds to the energy trilemma of security, sustainability, and affordability.^{58,59,60} Achieving these outcomes will require integrated action across regulation, markets, finance and implementation. In turn, these can be strengthened through modernizing the legal framework that governs the energy sector, mainstreaming energy efficiency, unlocking storage and flexibility, scaling distributed generation and prosumer models, and ensuring project bankability through streamlined approvals and targeted finance.

Regulatory reforms through the Electric Power Industry Reform Act (EPIRA) amendments

The ECCP maintains its longstanding position that amendments to the EPIRA are essential for creating a more competitive, transparent, and investment-friendly electricity market. In particular, the targeted reforms must directly address issues that hinder competition and

55 Baclig, C.E. (5 August 2025). PH wind power remains stalled, as other energy sources expand under Marcos. Retrieved from <https://newsinfo.inquirer.net/2091661/ph-wind-power-remains-stalled-as-other-energy-sources-expand-under-marcos>

56 Official Gazette, (26 April 2022). Republic Act No. 11697. Retrieved from <https://www.officialgazette.gov.ph/2022/04/15/republic-act-no-11697/>

57 Saulon, V.V. (18 March 2024). Meralco prepares to showcase vehicle-to-grid project. Retrieved from <https://aseanenergy.org/news-clipping/meralco-prepares-to-showcase-vehicle-to-grid-project/>

58 Talavera, S.J. (18 September 2025). RE push makes up for lack of net zero pledge – DoE's Garin. Retrieved from https://www.bworldonline.com/economy/2025/09/18/699487/re-push-makes-up-for-lack-of-net-zero-pledge-does-garin/#google_vignette

59 Lectura, L. (11 September 2025). Government committed to adopt 'energy trilemma'. Retrieved from <https://businessmirror.com.ph/2025/09/11/government-committed-to-adopt-energy-trilemma/>

60 Talavera, S.J. (11 September 2025). PHL seeks 'balance' between energy security, affordability. Retrieved from <https://www.bworldonline.com/economy/2025/09/11/697959/phl-seeks-balance-between-energy-security-affordability/>

contribute to higher electricity rates, which remain among the key barriers to making the Philippines a more attractive investment destination.

Furthermore, the Chamber emphasizes that the ERC should recalibrate its oversight to focus not on direct cost control but rather on enforcing fair competition and transparency thereby preventing anti-competitive behavior as well as safeguarding consumers. This shift will significantly foster an environment where market forces drive efficiency, innovation, and lower costs.

Equally important is the need to address extensive permitting and licensing processes, restrictive contracting terms, limited access to transmission interconnections, and regulatory uncertainty, all of which raise project risks and financing costs.⁶¹ The ECCP firmly believes that through the modernization of EPIRA, the government and regulatory bodies can effectively stimulate competition, encourage innovation, and enable the integration of new technologies. This, in turn, will foster a more dynamic, consumer-oriented energy market that aligns with the ultimate goal of sustainable growth and long-term energy security for the country.

Integrate grid flexibility and advancing energy storage deployment into the energy system

As the share of RE in the Philippines increases, enhancing grid flexibility has become essential, particularly as key contributors such as solar and wind generation are often subject to fluctuations in sunlight, weather, and season. Without sufficient flexibility tools, these technologies can lead to over-generation during low demand resulting in underutilized capacity and even reliability risks. Energy storage systems (ESS), specifically battery energy storage systems (BESS), are critical to addressing these foreseeable issues. Effectively these solutions balance supply and demand, provide frequency regulation and other ancillary services, as well as enable RE to deliver power more consistently.⁶² Alongside demand response, smart grid technologies, and expanded ancillary service markets, storage systems offer a pathway toward higher renewable shares without compromising reliability or incurring excessive costs.

To this end, the ECCP lauds recent policy and market developments geared towards making measurable progress in integrating storage and flexibility more fully into the country's energy system.⁶³ For instance, Department Circular No. 2023-04-0008, which was issued in 2023, highlighted the government's shift in addressing the need to establish an energy storage system policy for the electric power industry.⁶⁴ More recently, GEA-4 became the first auction to integrate Renewable Energy and Energy Storage Systems (IRESS).⁶⁵

To build upon these significant developments, the Chamber welcomes further efforts from the

61 Esmael, L. (25 August 2025). New ERC chief eyes changes in contracting rules. Retrieved from <https://business.inquirer.net/543101/new-erc-chief-eyes-changes-in-contracting-rules>

62 Power Philippines. (11 September 2024). DOE: Battery Energy Storage Systems are gaining momentum to optimize RE integration. Retrieved from <https://powerphilippines.com/doe-battery-energy-storage-systems-are-gaining-momentum-to-optimize-re-integration/>

63 Figuracion, L.D. (6 June 2025). Energy Storage System in the Philippine Electric Power Industry. Retrieved from <https://asiacleanenergyforum.adb.org/wp-content/uploads/2025/06/Philippines.pdf>

64 Flores, A.M. (10 February 2025). Gov't bets on battery storage to power the nation. Retrieved from <https://manilastandard.net/spotlight/314555853/govt-bets-on-battery-storage-to-power-the-nation.html>

65 Department of Energy. (12 March 2025). Philippines opens Green Energy Auction 4, integrating energy storage for a sustainable future. Retrieved from <https://legacy.doe.gov.ph/press-releases/philippines-opens-green-energy-auction-4-integrating-energy-storage-sustainable>

government in so far as storage and flexibility be defined as core components of the national energy policy moving forward.

Improve ease of doing business and green financing mechanisms to advance investments in the energy sector

Improving the investment climate remains a key enabler of RE and energy efficiency EE projects. Recent government initiatives have sought to address long-standing barriers to entry by streamlining permitting processes and expanding access to financing.⁶⁶ The ECCP commends the government for sending a strong market signal that welcomes foreign investments in renewable energy, reinforcing the country's position as a credible and attractive clean energy destination.

Executive Order No. 18, or the Green Lanes for Strategic Investments, created expedited approval processes for priority projects, with the One-Stop Action Center for Strategic Investments serving as the main channel. By the end of 2024, more than 170 projects, a bulk of which were in renewables, valued at over USD 70 billion had been endorsed through Green Lanes, with several already operational by mid-2025. Complementing this is the Energy Virtual One-Stop Shop (EVOSS), which digitalizes and centralizes permitting to provide greater transparency and accountability. Together, these mechanisms have significantly reduced bureaucratic delays, although implementation at the local level remains uneven.

On the financing side, the Philippines secured an USD 800 million World Bank loan in 2025 to support reforms that expand renewable integration, improve efficiency, and deepen competition in electricity markets.^{67,68} This marks an important step in mobilizing international capital for the energy transition and complements domestic sustainability-linked loans and blended finance initiatives. The DOE, likewise, affirms that green financing lies at the heart of mobilizing the country to realize its local and global commitments.⁶⁹ In alignment, the ECCP highlights the need for coordination and collaboration between concerned stakeholders in maximizing green bonds, energy service contracts, and similar innovative financial tools to spur the pursuit of clean energy projects.

The ECCP acknowledges these noteworthy developments and recommends the continued and proper implementation of Green Lanes, EVOSS, and related financing measures. Looking ahead, stronger coordination must also be pursued across agencies and local governments to ensure consistency and transparency. Ultimately, these sustained efforts to streamline approvals, coupled with reliable access to green finance, will help lower investment risks, accelerate project roll-out, and continue to position the country as an attractive and competitive clean energy investment destination.

66 Villanueva, J. (19 September 2025). Gov't policies on RE attracting investors, say British Embassy exec. Retrieved from <https://www.pna.gov.ph/articles/1259066>

67 World Bank. (31 March 2025). World Bank Approves Support for Energy Transition and Resilience in the Philippines. Retrieved from <https://www.worldbank.org/en/news/press-release/2025/03/31/wb-approves-support-for-energy-transition-and-resilience-in-ph>

68 Gonzales, A.L. (2 April 2025). World Bank OKs \$800-M loan for PH energy transition, resilience. Retrieved from <https://www.pna.gov.ph/articles/1247328>

69 Department of Energy. (4 June 2025). PCEEC 2025: Unlocking the Power of Green Financing and AI for Energy Efficiency. Retrieved from <https://legacy.doe.gov.ph/press-releases/pceec-2025-unlocking-power-green-financing-and-ai-energy-efficiency>

Effective Implementation of the Energy Efficiency and Conservation (EE&C) Act

The Energy Efficiency and Conservation (EE&C) Act or Republic Act No. 11285, as a policy effort that institutionalises energy efficiency and conservation in the Philippines, is regarded as a significant milestone in the country's energy arena by the ECCP.

However, while the EE&C Act set the policy foundation, implementation has been slowed by procurement barriers and unclear contracting mechanisms. In response, we recognize the passage of the New Government Procurement Act (RA 12009) as a critical opportunity. Its implementing rules now allow new modalities for complex, long-term contracts.⁷⁰ Relatedly, the ECCP urges the Department of Budget and Management (DBM) and Government Procurement Policy Board-Technical Support Office (GPPB-TSO) to accelerate the drafting and approval of guidelines that will enable Energy Service Company (ESCO) performance contracts and lifecycle cost-based procurement for EE projects in the public sector. Without these, many retrofit opportunities in government facilities remain untapped.

Equally important is the role of utilities in enabling demand-side efficiency. To this end, we highlight that the DOE and ERC should draft and continue to consult the public on defining the roles of the generation, transmission, and distribution utilities in enabling energy efficiency in the market. Further to this, we encourage the ERC's review of Time-of-Use (TOU) tariffs.⁷¹ Updated tariff structures can incentivize private investment in load-shifting and demand-side storage, while clarifying utility obligations to support demand-side management (DSM) and distributed energy solutions. The ECCP recommends a collaboration among industry stakeholders, the DOE, and the ERC to develop a roadmap aimed at finalizing TOU reforms and embed DSM in utility planning.

Taken together, we acknowledge that procurement reforms and demand-side utility integration are pivotal to unlocking investments in EE specifically. In turn, these can be seen to reduce system costs, and further support the Philippines' clean energy transition.

Establishment of a clear and sustainable policy framework for Waste-to-Energy (WTE) technologies

Waste-to-Energy (WTE) offers a potential pathway to diversify the Philippines' power mix while simultaneously addressing municipal solid waste (MSW) challenges. Properly implemented, WTE can reduce landfill dependence, help manage methane emissions, and provide reliable electricity. However, the absence of clear, enforceable national guidelines has hindered progress, leaving investors uncertain and LGUs without a standardized framework for integration into waste management plans. Recent months have seen renewed activity with the DOE indicating its intent to include WTE and biomass in renewable energy procurement programs. On the other hand, the DENR has updated procedures for environmental clearances, while several WTE-related bills are pending in the 20th Congress.^{72,73} These developments highlight both the

70 Official Gazette. (10 February 2025). The Implementing Rules and Regulations of Republic Act No. 12009. Retrieved from <https://www.officialgazette.gov.ph/downloads/2025/02feb/20250210-IRR-RA-12009-FRM.pdf>

71 Power Philippines. (31 March 2025). ERC to Update Outdated Time-of-Use Pricing, Aims for More Efficient Energy Use. Retrieved from <https://powerphilippines.com/erc-to-update-outdated-time-of-use-pricing-aims-for-more-efficient-energy-use/>

72 Talavera, S.J. (17 August 2025). DoE bats for waste-to-energy bill. Retrieved from <https://www.bworldonline.com/the-nation/2025/08/17/692073/doe-bats-for-waste-to-energy-bill/>

73 As of 21 September 2025, there have been bills filed at the Senate and House on Waste-to-Energy – Senate Bill Nos. 64, 292, 365, and 884; and House Bill Nos. 1636, 2220, 4054, and 4149.

opportunities and risks for the sector if policies remain fragmented.

The ECCP underscores the need for comprehensive national guidelines that clarify environmental safeguards, establish transparent permitting processes, and integrate WTE into LGU waste management plans. National rules must explicitly prioritize waste reduction, segregation, and recycling, with WTE used only for non-recyclable residuals. Equally important, long-term feedstock agreements and inter-LGU cooperation mechanisms should be institutionalized to insulate projects from political risks tied to changing local administrations and electoral cycles. Feedstock security has been flagged consistently as one of the largest commercial risks to WTE investments.⁷⁴ Addressing this requires nationally backed contracts, standardized procurement models, and mechanisms for regional waste pooling.

At the same time, the Chamber recognizes the need to embed social and economic considerations throughout the lifecycle of WTE projects. Transparency, accountability, and community participation are essential to ensuring public trust and reducing the risk of local opposition. This means requiring thorough consultations, independent environmental and health impact assessments, and mandatory disclosure of emissions and performance data. Ensuring that communities benefit through local job creation and revenue-sharing arrangements will also help make WTE socially acceptable and sustainable.

We acknowledge the DOE's GEA Program exploring inclusion of WTE in upcoming auction rounds, which could provide bankable offtake contracts if supported by transparent procurement rules.⁷⁵ Meanwhile, the PPP Center has initiated workshops on contract design and risk allocation, underscoring that clear national policy direction is critical for attracting both domestic and international finance.⁷⁶

⁷⁴ Talavera, S.J. (7 July 2025). Cost competitiveness vs landfills hindering waste-to-energy – MBC. Retrieved from <https://www.bworldonline.com/economy/2025/07/07/683821/cost-competitiveness-vs-landfills-hindering-waste-to-energy-mbc>

⁷⁵ Lelis, B. (5 September 2025). DOE: Government misses target for 4th green energy auction. Retrieved from <https://www.philstar.com/business/2025/09/05/2470496/doe-government-misses-target-4th-green-energy-auction>

⁷⁶ Public-Private Partnership Center of the Philippines. (6 August 2025). PPP Center Tackles Waste-to-Energy PPPs in High-Level Workshop. Retrieved from https://ppp.gov.ph/press_releases/ppp-center-tackles-waste-to-energy-ppps-in-high-level-workshop



ASSESSMENT OF 2024 RENEWABLE ENERGY & ENERGY EFFICIENCY ADVOCACY RECOMMENDATIONS

ISSUE	RECOMMENDATION	COMPLETED/SUBSTANTIAL PROGRESS
Implementation of a sustainable energy mix policy and energy transition efforts		
Increase in the integration of energy flexibility and battery storage initiatives into the energy system		

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
The DOE has reaffirmed renewable energy targets of 35% by 2030 and 50% by 2040, signaling continuity in policy direction. The Green Energy Auction Program (GEAP) has accelerated capacity additions, covering solar, floating solar, onshore wind, and hydro, with multi-gigawatt commitments awarded to developers. However, bottlenecks remain in transmission readiness, grid interconnection, and permitting, which slow the translation of awarded contracts into actual generation. The overall trajectory is positive, but reforms in permitting and transmission expansion are needed to ensure targets are achievable.	
Energy storage is gaining recognition as essential for stabilizing an increasingly RE-heavy grid. DOE Department Circular (DC) 2023-04-0008 institutionalized Energy Storage Systems (ESS) within renewable projects, with incentives such as income tax holidays and VAT exemptions. GEA-4 explicitly allows hybrid RE with storage bids, while the DOE has endorsed several battery energy storage system (BESS) projects for System Impact Studies. Despite these developments, deployment is still at an early stage, and the Philippines needs to scale ESS more aggressively to meet flexibility and intermittency challenges.	

ISSUE	RECOMMENDATION	COMPLETED/SUBSTANTIAL PROGRESS
Facilitating increased foreign investments in the energy sector through advancing ease of doing business and green financing efforts		The Philippines has opened its renewable energy sector to 100% foreign ownership since 2022, which has significantly boosted investor interest.
		The country ranked 2nd in BloombergNEF's 2024 Climatescope for clean energy investment attractiveness among emerging Asian markets.
		On ease of doing business, the Energy Virtual One-Stop Shop (EVOSS) continues to streamline approvals, while green finance is gaining traction with BSP and SEC issuing sustainable finance taxonomy guidelines.
		However, permitting bottlenecks, grid interconnection, and inconsistent implementation across agencies and LGUs remain challenges. The investment climate is significantly more attractive, but execution risks persist.

SOME PROGRESS	NO PROGRESS/ RETROGRESSION

ISSUE	RECOMMENDATION	COMPLETED/SUBSTANTIAL PROGRESS
Effective implementation of the Energy Efficiency and Conservation Act		
Enactment of policies that Provide a Clear Framework on the Development of Waste-to-Energy Technologies		

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
The EE&C Act remains a key pillar of reducing demand-side pressures. The government issued Administrative Order No. 15 in 2024 to accelerate the Government Energy Management Program (GEMP), mandating efficiency measures in public agencies. DOE has likewise rolled out initiatives with LGUs and agencies, including retrofitting government buildings and mobilizing Energy Service Companies (ESCOs). However, several implementing rules and guidelines mandated under the Act remain pending, and uptake among MSMEs and local governments lags compared to larger corporations. While the policy environment is improving, scaling adoption across sectors and ensuring compliance remain critical gaps.	
	Despite growing interest, the Philippines still lacks a comprehensive national framework for Waste-to-Energy (WTE). The DOE has signaled plans to include WTE and biomass projects in future renewable energy auctions, and the Energy Secretary has called for passage of a dedicated WTE law. Stakeholder discussions highlight ongoing barriers such as regulatory uncertainty, feedstock supply constraints, and pricing challenges. The absence of clear policies on sourcing, power pricing, and environmental safeguards keeps WTE projects fragmented and small-scale. The push for legislation is a positive signal, but without enabling policies, WTE cannot scale as a mainstream energy source.

TAX AND FINANCIAL SERVICES ADVOCACY PAPER 2025

INTRODUCTION

The past year has marked a decisive turning point for the Philippines, where stability and modernization converge to shape the future of its fiscal and financial systems. The pressures brought by inflationary shocks, geopolitical uncertainties, and the integration of technological advancements have catalysed a profound transformation in the Philippines' financial ecosystem. This transformation has paved the way for a new era of digital innovation, characterised by continuous advancements in platforms, services, and processes. Concurrently, the banking and financial sectors have demonstrated commitment in facilitating access to financial resources and support, particularly for consumers and beneficiaries of government programs.

In a Bangko Sentral ng Pilipinas (BSP) Q2 2025 Report on Economic and Financial Developments, the Philippine financial system climbed to PhP35.17 trillion as of end of June. This is the combined resources of both nonbank financial institutions and banks, which grew by approximately 7.45% year-on-year from PhP32.7 trillion recorded in June 2024.

¹As of the end of June 2025, the Bangko Sentral ng Pilipinas (BSP) further affirmed the continued expansion of the Philippine banking system, with total resources standing at ₱29.1 trillion, reflecting a 7.5 percent year-on-year and 2.0 percent quarter-on-quarter increase.² Total resources were recorded at 106.2% of GDP.

Table 8 Total Resources of the Philippine Financial System ¹ in billion Philippine pesos; as of periods indicated													
Institutions	2022				2023 ^P				2024 ^P				2025 ^P
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 ^r	Q1 ^r Q2
Total	26,551.0	27,077.8	27,815.6	29,043.0	29,216.8	29,429.1	30,229.1	31,517.9	32,109.3	32,733.8	33,396.3	34,167.2	34,475.7 35,057.5
Banks	21,463.1	22,020.4	22,738.2	23,806.7	23,886.9	24,052.9	24,802.2	25,957.3	26,453.3	27,029.6	27,567.7	28,256.0	28,485.2 29,067.0
Universal and Commercial Banks (UCBs) ²	20,136.3	20,657.3	21,372.9	22,376.4	22,396.6	22,546.5	23,228.4	24,315.6	24,777.8	25,315.2	25,816.3	26,437.6	26,631.0 27,131.5
Thrift Banks (TBs) ²	968.1	988.0	975.5	1,027.7	1,024.9	1,011.8	1,063.3	1,104.0	1,116.3	1,124.9	1,141.3	1,169.7	1,180.8 1,368.5
Digital Banks (DCBs) ^{2,3}	—	—	—	—	61.5	79.1	84.8	91.2	101.4	110.6	111.8	121.5	130.3 142.1
Rural and Cooperative Banks (RCBs) ²	358.7	375.2	389.7	402.7	403.9	415.5	425.8	446.5	457.9	478.9	498.3	527.1	543.2 424.9
Non-Bank Financial Institutions (NBFIs)⁴	5,087.9	5,057.3	5,077.4	5,236.3	5,329.9	5,376.2	5,426.9	5,560.6	5,656.0	5,704.2	5,828.6	5,911.2	5,990.5 5,990.5 ⁵

¹ Exclude the Bangko Sentral ng Pilipinas (BSP)

² Universal and Commercial Banks, TBs, DCBs, and RCBs data are based on the Financial Reporting Package (FRP); assets are reported gross of allowance for probable losses and depreciation.

³ Cover consolidated data starting March 2023 onwards

⁴ Include BSP-supervised investment houses, financing companies, investment companies, securities dealers/brokers, pawnshops, lending investors, non-stock savings and loan associations (NSSLAs), credit card companies, government non-bank financial institutions (i.e., Philippine Guarantee Corporation and Small Business Corporation), and authorized agent banks (AAB) forex corporations, wherein assets are reported gross of allowance for probable losses and net of depreciation. Data on NBFIs are based on Consolidated Statement of Condition (CSC), except for NSSLAs which is based on FRP. Non-bank financial institutions also include Social Security System (SSS), Government Service Insurance System (GSIS), and private insurance companies (i.e., life insurance companies, non-life insurance companies, and professional reinsurers), wherein assets are reported net of allowance for probable losses and depreciation.

Details may not add up to total due to rounding.

^P preliminary

^r revised

⁵ as of end-March 2025

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Sources: Bangko Sentral ng Pilipinas; Insurance Commission; Government Service Insurance System; Social Security System

Table 1. Total Resources of the Philippine Financial System

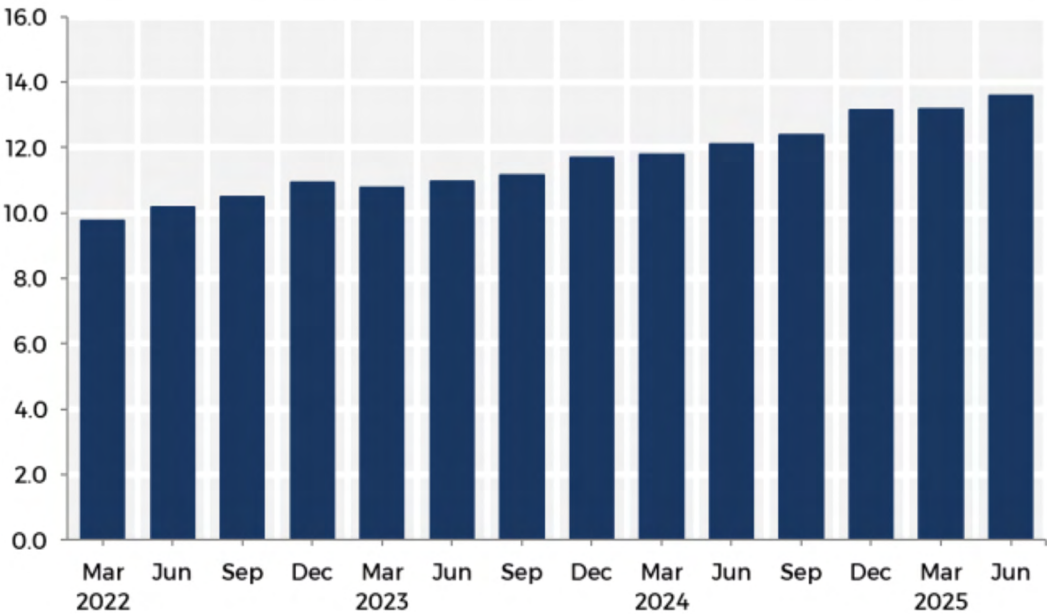
Source: Bangko Sentral ng Pilipinas, Q2 2025 Report on Economic and Financial Developments

¹ Bangko Sentral ng Pilipinas. (2025). Report on Economic and Financial Developments, Second Quarter 2025. Bangko Sentral ng Pilipinas, Department of Economic Research. Retrieved from https://www.bsp.gov.ph/Lists/Quarterly%20Report/Attachments/27/LTP_2qtr2025.pdf

² Ibid.

Universal and commercial banks continue to dominate the sector, accounting for a substantial share of total assets at PHP 27.13 trillion, which posed a 7.15% year-on-year increase, followed by thrift banks whose assets likewise heightened to PHP 1.37 trillion, from PHP 1.12 trillion, or a 22.32% increase from the same period in 2024. Lastly, rural and cooperative banks' resources were recorded at PhP543.2 billion as of March 2025, a 13.43% increase from the PhP478.9 billion recorded at end-June last year. Digital Banks saw a double digit growth on their resources with a value of PhP142.1 billion as of June this year, 28.5% higher than the PhP110.6 billion recorded in the same period last year.³

Bank lending likewise posted a strong trajectory with a four-month high recorded in June driven by consumer loans. Outstanding loans of universal and commercial banks grew by 12.1% year-on-year to around PhP13.55 trillion in June 2025, from PhP12.1 trillion in the same period last year.⁴



Graph 1. Loans Outstanding of Commercial Banks

Source: Bangko Sentral ng Pilipinas, Q2 2025 Report on Economic and Financial Developments

Additionally, even with challenges from weaker global growth, geopolitical tensions, and regional instability, the Philippine banking sector has remained resilient. Deposits rose 7.1% year-on-year to PHP 19.6 trillion as of the third quarter of 2024, driven mainly by peso time and savings accounts. Banks also kept strong buffers, with a capital adequacy ratio of 16.4% and a liquidity coverage ratio of 185.8%—both comfortably above regulatory minimums. These figures highlight the industry's capacity to withstand shocks and its steady role in supporting the Philippine economy.⁵

3 Ibid.
4 Ibid.
5 Bangko Sentral ng Pilipinas Financial Stability Coordination Council. (December 2024). 2024 Financial

In line with efforts to further promote financial inclusion, , the Philippines has exceeded its 2024 digital payments target under the Philippine Development Plan 2023–2028. BSP data show that digital transactions made up 57.4% of retail payment volume and 59.0% of value in 2024, surpassing the goal of 52–54% and marking a 4.6 percentage point increase from the previous year. The shift reflects growing reliance on e-wallets, interoperable systems, and other innovations aimed at reaching the unbanked and underserved. Growth was led by merchant payments, person-to-person transfers, and business-to-business supplier payments, which together accounted for 93.2% of digital transactions, underscoring the public's increasing trust in the country's digital financial infrastructure.⁶

Building on this success, the BSP lifted its moratorium on new digital bank licenses in January 2025, paving the way for additional entrants beyond the existing six and allowing up to ten digital banks to operate in the country. Applicants will undergo a rigorous licensing process to ensure strong governance, risk management, and innovative offerings that can expand financial inclusion while maintaining system stability.⁷

Alongside this, the BSP has continued to advance its Open Finance Framework, which gives customers more control over their financial data and supports the creation of more innovative, client-focused financial products. Through the Open Finance PH Pilot, financial institutions are testing API-driven services such as simplified account opening, better credit decisioning, and recurring bill payments. The initiative is meant to expand financial inclusion while aligning with national priorities like the Philippine Development Plan 2023–2028 and the proposed e-Governance Act.⁸ Another milestone came in February 2025, when the Philippines was officially removed from the FATF grey list after strengthening its anti-money laundering and counter-terrorism financing regime. This move, achieved through coordination among the BSP, AMLC, and other stakeholders, is expected to build investor confidence, improve cross-border transactions, and reinforce the financial sector's role in sustainable growth.⁹

The insurance sector also maintained steady growth in 2024, posting increases in total assets, net worth, invested assets, premiums, and net income, alongside a slight expansion in the number of licensed companies. Insurance density and penetration likewise improved, reflecting broader reach of insurance products among Filipinos. However, benefit payments and losses also rose sharply, highlighting persisting challenges in maintaining profitability across some segments of the industry.¹⁰

Stability Report. Retrieved from https://www.bsp.gov.ph/Media_And_Research/FSR/FSR2024.pdf
6 BSP. (24 June 2025). FROM SURGE TO STABILITY: DIGITAL PAYMENTS DRIVING A STEADY TRANSITION. 2024 Status of Digital Payments in the Philippines. Retrieved from: https://www.bsp.gov.ph/PaymentAndSettlement/2024_Report_on_E-payments_Measurement.pdf
7 BSP. (08 August 2024). BSP Lifts Moratorium on the Establishment of Digital Banks. Retrieved from: <https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?ItemId=7205>.
8 BSP. Open Finance PH. Retrieved from: <https://www.bsp.gov.ph/Pages/InclusiveFinance/Open%20Finance/Open%20Finance.aspx>
9 BSP. (22 February 2025). BSP Welcomes PH's Removal from FATF Grey List. Retrieved from: <https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?ItemId=7435>
10 Insurance Commission. (31 December 2024). Consolidated Insurance Industry Performance as of December 31, 2024. Retrieved from: <https://www.insurance.gov.ph/consolidated-insurance-industry-performance-as-of-december-31-2024/>

INSURANCE INDUSTRY PERFORMANCE			
as of December 31			
LIFE AND NON-LIFE INSURANCE COMPANIES, AND MUTUAL BENEFIT ASSOCIATIONS	2024	2023	% Increase/ (Decrease)
1. Total Number of licensed companies	137 *	136 *	0.74
Total Number of companies with submissions	128	132 r	(3.03)
	(In Million Pesos)		
2. Total Assets	2,461,241.4	2,312,605.0 r	6.43
3. Total Liabilities	1,981,365.1	1,850,156.3 r	7.09
4. Total Net Worth	479,876.3	462,448.7 r	3.77
5. Total Paid - Up Capital and Guaranty Fund	83,772.8	85,011.1 r	(1.46)
6. Total Invested Assets	2,202,203.5	2,053,725.1 r	7.23
7. Total Premiums	440,389.4	390,390.1 r	12.81
8. Total Benefit Payments/Losses Incurred	160,326.1	134,762.5 r	18.97
9. Total Net Income	56,290.9	48,578.1 r	15.88
Insurance Density**	3,892.77	3,457.84	12.58
Insurance Penetration***	1.67%	1.61%	

Table 2. Insurance Industry Performance (December 2024)
Source: Insurance Commission

On the fiscal side, the National Government’s (NG) total revenues for 2024 amounted to PHP 4.419 trillion, exceeding the revised program of PHP 4.270 trillion by 3.49%¹¹. This performance brought the revenue effort to 16.72% of GDP, the highest level recorded in the last 27 years since 1997. The robust revenue expansion of 15.56% year-on-year outpaced the 11.04% rise in expenditures, which allowed the budget deficit to narrow slightly to PHP 1.506 trillion or 5.70% of GDP, which is an improvement from 6.22% in 2023. The Bureau of Internal Revenue (BIR) remained the main revenue contributor, collecting PHP 2.852 trillion in 2024 (net of PHP 13.6 billion in tax refunds), up 13.29% from PHP 2.517 trillion in 2023. Collections slightly surpassed the full-year target of PHP 2.849 trillion by PHP 2.7 billion(0.09%), supported primarily by higher value-added tax(VAT) receipts following the shift to quarterly filing, as well as improved personal income tax, corporate income tax, and documentary stamp tax collections.

11 Bureau of Treasury. (27 February 2025). Full-Year 2024 Total Revenues Surpassed Target at PHP 4.419 Trillion, Bringing Revenue Effort to 16.72%—The Highest in the Last 27 Years. Retrieved from <https://www.treasury.gov.ph/wp-content/uploads/2025/02/COR-Press-Release-FY-2024.pdf>

Year-over-Year								
Particulars	December				January to December (Actual)			
	2023	2024	Diff	YoY	2023	2024	Diff	YoY
REVENUES	260.1	314.7	54.6	20.99%	3,824.1	4,419.0	594.9	15.56%
Tax Revenues	246.6	251.6	5.0	2.01%	3,429.3	3,800.7	371.4	10.83%
BIR ^{1/}	174.3	183.8	9.6	5.48%	2,517.0	2,851.6	334.6	13.29%
BOC ^{2/}	71.2	66.7	(4.5)	-6.38%	883.2	916.7	33.5	3.79%
Other Offices	1.1	1.1	(0.1)	-4.53%	29.1	32.4	3.3	11.43%
Non-Tax Revenues	13.5	63.1	49.6	368.98%	394.8	618.3	223.5	56.61%
BTr	11.3	50.7	39.3	347.60%	227.6	283.4	55.7	24.48%
Other Offices ^{3/}	2.1	12.4	10.3	482.50%	167.2	335.0	167.8	100.37%
EXPENDITURES	661.0	644.2	(16.9)	-2.55%	5,336.2	5,925.4	589.2	11.04%
Interest Payments	60.7	58.0	(2.7)	-4.45%	628.3	763.3	135.0	21.48%
Others	600.4	586.2	(14.2)	-2.36%	4,707.9	5,162.1	454.2	9.65%
SURPLUS/ (DEFICIT)	(401.0)	(329.5)	71.5	-17.82%	(1,512.1)	(1,506.4)	5.7	-0.38%
Primary Surplus/ (Deficit)	(340.3)	(271.5)	68.8	-20.21%	(883.8)	(743.0)	140.7	-15.92%

1/ December gross BIR collection is PHP 188.0 billion inclusive of PHP 4.1 billion tax refund. Full-year gross collection is at PHP 2.9 trillion inclusive of PHP 13.6 billion tax refund.
2/ December gross BOC collection is PHP 69.4 billion inclusive of PHP 2.7 billion tax refund; Full year gross collection is PHP 922.0 billion inclusive of PHP 5.4 billion tax refund.
3/ Includes December and full-year grants of PHP 1.0 million and PHP 466.0 million, respectively.

Table 3. Fiscal Performance For the Period Indicated (In Billion Pesos)
Source: Bureau of the Treasury. Full-Year 2024 Total Revenues Surpassed Target at PHP 4.419 Trillion, Bringing Revenue Effort to 16.72%—The Highest in the Last 27 Years.

The Bureau of Customs (BOC) generated PhP 916.7 billion in 2024 (net of PHP 5.4 billion in tax refunds), reflecting a 3.79% increase from the PhP 883.2 billion collected in 2023¹². However, this fell short of the PhP 939.7 billion revised target by 2.45%, largely due to reduced tariffs on rice and selected electric vehicles, alongside the extension of lower tariffs on meat products under Executive Order No. 50. Nonetheless, gains in duties, VAT, and excise collections highlighted the Bureau’s continued push for digitization and tighter border protection. Non-tax revenues posted the most significant growth, surging 56.61% to PhP 618.3 billion in 2024, well above the PhP 449.6 billion program. This outturn was boosted by windfall collections such as concession fees from public-private partnerships and extraordinary remittances, including PhP 167.2 billion in fund transfers from PhilHealth and the Philippine Deposit Insurance Corporation. Even after deducting these one-off inflows, non-tax collections still exceeded the adjusted target.

For 2025, the DOF aims to raise PHP 4.26 trillion in revenues, with the lion’s share of PHP 3.23 trillion coming from the BIR and PhP 1.06 trillion coming from the BOC. This is compared to the DOF’s goal in 2024 at PhP 2.85 trillion for the BIR and PhP 1.06 trillion for the BOC. The department seeks to achieve this through strengthening its efficiency in collection and passage of tax measures.¹³ Moreover and particularly for the BIR, the Philippine government aims to increase

12 Ibid.
13 Gonzales, A. (24 December 2024). Gov’t sets higher BIR, BOC revenue collection target for 2025. Retrieved from: <https://business.inquirer.net/498527/govt-sets-higher-bir-boc-revenue-collection-target-for-2025>.

its tax ratio to 15.9% of the country's gross domestic product in 2026, from 15% in 2020, through its digitalisation and tax compliance efforts, among others.¹⁴

These improvements in revenue collection stem from stronger domestic economic activity, recently enacted tax reforms—such as VAT on foreign digital services and incentives intended to attract investment—more rigorous customs procedures, and heightened tax compliance efforts. These results affirm the important role that sound taxation, fiscal discipline, and financial policy play in not merely stabilizing but accelerating sustainable development. Yet to keep the momentum, policy frameworks must remain nimble in adapting to challenges like global inflationary pressures, evolving digital economies, and shifting trade patterns. Only through continued innovation and responsiveness can the Philippines sustain growth while safeguarding its economic resilience.

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

- Under the **CREATE MORE IRR (RA 12066, Implementing Rules, February 2025)**, new or qualified expansion projects listed under the Strategic Investment Priority Plan (SIPP) registered as RBEs to avail themselves of incentives such as Income Tax Holiday (ITH), 5% SCIT (available under certain conditions, in lieu of all national and local taxes and fees), or the Enhanced Deductions Regime (EDR), along with non-income incentives such as customs duty exemptions and VAT zero-rating for goods and services directly attributable to the registered activity. Projects with investments over ₱15 billion were approved by the FIRB, while those ₱15 billion and below were approved by the responsible IPA. A WFH arrangement of up to 50% of the workforce was allowed for eligible RBEs without affecting incentives. Authorities were also required to prevent double registration and to conduct impact evaluations.¹⁵
- **The Capital Markets Efficiency Promotion Act (CMEPA), or Republic Act No. 12214**, took effect on July 1, 2025, to simplify and harmonize the taxation of passive income and capital market transactions. It introduced reforms to incentivize investment and enhance the country's tax competitiveness, including reducing the stock transaction tax on listed shares from 0.6% to 0.1% of the gross selling price, harmonizing the final tax on dividends for individuals at 10%, and standardizing the capital gains tax on shares not traded on the local exchange and on foreign securities at 15%. The Act also amended the documentary stamp tax (DST) on the original issuance of shares and repealed numerous special-law exemptions to establish a simpler and fairer passive income tax system.¹⁶

14 Ramirez, J. (20 November 2023). BIR to undertake \$400-M digitalization drive. Retrieved from <https://mb.com.ph/2023/11/19/bir-to-undertake-400-m-digitalization-drive-1>.

15 DOF. (05 December 2024). IMPLEMENTING RULES AND REGULATIONS OF TITLE XIII OF REPUBLIC ACT NO. 8424 OTHERWISE KNOWN AS THE "NATIONAL INTERNAL REVENUE CODE OF 1997", AS AMENDED BY REPUBLIC ACT NO. 12066. Retrieved from: <https://www.dof.gov.ph/wp-content/uploads/2024/12/Draft-CREATE-MORE.pdf>

16 BIR. (29 May 2025). REPUBLIC ACT No. 12214. Retrieved from: <https://bir-cdn.bir.gov.ph/BIR/pdf/Signed%20RA%2012214%20-%20CMEPA.pdf>

- The BIR, through **Revenue Regulations No. 003-2025**, imposed a 12% Value-Added Tax (VAT) on digital services supplied in the Philippines by both resident and non-resident Digital Service Providers (DSPs). Covered services included online marketplaces, streaming platforms, cloud services, software, and other digital goods. For non-resident DSPs, a reverse charge mechanism applied to B2B sales, while they were directly liable for VAT on B2C sales. Registration with the BIR was mandatory, and non-compliance led to a Take-Down Order suspending their services in the country.¹⁷
- **In February 2025, the Philippines was officially removed from the Financial Action Task Force (FATF) Grey List** after meeting all items in its action plan. Compliance measures included strengthening the Anti-Money Laundering/Counter-Terrorism Financing (AML/CTF) framework, as well as improvements in legislative oversight and compliance reporting. These reforms were guided by Executive Order No. 33 (2023) and coordinated actions by Congress, the BSP, and the Anti-Money Laundering Council (AMLC).¹⁸
- In June 2025, President Ferdinand Marcos Jr. signed into law the **Enhanced Fiscal Regime for Large-Scale Metallic Mining Act**, which simplified and modernized the country's mining taxation system. The law standardized obligations by requiring companies within mineral reservations to pay a 5% royalty on gross output, while those outside were subject to a margin-based royalty on income. It also imposed a windfall profits tax when margins exceeded 30% and applied ring-fencing to prevent offsetting losses against profits.¹⁹
- On January 10, 2024, the BIR issued **RMC No. 5-2024** clarifying the tax treatment of cross-border services after the Supreme Court's *Aces Philippines v. CIR* ruling. The circular reaffirmed the source-based taxation principle, stating that income was taxable in the Philippines if services performed in the country were integral to completing the contract, regardless of where payment was made. Such income was treated as Philippine-sourced and was subject to income tax and final withholding VAT.²⁰
- Issued in November 2024, this memorandum formally released the User Guide for the **Philippine Sustainable Finance Taxonomy Guidelines (SFTG)**. It served as the official notice to banks, framing the guide as a quick reference tool while directing institutions back to **Circular No. 1187** for full implementation details. The memorandum also referred to **Memorandum No. M-2024-028** for clarifications on excluded activities such as coal projects, and it signaled BSP's intent to coordinate with banking associations on training and consultations to refine the SFTG in future updates.²¹

17 BIR. (16 January 2025). Revenue Regulations No. 003-2025. Retrieved from: <https://bir-cdn.bir.gov.ph/BIR/pdf/RR%20No.%203-2025.pdf>.

18 Office of the Speaker. (22 February 2025). Speaker Romualdez: Exit from FATF dirty money 'grey list' reaffirms global trust on PH economy. Retrieved from: <https://bit.ly/3Wc41nw>

19 Philippine Communications Office. (04 September 2025). PBBM signs Enhanced Fiscal Regime for Large-Scale Metallic Mining Act, mandating royalty fees from mining sites. Retrieved from: <https://pco.gov.ph/news-releases/pbbm-signs-enhanced-fiscal-regime-for-large-scale-metallic-mining-act-mandating-royalty-fees-from-mining-sites/>

20 BIR. (10 January 2024). Revenue Memorandum Circular No. 05-2024. Retrieved from: <https://assets.kpmg.com/content/dam/kpmg/ph/pdf/InTAX/2024/RMC%20No.%205-2024.pdf>.

21 BSP. (08 November 2024). Memorandum No. M-2024-035. Retrieved from:

Released alongside **Memorandum No. M-2024-035**, the **User Guide** provided the detailed framework for classifying economic activities as environmentally and socially sustainable to help them access green finance. It introduced a seven-step assessment requiring activities to substantially contribute to Climate Change Mitigation or Adaptation, pass the “Do No Significant Harm” (DNSH) test, and comply with Minimum Social Safeguards (MSS). Activities were then rated Green (compliant), Amber (remediable harm with a plan within 5–10 years), or Red (non-compliant). The guide also highlighted priority sectors (e.g., energy, transport, agriculture), listed excluded activities (e.g., fossil fuel exploration, gambling, projects linked to forced labor), and provided a simplified approach for MSMEs, including recognition of certified sustainable practices.²²

- **BSP Circular No. 1203, Series of 2024** issued guidelines requiring BSFIs to build operational resilience, defined as the ability to sustain critical services during major disruptions. Banks identified key operations, set disruption tolerances, mapped dependencies, and tested readiness against severe scenarios such as cyberattacks or natural disasters. The framework was integrated with existing risk systems, while phased implementation began with a self-assessment and gap analysis within one year. BSFIs were also required to report major incidents within 24 hours and disclosed their resilience approach in annual reports.²³
- At the start of the 20th Congress, Rep. Martin Romualdez, Tingog Party-list Rep. Jude Acidre, and Rep. Andrew Romualdez, filed **House Bill No. 7**, expanding the Bangko Sentral ng Pilipinas’ (BSP) powers. Under the bill the BSP would have extra powers to investigate and scrutinize bank deposits, including foreign currency accounts under strict conditions and only in cases where there is reasonable suspicion of fraud or unlawful activity.
- At the start of the 20th Congress, Senator Chiz Escudero refiled a bill on Bank Secrecy Law amendments. Additionally, Senator Ping Lacson also filed a similar bill.
- Senator Escudero’s bill seeks to amend the Bank Secrecy Law to make public officials automatically submit a waiver permitting the Office of the Ombudsman access to their bank accounts (including foreign currency deposits) within one month of assuming office. If they refuse, they must cease serving. The waiver is exclusive to the Ombudsman, though in certain cases (verified complaint, court case) that exclusivity is lifted.²⁴
- Senator Lacson’s bill is more limited in form: it proposes to amend Section 2 of RA 1405 (Bank Secrecy Law) to explicitly exclude public officials and employees (both elective and appointive, including uniformed services and GOCCs) from bank deposit secrecy. Similarly, his companion bill amends RA 6426 (Foreign Currency Deposit Act) to exclude officials’ foreign currency deposits from secrecy protections.²⁵

<https://www.bsp.gov.ph/Regulations/Issuances/2024/M-2024-035.pdf>

22 BSP. (08 November 2024). Memorandum No. M-2024-035. Retrieved from:

<https://www.bsp.gov.ph/Regulations/Issuances/2024/M-2024-035.pdf>

23 BSP. (28 October 2024). Circular No. 1203-2024. Retrieved from: <https://www.bsp.gov.ph/Regulations/Issuances/2024/1203.pdf>

24 Senate of the Philippines. (03 July 2025). CHIZ: WAIVING BANK SECRECY RIGHTS TO BOLSTER PUBLIC TRUST IN GOV’T OFFICIALS. Retrieved from: https://web.senate.gov.ph/press_release/2025/0703_escudero1.asp.

25 Senate of the Philippines. (11 July 2025). Ping Lacson Bills Strip Gov’t Officials, Employees of Secrecy in

ADVOCACY RECOMMENDATIONS

Enhancing Efforts on Ease of Paying Taxes: Boost Digital Transformation and Streamline Tax Processes

In recent years the Philippines has made significant progress toward digitalizing tax filing and payment processes, and the benefits are becoming increasingly clear. According to the Bureau of Internal Revenue’s (BIR) Commissioner Romeo Lumagui Jr, more taxpayers are using the bureau’s e-services. During the 2025 National Tax Campaign Kick-Off, the BIR reported that from January to October 2024, e-payment collections by the BIR reached PhP 2.06 trillion, amounting to 85% of total collections over that period.²⁶ By April 2025, the BIR reported a 22.5% increase, from last year in annual income tax return (ITR) filings, due to digitalization efforts and early tax awareness.²⁷ The Bureau is also aiming to expand the use of electronic filing and payments of taxes to around 90% to 95% for 2025, through the enhancement of e-lounges at district offices where taxpayers can learn the bureau’s electronic tools for tax payments.²⁸

As these trends show, digital transformation is already proving to be a force-multiplier in terms of ease, compliance, and revenue assurance. However, gaps persist, especially for micro- and small enterprises, for taxpayers in more remote provinces, and in frontline services that still require physical presence. For instance, early 2025 data indicates that while the BIR aims for more widespread digital access, many taxpayers still travel long distances or wait in office queues to handle even simple queries.²⁹ The BIR is proposing a 6.5% budget increase in 2026 from the current PhP 16.9 billion to PhP 18 billion to implement and execute digital transformation efforts and improve its offices and facilities. Part of the bureau’s proposal is to build a PhP 150 million contact center where taxpayers can inquire and pay their taxes via phones.³⁰

Given this context, the digitalization and streamlining of tax processes is essential not only to drive government revenues but also to modernize our tax systems and simplify things for taxpayers. By expanding digital infrastructure, refining user experience, increasing accessibility, and strengthening support systems, the government can ensure sustained gains in revenue collection and taxpayer compliance.

Bank and Foreign Currency Deposits. Retrieved from: https://web.senate.gov.ph/press_release/2025/0711_lacson1.asp.

26 Gonzales, A. (04 February 2025). BIR: Collections from e-payments exceed P2-T. Retrieved from: <https://www.pna.gov.ph/articles/1243348>.

27 Cervantes, F. (24 April 2025). BIR reports 22.5% rise in tax filings this year. Retrieved from: <https://www.pna.gov.ph/articles/1248648>.

28 Jose, K. (05 February 2025). BIR eyes up to 95 percent e-payments. Retrieved from: <https://tribune.net.ph/2025/02/04/bir-eyes-up-to-95-percent-e-payments>.

29 Simeon, L. (19 June 2025). Tax collection target likely to be revised. Retrieved from: <https://www.philstar.com/business/2025/06/19/2451548/tax-collection-target-likely-be-revised>.

30 Ibid.

Accelerate E-Invoicing

On 25 February 2025, the Bureau of Internal Revenue (BIR) issued Revenue Regulation No. 11-2025 which mandates the expanded use of electronic invoicing and electronic sales reporting by certain categories of taxpayers. Among those newly covered are businesses involved in e-commerce, taxpayers under Large Taxpayers Service (LTS), those classified as large under the Ease of Paying Taxes Act and RR No. 8-2024, and taxpayers using Computerized Accounting Systems (CAS), Computerized Books of Accounts (CBA) with electronic invoicing, or similar invoicing software.³¹

Under Revenue Regulation 11-2025, those covered will have one year from the date of effectivity to comply with the electronic invoice issuance requirement.³² The deadline gives a standard implementation window, but does not take into account system integration, software certification, data format alignment, infrastructure readiness, and other internal process adjustments.

The ECCP, commends the BIR for its pursuit of implementing e-invoicing to improve efficiency and reduce compliance burdens. The ECCP respectfully recommends that any further updates, technical directives, or supplementary rulings related to Electronic Invoicing/Receipting System (EIS) be issued with clear timelines. This would help avoid confusion among taxpayers about when certain compliance becomes obligatory. Additionally, clear guidance should articulate not only the required actions, but also the implementation methodology, timeline, and applicable technical specifications, such as approved data formats (e.g., JSON or XML), API protocols, and software certification or registration procedures, so that organizations, particularly medium and large enterprises, can plan and allocate resources effectively.

It is also crucial to ensure the harmonization of EIS requirements with existing Enterprise Resource Planning (ERP) systems, CAS/SBA or other invoicing software. Many enterprises already have existing systems. Many enterprises already operate established systems; therefore, the BIR should provide detailed integration guidelines so that ERP outputs align seamlessly with the structured invoice data mandated under RR 11-2025. An example of this is that data formats must be capable of being extracted electronically, and invoices generated by the ERP or invoicing software must have structured data. Pure PDF or scanned images may not meet the standard unless they are accompanied by the required structure metadata.

Additionally, based on member feedback, implementing EIS typically takes 3 to 6 months. It involves numerous processes such as integration with BIR's systems, obtaining certification, updating processes, training staff, and ensuring that all branches align. During this period, transition support should be provided through test environments, help desks, workshops, sample code, even sandbox modes for software vendors. Clear certification processes must also be published so businesses would have a basis for compliance.

31 Bureau of Internal Revenue. (25 February 2025). BIR Revenue Regulation No. 011-2025. Retrieved from: <https://bir-cdn.bir.gov.ph/BIR/pdf/RR%20No.%2011-2025.pdf>.

32 Ibid.

Resolve Ambiguity in Cross-Border Taxation

In light of tax exposures by many multinational and regional entities here in the Philippines, it is crucial that the government issue clearer guidelines on the taxation of services provided across borders, particularly for shared service centers and digital delivery models. The ambiguity surrounding cross-border payments has left room for various interpretations by revenue examiners, which may result in the imposition of substantial deficiency assessments that are either disproportionate or more than a company is able to pay.

Revenue Memorandum Circular (RMC) No. 5-2024, issued 10 January 2024, extends Philippine taxation to payments made to foreign service providers if the service output is "utilized or consumed" in the Philippines.³³ In practice, this means that common outsourced services such as consulting, IT outsourcing, financial, telecom, engineering, training, and similar fields, become subject to Philippine income tax (25% final withholding) and VAT (12%) even when rendered entirely abroad. The RMC invokes a "benefits-received" theory anchored on a single Supreme Court case (Aces Philippines Cellular Satellite Corp. v. Commissioner of Internal Revenue) involving satellite airtime fees, and applies it broadly to many services, through the issuance of RMC No. 38-2024.³⁴

Despite the clarifications provided by RMC No.38-2024, gaps remain. Firstly, the Supreme Court case did not list any of the services mentioned in RMC No. 5-2024. Secondly, the sweeping interpretation departs from the long-standing rule, under Section 42 of the National Internal Revenue Code (NIRC), that foreign service income is taxable in the Philippines only when the service is performed in the country.³⁵

Other business groups representing shared services centers, BPOs, digital platforms and related industries further warn that RMC 5-2024 will sharply raise the cost of doing business in the Philippines.³⁶ In practice, shared-service and digital firms often provide support or back-office functions across borders with minimal local "presence" beyond their Philippine entity. RMC 5-2024 would treat even a small Philippine component of a distributed service as granting full taxing rights to the BIR, a result industry experts say is unwarranted for typical BPO/SSC arrangements.³⁷

RMC 5-2024 can be seen to conflict with the National Internal Revenue Code's clear rule that only services performed in the Philippines are taxable. By extending a narrow Supreme Court case to a broader market, it risks taxing income earned entirely abroad and creates uncertainty about when a service is deemed "performed" locally. This

33 Bureau of Internal Revenue. (10 January 2024). BIR Revenue Memorandum Circular No. 05-2024. Retrieved from: <https://bir-cdn.bir.gov.ph/BIR/pdf/RMC%20No.%205-2024.pdf>.

34 Bureau of Internal Revenue. (15 March 2024). BIR Revenue Memorandum Circular No. 38-2024. Retrieved from: <https://www.reyestacandong.com/wp-content/uploads/2024/04/RMC-No.-38-2024.pdf>.

35 Escobinas, D. (18 June 2024). When Clarifications lead to Confusion. Retrieved from: <https://gorricetalaw.com/when-clarifications-lead-to-confusion-by-atty-danica-anne-s-escobinas>.

36 Tabile, J. (15 February 2024). Chambers urge BIR to revoke cross-border service tax rule. Retrieved from: <https://www.bworldonline.com/economy/2024/02/15/576094/chambers-urge-bir-to-revoke-cross-border-service-tax-rule/>.

37 Ibid.

approach also ignores long-standing treaty protections: under most Philippine tax treaties, a foreign company's profits are taxable here only if it has a Philippine permanent establishment. Imposing tax simply because a service's results are "consumed" in the country departs from OECD norms and proper transfer-pricing principles, which allocate profit based on where value is actually created.³⁸

The Chamber hopes for the revocation or suspension of RMC 5-2024 while so many questions and concerns persist. Its expanded scope of tax jurisdiction risks harming the very industries it targets and may breach the Philippines' treaty obligations. The Chamber urges the BIR and DOF to suspend or withdraw RMC 5-2024, and work with stakeholders to develop a balanced approach consistent with law and international norms. This will no doubt protect revenues against abuse and ensure the confidence of taxpayers in the fairness and stability of the country's tax system.

Support for Renewable Energy

The Philippines has made remarkable progress towards renewable energy (RE) development in recent years. Most notable of which is the Department of Energy Circular No. 2022-11-0034, issued on 15 November 2022. The circular amended RA 9513 or the Renewable Energy Act of 2008, to remove restrictions in foreign ownership of certain renewable energy resources. Under the circular, foreign investors are allowed to have 100% equity in the exploration and utilization of solar, wind, hydro, and ocean or tidal energy resources.³⁹ For 2025, the government increased the budget allocation for the country's renewable energy development program by 8.4% from the previous year, amounting to PhP 155.7 million from PhP 143.65 million.⁴⁰

Yet despite these developments, there is still room for improvement when it comes to RE development and deployment. Regulatory and permitting delays were reported stemming from a lack of standardized permitting processes across local government units (LGUs). Based on the Philippine Solar and Storage Energy Association (PSSEA), the lack of standardization is seen as a deterrent for both consumers and businesses, especially with added and often burdensome permit requirements⁴¹. For example, the lack of standardized permitting processes across LGUs is significantly slowing growth in rooftop solar adoption; fees and documentation requirements vary widely, and delays in permit approvals adds cost.⁴²

To accelerate renewable energy investment, the government should ensure that tax

incentives are both clear and competitively structured. This would mean strengthening and broadening incentive mechanisms such as duty-free importation of RE equipment or VAT exemptions or zero-ratings, even income tax holidays can be considered. It is also crucial that the government must make these incentives available not only to large-scale developers, but also to smaller projects like rooftop solar, community installations, and small and medium enterprises (SMEs). These incentives can be codified into law or regulation for stability in the medium term. A transparent digital portal for submitting and tracking incentive applications would also help reduce paper paperwork, increase accountability, and give investors reliable timelines. Equally important is streamlining permitting and regulatory processes, which should be coordinated through a whole-of-government approach with the LGUs at the forefront.

Establishing streamlined processes and incentives would further strengthen RE development, support more inclusive growth, improve energy resilience, reduce dependence on fossil fuels, lower environmental risk, and make the overall regulatory and tax environment more predictable and efficient.

Standardize Tax Assessment and Valuations

Standardized tax assessments and valuations form the foundations of a fair, efficient, and investment-friendly tax system. When assessment bases, whether for imported goods, properties, or excise items, are inconsistent, not standardized, or outdated, businesses face uncertainty. They would be unable to reliably forecast tax liabilities, plan financial strategies, or evaluate potential returns. This lack of transparency would also increase the risk of disputes, costs, and even corruption. For example, taxpayers may be assessed based on different formulas or market references depending on region or assess, which ultimately undermines trust in the tax administration of the country and places a heavier burden on businesses and taxpayers who have to constantly adapt to shifting standards.

In the Philippines, real property taxation provides an example of the costs of unstandardized valuation. Under the Local Government Code and National Internal Revenue Code, Schedules of Market Values (SMVs) are supposed to be updated every 3 years, yet a large number of LGUs and revenue district offices have fallen behind. In March 2023, the Congressional Policy and Budget Research Department (CPBRD) reported that cities with outdated schedules of market values (SMVs) for real property were estimated at 65% or 96 out of 146. The passage of the Republic Act 12001 or the Real Property Valuation and Assessment Reform Act (RPVARA) on 13 June 2024, sought to solve this problem, by establishing rules and regulations for consistent real property valuations that are based on international standards. It adopts the market value as the single basis for real property valuation for tax assessment and other transactions.⁴³ It thus mandates the adoption of consistent valuation standards and an electronic property registry to help eliminate local valuation irregularities and promote fairness across jurisdictions.

38 OECD. Transfer pricing. Retrieved from: <https://www.oecd.org/en/topics/sub-issues/transfer-pricing.html>.

39 Gita-Carlos, R. (13 September 2023). PH open to full foreign ownership of renewable energy projects: PBBM. Retrieved from: <https://www.pna.gov.ph/articles/1209831>.

40 Lelis, B. (19 January 2025). Budget for RE development program hiked to P155 million. Retrieved from: <https://www.philstar.com/business/2025/01/19/2415179/budget-re-development-program-hiked-p155-million>.

41 Power Philippines. (21 May 2025). Inconsistent LGU Permits Stalling Rooftop Solar Growth, Expert Warns. Retrieved from: <https://powerphilippines.com/inconsistent-lgu-permits-stalling-rooftop-solar-growth-expert-warns>.

42 Ibid.

43 Domingo, N. (21 January 2025). The Reformation of Real Property Valuation: Insights on the RPVARA and its implementing Rules and Regulations. Retrieved from: <https://www.grantthornton.com.ph/insights/articles-and-updates/lets-talk-tax/the-reformation-of-real-property-valuation-insights-on-the-rpvara-and-its-implementing-rules-and-regulations/>

The government must also address the confusion caused by the interchangeable use of Revenue Regulation (RR) Nos. 03-2007, 17-2012, and 07-2021 in the BIR's market surveys. The Chamber recommends the BIR publish the formula for computing Net Retail Price (NRP) and the results of its price surveys to provide transparency and a clear basis for tax assessments, with imported liquors and spirits as one of many examples. The Chamber further recommends revisiting RR 7-2021 to provide precise criteria for selecting "major supermarkets" and for determining the average retail price of alcohol products. We call for the government to ensure consistent application of rules by mandating that BIR and the SEC directives be applied uniformly across all regions, eliminating regional inconsistencies and reinforcing a predictable, stable environment for business valuations and assessments.

Implementing these reforms for assessments related to excise, import valuations, business asset valuations, and retail-price based assessments would reduce compliance burdens, limit opportunities for regional over or under-valuation, and ensure businesses can predict and plan their tax obligations more accurately. This would also reduce dispute resolution costs, align with international valuation norms, and help preserve business and taxpayers trust. Ultimately, contributing to tax compliance and stable revenue flows.

Promote Sustainable Financial Practices: Establishing a Carbon Credits Facility

A dedicated carbon credits facility can mobilize the business sector's engagements in climate mitigation by turning emissions reductions into a financial asset. By setting clear mechanisms for certifying, generating, and trading carbon credits, the facility would align the private sector's interests with national decarbonization goals. This would mean companies that invest in approved low-carbon projects (ex. Renewable energy, green infrastructure, among others) can earn credits to sell or use against their own emissions. This would create new revenue streams where financial firms can broker or invest in the credits market. The Renewable Energy Act of 2008 or Republic Act 9513, already provides tax exemptions for carbon credits generated from renewable energy sources.⁴⁴ A carbon facility with clear incentives would allow businesses to deduct or receive tax credits for approved carbon-offset investments which would lead these companies to lower tax burdens, gain marketable assets, and meet sustainability goals.

The carbon facility must also align with recognized international standards and agreements. It can operate both as a voluntary platform and to conform with the Paris Agreement mechanisms. An example is that credits can be issued under accredited schemes or through government-approved programs. The facility must also account for the rules of Article 6 of the Paris Agreements which states that countries may enter bilateral implementation agreements to trade Paris-compliant carbon credits.⁴⁵ In August 2024, Singapore and the Philippines signed a Memorandum of Understanding (MOU) to collaborate on Article 6 carbon credits.⁴⁶ The MOU

⁴⁴ Official Gazette. (16 December 2008). Republic Act No. 9513. Retrieved from: <https://www.officialgazette.gov.ph/2008/12/16/republic-act-no-9513/>.

⁴⁵ Latham & Watkins. (September 2025). Singapore Signs Further Implementation Agreements and Announces Nature-Based Carbon Credit Projects. Retrieved from: <https://www.lw.com/en/insights/singapore-signs-further-implementation-agreements-and-announces-nature-based-carbon-credit-projects>.

⁴⁶ Singapore Ministry of Trade and Industry. (15 August 2024). Singapore and the Philippines sign Memorandum of Understanding to collaborate on Article 6 to accelerate climate action. Retrieved from:

enables the exchange of best practices and knowledge for the development of high integrity carbon markets and identifying mutually beneficial Article 6-compliant carbon credit projects.⁴⁷ A national facility can build on this by authorizing credits that qualify under Article 6 as well as under voluntary market protocols.

If the country adopts a carbon tax or emissions trading system (ETS), the facility can also act as its market infrastructure or registry. Companies under an ETS could meet part of their obligations by buying credits from the facility's approved projects. On top of this, the facility can also supply credits to international voluntary markets. A clear legal and technical framework, including a registry, monitoring, reporting, and verification system, and third-party audits are crucial to ensure the success of the facility.

Across the region, several countries have successfully established carbon-market mechanisms to bring in investment and reduce emissions. Singapore has built one of the region's most advanced frameworks through the International Carbon Credit (ICC) system, signing multiple Article 6 agreements⁴⁸, and operating Climate Impact X⁴⁹, a global voluntary credit exchange. In 2023, Malaysia launched the Bursa Carbon Exchange, the world's first Shariah-compliant voluntary program, and the country continues to explore a national emissions trading scheme.⁵⁰ In Indonesia, a compliance emissions trading system for the power sector was introduced in 2023, pairing it with a national carbon tax to create domestic demand for credits while leveraging REDD+ forestry projects for international trading.⁵¹

Finally, the chamber recommends that the government closely collaborates with industry stakeholders to conduct thorough analysis, studies, and other impact assessments before finalizing and implementing a carbon credits facility. The process should not only undergo thorough economic analysis, but a cost-benefit analysis to evaluate potential outcomes across different sectors. Through this, policymakers can ensure that it will be applied and established equitably, promote regulatory certainty, and avoid creating barriers for doing business.

Structured currently, the facility would help businesses turn climate action into profit, through tax savings and credit sales, and would help banks and investors channel capital into sustainable and green projects. Through thorough collaboration with stakeholders, a carbon credit facility

<https://www.mti.gov.sg/Newsroom/Press-Releases/2024/08/Singapore-and-the-Philippines-sign-Memorandum-of-Understanding-to-collaborate>.

⁴⁷ Ibid.

⁴⁸ Latham & Watkins. (September 2025). Singapore Signs Further Implementation Agreements and Announces Nature-Based Carbon Credit Projects. Retrieved from: <https://www.lw.com/en/insights/singapore-signs-further-implementation-agreements-and-announces-nature-based-carbon-credit-projects>.

⁴⁹ World Economic Forum. Climate Impact X. Retrieved from: <https://www.weforum.org/organizations/climate-impact-x-cix/#:~:text=Climate%20Impact%20X%20>.

⁵⁰ International Carbon Action Partnership. Malaysia. Retrieved from: <https://icapcarbonaction.com/en/ets/malaysia>.

⁵¹ Bo-yu, L. (16 July 2025). Indonesia's local companies make up 90% of carbon market buyers, IDX reveals. Retrieved from: <https://www.recessary.com/en/news/domestic-demand-dominates-indonesia-carbon-market>.

would accelerate the shift to a low-carbon economy by making green investments financially attractive and consistent with international carbon finance standards.

Strengthen Tax Awareness and Promotion of Tax Payers' Rights

Furthering our advocacy for a transparent and fair tax system, clear communication, enforcement and strong awareness of the rights of all stakeholders are crucial to making this a reality. When taxpayers, especially vulnerable groups or businesses, do not fully understand existing rules, or when rules are applied unevenly or unclearly, it can lead to under-compliance, disputes, and distrust. Improving awareness of international tax norms and ensuring rights-based protections in tax policy is essential in promoting fairness, reducing friction, and fostering a business environment where businesses and taxpayers can plan with clarity.

Adopt International Standards

The Philippines should more actively align its tax rules and administrative practices with globally accepted norms, such as those embedded in the OECD/G20 BEPS Inclusive Framework, including the Pillar 2 Rules and Global Minimum Tax. While the Philippines has joined the framework and committed to implementing measures to address base erosion and profit shifting (BEPS), more needs to be done in law and regulation to ensure that multinational enterprises pay a minimum effective tax rate, treaty rules are respected, and domestic incentives do not conflict with international obligations. Meeting and applying international standards would help protect the country's right to tax multinationals fairly, maintain competitiveness, and reduce the risk of trade retaliation.

Clarify Senior Citizen & Persons with Disabilities (PWD) Discounts

The Expanded Senior Citizens Act of 2010 or Republic Act 9994 and Republic Act 10754 which expands privileges for persons with disabilities (PWD), provide for discounts for both senior citizens and PWDs including VAT exemption and 20% off on medicines, essential supplies, among others.⁵²⁵³ In 21 March 2024, the Department of Trade and Industry (DTI), the Department of Agriculture (DA), and the Department of Energy (DOE), issued Joint Administrative Order No. 24-02 (JAO No. 24-02), which revised the rules granting special discounts to senior citizens and PWDs on the purchase of basic necessities and prime commodities (BNPC).⁵⁴ This is on top of the 20% discount provided under RA No. 9994 and RA No. 10754 Under the JAO, all PWDs and Senior Citizens are granted a special discount of 5% of the regular retail price of basic necessities and prime commodities, without exemption from the VAT. The total amount of special discount

has a cap of PhP 125 per week, with a purchase cap of PhP 2,500.

However, both businesses and beneficiaries have expressed their concerns over what qualifies, how purchases must be documented, whether businesses can claim tax credits for discounts, and how online or e-commerce purchases should be handled. In the latter case, BIR officials have already stated, through Revenue Regulation No.8-2023, that online platforms must honor senior citizens and PWD discounts without requiring a signature, but they would still need the ID number and strict compliance with proof of entitlement.⁵⁵ Clearer, more streamlined guidelines on eligibility, documentation, and how businesses can deduct or receive credit for these discounts will reduce administrative burdens. It would also help avoid inconsistent enforcement across regions and ensure that these benefits do not become disincentives for businesses, particularly in pharmaceutical retail, groceries, and e-commerce.



52 Official Gazette. (15 February 2010). Republic Act No. 9994. Retrieved from: <https://www.officialgazette.gov.ph/2010/02/15/republic-act-no-9994/>.

53 LawPhil Project. (27 July 2015). Republic Act No. 10754. Retrieved from: https://lawphil.net/statutes/repacts/ra2016/ra_10754_2016.html.

54 Alburo Alburo and Associates Law Offices. (12 October 2024). Revised Rules on Special Discounts to Senior Citizens and PWDs on Their Purchase of Basic Commodities (DTI-DA-DOE Joint Administrative Order No. 24-02). Retrieved from: <https://www.alburolaw.com/revised-rules-on-special-discounts-to-senior-citizens-and-pwds-on-their-purchase-of-basic-commodities-dti-da-doe-joint-administrative-order-no-24-02>.

55 Jocson, L. (02 August 2023). BIR urges online sellers to honor senior citizen, PWD discounts. Retrieved from: <https://www.bworldonline.com/economy/2023/08/02/537541/bir-urges-online-sellers-to-honor-senior-citizen-pwd-discounts>.

ASSESSMENT OF THE 2024 RECOMMENDATIONS

2024 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Fast-track Senate Concurrence of the Foreign Account Tax Compliance Act (FATCA)	
Enact the Anti Financial Account Scamming Act and the amendments to the Bank Secrecy Law	The Anti Financial Account Scamming Act (AFASA) was signed by the Philippine President and enacted into law on 20 July 2024.
Further Promotion of Ease in in Tax- and Finance-Related Transactions and Processes	Boost digital transformation in the financial sector Digital Payments made up to almost 60% of both volume and value of total monthly retail transactions, according to the BSP. In the 2024 BSP Status of Digital Payments report, it showed that the share of online payments in monthly retail transactions was at 57.4% in terms of volume and 59% in terms of value. Last year, digital payments achieved clear dominance, surpassing non-digital transactions in both volume (3.307 billion) and value (\$135.95 billion). This massive growth was fueled primarily by merchant payments, P2P transfers, and B2B supplier payments, which collectively accounted for 93.2% of the total digital volume. Merchant payments were the single largest driver, comprising 66.4% of the volume and seeing a significant 29.1% year-on-year increase.

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
	The Senate concurrence of the Foreign Account Tax Compliance Act (FATCA) has remained pending in the Committee of Foreign Relations at the Philippine Senate since December 2016, according to a June 2019 report. No Senate Concurrence as of Feb 2025. Although, 2024 saw the concurrence of the Convention on Mutual Administrative Assistance in Tax Matters (MAAC)
	During the 19th Congress, the amendments to the Bank Secrecy Law passed in the house on final reading in May 2023, there had been little movement in the Senate, and ultimately remained stagnant.
Tax digitalisation and ease of paying taxes Implementing rules and regulations (IRRs) are either recent or still being rolled out. Robust enforcement, uniformity in implementation, and consistency across regions remain challenges. There have also been reports of inconsistency in how tax rules are applied, delays in rulings/refunds/audits, and informational uncertainty.	<u>Adoption of generally accepted international rules and practices</u> APA regime not yet operational and persistent uncertainties and enforcement variability. There remains substantial uncertainty about how the BIR applies transfer pricing rules, especially for cross-border service charges under RMC 5-2024, which many stakeholders view as overreaching. Businesses report that in audits, the BIR often uses a fixed markup (e.g. 10%) shortly after operations begin, without customizing for each company’s risk profile or cost structure. This inconsistent enforcement, coupled with lack of transparency in how comparables, functional analyses, and adjustments are selected, continues to undermine predictability in tax compliance.

2024 RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
	Tax digitalisation and ease of paying taxes The Ease of Paying Taxes Act was signed into law on 05 January 2024, with the aim to modernise the Philippine tax administration and strengthen taxpayer rights. BOC reports that 96.99% of customs procedures are fully digitalized.
Strengthen tax awareness and promote taxpayers' rights	The BIR has launched a 2025 National Tax Campaign featuring digital tools and awareness programs to inform taxpayers about obligations and rights.

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
<u>Adoption of generally accepted international rules and practices</u> There are existing frameworks in place through BIR's transfer Pricing Audit Guidelines and mandatory disclosures rules under RR No. 34-2020. On 28 August 2025, the BIR held a public consultation on the draft Revenue Regulations for an Advance Pricing Agreement (APA) Program, allowing taxpayers and the BIR to agree in advance on transfer pricing methodologies to reduce disputes and double taxation risk. The BIR has also reinforced timing rules for Transfer Pricing Documentation: taxpayers must prepare documentation before or at the time of related-party transactions or at least before filing their annual income tax returns, and in practice auditors are increasingly invoking standard mark-ups and requiring full documentation during audits	
In early 2025, the BIR issued RMC No. 013-2025, specifically calling for activities to "promote and enhance taxpayers' awareness" of correct tax payment. The Friendly Tax Compliance Verification Drive (TCVD) has also been used to educate taxpayers, help them address noncompliance proactively, and guide them through processes.	There remains no consolidated Taxpayer's Bill of Rights law yet enacted, so formal, enforceable protections and procedural clarity are still pending. The Code of Conduct for BIR officials is in place, but its implementation and enforcement remain inconsistent, and more robust accountability/reporting is needed.

TOURISM ADVOCACY PAPER 2025

INTRODUCTION

The level of investment in the tourism sector reflects the confidence and potential in the industry from a business standpoint. According to the Department of Tourism (DOT), the Philippines generated PHP 760.5 billion earnings, a 9.04% increase compared to 2023 from the PHP 697.46 billion in inbound tourism revenues recorded in 2023, and a 26.75% growth compared to the PHP 600.01 billion earned in 2019, the year prior to the COVID-19 pandemic.¹ Furthermore, the Philippines demonstrated progress in advocating sustainable and resilient tourism development, improving its standing in the 2024 Travel & Tourism Development Index (TTDI) published by the World Economic Forum (WEF), rising to 69th out of 119 economies from its previous rank of 75th.²

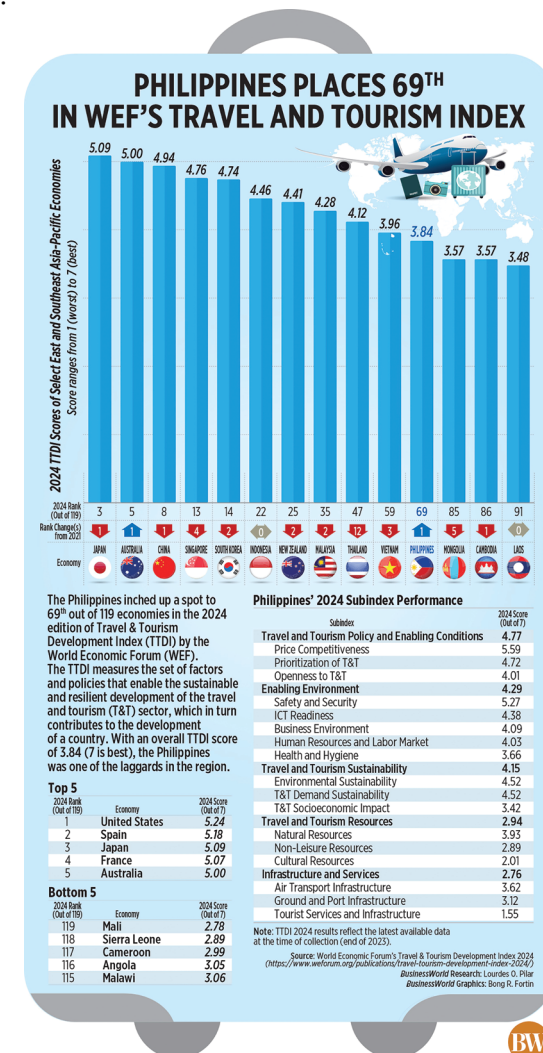


Figure 1. Philippines' Ranking in WEF's Travel and Tourism Index 2024
Source: Business World (adapted from WEF)

1 Villeza M.E. (08 January 2024). DOT: Tourism Industry Achieves Highest-ever Revenue in 2024. Retrieved from: <https://www.philstar.com/headlines/2025/01/08/2412634/dot-tourism-industry-achieves-highest-ever-revenue-2024>

2 Vedan R. (15 June 2024). World-class Ambitions: How PH can level up its Tourism Game. Retrieved from: <https://business.inquirer.net/463963/world-class-ambitions-how-ph-can-level-up-its-tourism-game>

Although the pandemic has affected the tourism sector, recent trends highlight the Philippines’ strong recovery trajectory, with increasing foreign arrivals and revenues signaling renewed confidence and sustained demand for local destinations. In 2024, international arrivals to the Philippines reached 5.9 million, marking a 9.15% increase from 2023’s 5.4 million visitors. Foreign nationals comprised the majority at 91.42% (5,438,967), while overseas Filipinos accounted for 8.58 % (510,383), reflecting sustained growth in inbound tourism.³ Among the top source markets, South Korea remained the largest contributor, with 1.57 million visitors, the United States with 947,891 visitors, Japan with 388,316 visitors, China with 312,222 visitors, and Taiwan with 208,736 visitors. While international arrivals and tourism revenues continued to grow, the DOT did not fully meet its target of 7.7 million arrivals. In response, the agency plans to revise its National Tourism Development Plan (NTDP) 2023–2028 for 2025 to better align with current trends.⁴

The tourism industry holds significant importance in the Philippines, consistently contributing to the nation’s GDP. Before the pandemic, tourism’s direct gross value added (TDGVA) reached PHP 2.5 trillion, equivalent to 12.9% of GDP. However, this figure plummeted to 5.1% in 2020 due to the pandemic’s impact. Since then, with the gradual easing of travel restrictions, it has rebounded to 6.2% of GDP in 2022. ⁵ ⁶ Nonetheless, TDGVA reached PHP 2.35 trillion in 2024, an 11.2 percent increase from PHP 2.12 trillion in 2023. According to the Tourism Satellite Account, visitor spending was distributed across accommodation, food and beverage services, transport, travel agencies, entertainment and recreation, shopping, and other tourism-related services. Outbound tourism expenditure recorded the fastest growth at 37.5 percent, reaching PHP 345.68 billion in 2024. Domestic tourism expenditure also expanded by 16.4 percent, from PHP 2.71 trillion in 2023 to PHP 3.16 trillion in 2024.⁷

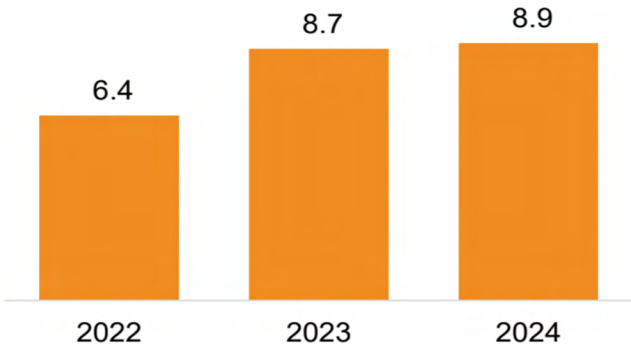


Figure 2. Percent Share of Tourism to GDP 2022 to 2024
Source: Philippine Statistics Authority

On the other hand, tourism-related employment strengthened, reaching 6.75 million in 2024, a 6.1% increase from 6.37 million in 2023. This accounted for 13.8% of the country’s total

3 PIA. (07 January 2025). PHL hits Record High Tourism Revenue in 2024. Retrieved from: <https://pia.gov.ph/phl-hits-record-high-tourism-revenue-in-2024/>
4 Arnaldo M.S (06 January 2025). Missed Goal: 5.95 M Foreign Tourists Visited PHL in 2024. Retrieved from: <https://businessmirror.com.ph/2025/01/06/missed-goal-5-95-m-foreign-tourists-visited-phl-in-2024/>
5 Pilar, L.O. (16 June 2023). Tourism’s contribution to GDP climbs to 6.2% in 2022. Retrieved from <https://www.bworldonline.com/top-stories/2023/06/16/529001/tourisms-contribution-to-gdp-climbs-to-6-2-in-2022/>
6 Philippine Statistics Authority. (15 June 2023). Tourism Contributes 6.2 Percent to GDP in 2022.Retrieved from <https://psa.gov.ph/statistics/tourism/node/1684059873>
7 PSA. (19 June 2025). Philippine Tourism Satellite Account. Retrieved from: <https://psa.gov.ph/statistics/tourism>

employment, underscoring the sector’s continued role as a key source of livelihood.⁸

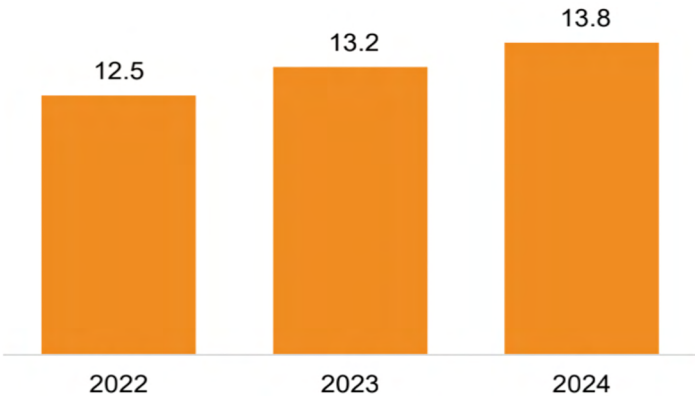


Figure 3. Percent Share of Tourism to Annual Employment 2022 to 2024
Source: Philippine Statistics Authority

The Tourism sector remains a major driver of national output, contributing substantially to GDP and employment, and reinforcing its role as a foundation of economic growth and a vital source of livelihood for millions of Filipinos.

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

- In 2023, the DOT unveiled the **Tourist Assistance Call Center**, which shall serve as the hotline and one-stop shop for local and foreign tourists, made available to provide tourism- and travel-related information and extend assistance to any untoward incidents that may occur during the tourist’s visit .⁹ To better serve key markets, the hotline expanded its services in February 2025 with **Korean-speaking agents**,¹⁰ and followed by the addition of **Mandarin-speaking agents** in September 2025, reflecting South Korea and China’s continued role as top inbound tourism markets.¹¹
- The DOT will be having a **mid-term review of the National Tourism Development Plan (NTDP) subject to “recalibration”**. According to DOT Secretary Christina Garcia Frasco the ‘recalibration’ will take into account different emerging factors that were not included during the NTDP’s publication.While international arrivals reached 5.65 million in 2024, short of the 7.7 million target, the review presents an opportunity to refine strategies and

8 PSA. (19 June 2025). Philippine Tourism Satellite Account. Retrieved from: <https://psa.gov.ph/statistics/tourism>
9 Department of Tourism. (2 October 2023). DOT launches Tourist Assistance Call Center. Retrieved from https://beta.tourism.gov.ph/news_and_updates/dot-launches-tourist-assistance-call-center/
10 Casucian JA. (04 February 2025). DOT’s Tourist Assistance Hotline Now has Korean-Speaking Agents. Retrieved from: <https://www.gmanetwork.com/news/topstories/nation/935166/dot-s-tourist-assistance-hotline-now-has-korean-speaking-agents/story/>
11 DOT. (16 April 2025). Mandarin-Speaking Agents Available to Tourists. Retrieved from: <https://tribune.net.ph/2025/04/15/mandarin-speaking-agents-available-to-tourists>

strengthen the country's path toward more resilient and sustainable tourism growth.¹²

- The Department of Labor and Employment (DOLE) issued **Department Order 242-24, revising the Implementing Rules and Regulations (IRR) of Republic Act 11360 or the Service Charge Law**. The new rules mandate the full and equal distribution of service charges among all employees of covered establishments whether regular, contractual, or agency-hired excluding only managerial staff. **Service charges are to be shared proportionally based on hours or days worked and distributed bi-monthly**. The revised IRR strengthens fairness and transparency, ensures non-diminution of existing benefits, expands grievance and dispute resolution mechanisms, and enhances compliance monitoring. Labor groups welcomed the inclusion of non-regular workers, urging employers to cooperate with unions and employees for smooth implementation.¹³ The Philippines **bagged 10 nominations for the World Travel Award (WTA) 2025**. The country aims to defend its title as Asia's leading "beach destination, leading dive destination, and leading island destination."¹⁴ The WTA is a globally recognized program that honors excellence across all major sectors of the travel, tourism, and hospitality industries. Nominations are curated by industry professionals, while winners are chosen through a public voting process that includes both tourism experts and the general public.¹⁵
- The Commission on Filipinos Overseas (CFO), in partnership with the DICT and Bureau of Immigration, has integrated its system with the **enhanced e-Travel app to streamline immigration processing for Filipino travelers, especially emigrants**. The integration enables real-time verification of CFO registration, reducing delays, curbing the use of fraudulent certificates, and improving data sharing among agencies. Officials said the initiative supports the Marcos administration's digitalization goals and ensures a faster, more secure, and efficient departure process at immigration checkpoints.¹⁶
- The DOT has integrated **disaster preparedness and climate resilience into the updated NTDP**. Drawing from nationwide consultations, the plan emphasizes long-term infrastructure, livelihood support, and programs tailored to disaster-prone areas. To operationalize this, **the DOT introduced the Tourism Disaster Risk Reduction and Management Manual for local governments** and partnered with the Department of Social Welfare and Development on the *Bayanihan sa Bukas na may Pag-asa sa Turismo* program, which extends financial aid, training, and livelihood assistance to affected workers and enterprises.¹⁷
- The DOT has provided **support for 15 community-based tourism projects aimed at fostering inclusive growth through sustainability, heritage preservation, and livelihood opportunities**. Leading the list is the Carabao Island Eco-Tourism Park in San Jose,

Romblon, alongside initiatives from various provinces in Luzon, Visayas, and Mindanao that highlight sustainable tourism, cultural conservation, and local enterprise development. These projects are expected to create jobs, stimulate small businesses, and revitalize community pride and economic activity.¹⁸

- The Philippine government, through Executive Order No. 86, has established a **Digital Nomad Visa (DNV) program for nonimmigrant foreigners engaged in remote work for overseas employers**. The DNV allows eligible applicants, those aged 18 and above, earning income outside the Philippines, covered by health insurance, and with no criminal or security issues to stay in the country for up to one year, renewable for the same period, with multiple entry privileges. Applicants must be nationals of countries that also extend DNVs to Filipinos. The Department of Foreign Affairs (DFA) will issue and monitor visas in coordination with the Bureau of Immigration, with implementing rules to be released within 30 days and full program rollout within 60 days.¹⁹
- **Starting September 14, 2025, terminal fees at the Ninoy Aquino International Airport (NAIA) will increase under the Manila International Airport Authority's (MIAA) revised Administrative Order No. 1**, aligned with its concession agreement with San Miguel-led New NAIA Infra Corp. (NNIC). International departure fees will rise from PHP 550 to PHP 950, while domestic terminal fees will **increase from PHP 200 to PHP 390**. Overseas Filipino workers (OFWs) remain exempt. MIAA and NNIC noted that despite the hike, the new rates are still lower than those charged by comparable airports in the region.²⁰

ON LEGISLATION

- The government has signed the implementing rules and regulations (IRR) of **Republic Act No. 12079**, establishing a **VAT refund system for non-resident tourists**. This allows foreign visitors to claim VAT refunds on goods worth at least P3,000 purchased from accredited stores, provided these are taken out of the country within 60 days. The system covers retail and tangible goods such as apparel, electronics, jewelry, and souvenirs. By encouraging higher tourist spending, the program is expected to generate significant economic gains, with every P100 spent translating to P197 in output. The Department of Finance committed to building a **world-class, transparent, and efficient refund system** to strengthen tourism competitiveness and spur job creation.²¹

12 Halili A. (18 December 2024). Tourism Development Plan to Recalibration. Retrieved from: <https://www.bworldonline.com/economy/2024/12/18/642460/tourism-development-plan-subject-to-recalibration/>

13 Patinio F. (03 February 2024). New Rules on Service Charge Law Out. Retrieved from: <https://www.pna.gov.ph/articles/1218204>

14 Almazan F. (10 April 2025). PH up for 7 Awards in the 2025 World Travel Awards. Retrieved from: <https://www.gmanetwork.com/lifestyle/travel/121615/ph-up-for-7-awards-in-the-2025-world-travel-awards/story>

15 DOT. (2025). Philippines Nominations at 2025 World Travel Awards Reach 10. Retrieved from: philippines-nominations-at-2025-world-travel-awards-reach-10

16 Enhanced e-Travel App with CFO System Streamlines Immigration Processes. Retrieved from: <https://www.pna.gov.ph/articles/1245163>

17 Rosel T. (18 June 2025). Disaster-ready Tourism Now Central in National Development Strategy. Retrieved from: <https://mb.com.ph/2025/06/18/disaster-ready-tourism-now-central-in-national-development-strategy>

18 Rosel T. (25 June 2025). 15 Tourism Projects Receive DOT Support for Countryside Development. Retrieved from: <https://mb.com.ph/2025/06/25/15-tourism-projects-receive-dot-support-for-countryside-development>

19 Aurelio JM. (27 April 2025). Marcos Approves for Digital Nomads. Retrieved from: <https://globalnation.inquirer.net/274690/marcos-approves-visas-for-digital-nomads>

20 Esmael L. (02 September 2025). No Stopping Hike in NAIA Terminal Fees Starting Sept 14. Retrieved from: <https://newsinfo.inquirer.net/2103257/no-stopping-hike-in-naia-terminal-fees-starting-sept-14>

21 Gonzales AG. (24 March 2025). PH now VAT-free for Foreign Tourists. Retrieved from: <https://www.pna.gov.ph/articles/1246697>

ADVOCACY RECOMMENDATIONS

Improvement of international and domestic connectivity

Upgrade airports and other tourism-related infrastructure

Airports are vital components of a strong and resilient economy, serving as gateways that connect the Philippines to global markets and opportunities. They facilitate international trade and investment by enabling the efficient movement of goods through high-speed cargo transport, reducing supply chain bottlenecks, and ensuring timely delivery of exports and imports. As critical nodes of tourism, airports shape a visitor’s first and lasting impression of the country, directly influencing its attractiveness as a destination. Beyond passenger and cargo services, airports generate significant employment opportunities and stimulate the growth of secondary industries, including hospitality, retail, logistics, and tourism-related establishments. Modern, well-planned airports also strengthen regional connectivity, promote balanced development, and enhance disaster response capabilities, making it a very important component to inclusive and sustainable economic growth.

Various countries, including Singapore and Hong Kong, have worked and invested over the years to make their country the premier international gateway in the Asian region, realising the economic gains this would bring. The Philippines has also made significant progress, with the Aboitiz GMR Megawide Cebu Airport Corporation (AGMCAC) winning another award for the Philippines in February 2023 as Asia’s Best Airport in the under 5 million passenger category.²² It has likewise achieved Level 1 Mapping, becoming the first airport in the Philippines to join the Airport Carbon Accreditation programme as well as the first and only ACI World Airport Service Quality (ASQ)-accredited airport in the country.²³ In November 2023, Clark International Airport was hailed as one of the 24 World’s Most Beautiful Airports, according to Prix Versailles, World Architecture Award.²⁴

Nonetheless, the country has yet to further improve its competitiveness vis-à-vis its ASEAN neighbours as the Ninoy Aquino International Airport (NAIA) has been frequently ranked relatively dismal. In 2024, the Ninoy Aquino International Airport (NAIA) was again reportedly the “worst airport in the region and ranked last among the busiest gateway globally”.²⁵ NAIA faces major challenges due to its limited route network and constrained passenger capacity. Chronic overcapacity has resulted in frequent delays and poor passenger experiences, weakening the Philippines’ global competitiveness as a tourism and investment hub. According to Asia Sentinel, prior to the onset of the COVID-19 pandemic, the airport was catering to 46 million people when it was originally only designed to cater to 25 to 35 million people per year.²⁶

22 Manila Times. PH bags back-to-back wins in Routes Asia 2023. Retrieved from <https://www.manilatimes.net/2023/02/24/public-square/ph-bags-back-to-back-wins-in-routes-asia-2023/1879989>

23 Airport Carbon Accreditation. (5 March 2024). Mactan-Cebu International Airport puts the Philippines on the Airport Carbon Accreditation map. Retrieved from <https://www.airportcarbonaccreditation.org/mactan-cebu-international-airport-puts-the-philippines-on-the-airport-carbon-accreditation-map/>

24 Adel, R. (10 November 2023). Clark International Airport among ‘World’s Most Beautiful Airports’. Retrieved from <https://www.philstar.com/headlines/2023/11/10/2310442/clark-international-airport-among-worlds-most-beautiful-airports>

25 Rosales E. (05 November 2024). NAIA remains worst airport, study shows. Retrieved from: <https://www.philstar.com/headlines/2024/11/05/2397696/naia-remains-worst-airport-study-shows>

26 Asia Sentinel. (2021). Manila’s Airport Fiasco. Retrieved from <https://www.asiasentinel.com/p/manilas-airport-fiasco>

Furthermore, the Philippines received 4.4 out of 10 in passenger facilitation, which is below the Asia-Pacific region’s overall average of 4.7, as reported by the International Air Transport Association (IATA) in the 2018 Air Transport Regulatory Competitiveness Index.²⁷

According to Oxford Economics, the Philippines could expect a 56% increase in airline passengers over the next eight years. This means that the country’s airport infrastructure should be able to handle 88.3 million passengers per year. There is also a major disparity in the efficiency and capacity of airports between the Philippines and its Asian neighbours. The Philippines obtained the lowest score for aviation infrastructure, which includes indicators such as flight availability and the quality of hard infrastructure used by domestic and international flights.²⁸

Indicators on airport infrastructure for select countries							
	Airlines	Airports	Passengers, in millions (2019)	Flights (2019)	Aviation infrastructure score	Connectivity ranking	Airport accessibility
China	57	238	654.6	4,959,100	4.3	5=[207]	73%
Hong Kong SAR	6	1	36.6	178,100	5.6	11=[197]	100%
Chinese Taipei	6	12	36.6	248,000	3.9	28=[69]	N/A
Indonesia	26	129	111.6	1,017,000	3.9	34=[158]	79%
Japan	23	79	152.2	1,140,700	4.8	12=[195]	99%
Malaysia	10	34	55.7	448,400	4.6	28=[169]	98%
Philippines	12	46	49.1	335,800	3.2	27=[170]	94%
Singapore	5	2	33.8	185,100	5.5	12=[195]	100%
South Korea	10	16	76.8	396,824	4.6	9=[200]	100%
Thailand	11	32	80.9	523,800	4.6	16=[189]	88%
United States	133	631	960.9	9,514,800	5.9	1=[218]	96%

Source: Oxford Economics²⁹

Upgrading airport infrastructure has become increasingly urgent, particularly after the New Year’s Day 2023 glitch at NAIA that temporarily shut down Philippine airspace and highlighted critical vulnerabilities in the system. Rehabilitation must go beyond physical facilities to include digital infrastructure upgrades, air traffic management systems, and enhanced transport networks to ensure operational resilience. Modernized airports serve as key drivers of economic growth and tourism, with expanded connectivity especially vital for remote and underserved regions. Strengthening the air transport system is essential to accommodate rising passenger demand, restore investor and traveler confidence, and support the recovery of the aviation and tourism sectors that were heavily impacted by pandemic lockdowns.

In this context, the ECCP commends the government leaders for considering NAIA modernisation a priority. The Chamber also continues to advocate for strengthened public-private partnerships (PPPs) in the rollout of key infrastructure projects such as airports, especially big-ticket ones,

airport-fiasco

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

28 Francisco, K. & Lim, V. (2022). Philippine Air Transport Infrastructure: State, Issues, Government Strategies. *Philippine Institute for Development Studies*. Retrieved from <https://pidswebs.pids.gov.ph/CDN/document/pidsdps2262.pdf>

29 Oxford Economics. (2020). Aviation: Benefits Beyond Borders. Retrieved from https://aviationbenefits.org/media/167517/aw-oct-final-atag_abbb-2020-publication-digital.pdf

since this initiative will provide access to the pool of funds, expertise, and innovation of the private sector. Relatedly, according to DOTr, there are now seven airports under the PPP. By 2026 the DOTr targets to increase the number of airports under PPP arrangements to 15. The government has also set a target of placing at least 20 airports under PPP arrangements by 2028, within the term of the Marcos administration. Priority projects include major gateways such as Iloilo, Davao, Laoag, Bicol, Bacolod-Silay, General Santos, Siargao, Dumaguete, and Busuanga. The DOTr not only prioritizes constructing major international airports per region in the country but is also preparing for smaller airports into single PPP packages.³⁰ These initiatives are expected to expand flight capacity, improve service quality, and open new destinations, thereby strengthening the aviation industry and promoting both inbound and outbound travel.

In February 2024, the DOTr announced the San Miguel Corp. (SMC)-SAP & Co. Consortium as a winning bidder for the NAIA rehabilitation project, as it proposed a revenue share with the government of 82.16%. The NAIA upgrade project involves the restoration of passenger terminals and airside facilities such as the runway, aircraft parking area, and airfield lighting, as well as the installation of infrastructure to allow for intermodal transfers at the terminal.³¹ According to the Agency, NAIA privatisation intends to improve aircraft movement per hour by 25%. The NAIA can only manage 40 to 44 aircraft movements per hour and will be able to handle up to 55 aircraft movements once privatised.³² The SMC-SAP & Co. Consortium has already taken over operations and maintenance of NAIA as of September 2024.³³

Moreover, the Committee reiterates that apart from airports, other infrastructure facilitating tourism services should be upgraded. As an archipelago, the Philippines requires air, land, and marine transport systems to facilitate mobility. Road networks are also relied on to convey passengers as well as freight. Ports, together with airports, trains, and roadways, are equally critical for connecting the major islands of Luzon, Visayas, and Mindanao, promoting domestic tourism and making it easier for travellers to explore many of the countries' tourist destinations. The National Tourism Development Plan (NTDP) 2023-2028 covers Improvement of Tourism Infrastructure and Accessibility as one of its 7-point agenda. The Strategic Infrastructure Programs of the Department of Public Works and Highways (DPWH) involve the Tourism Road Infrastructure Program (TRIP) implemented hand-in-hand with the DOT. Through TRIP, the DPWH allocated PHP 17.69 billion for the construction and improvement of roads and infrastructure facilities in tourist zones.³⁴ As of 2023, the DOT reported that 158 kilometers of tourism roads have been completed to increase connectivity with the DPWH under TRIP.³⁵

With this in mind, there should be improved mechanisms in place to support the transportation of travellers from the airport to their respective destinations in the country, especially within Metro Manila. In October 2023, President Ferdinand Marcos Jr. approved programs and projects

30 Business World. (01 May 2025). DoTr hopes to privatize 15 more airports by 2026. Retrieved from: <https://www.bworldonline.com/top-stories/2025/05/01/669621/dotr-hopes-to-privatize-15-more-airports-by-2026/>

31 PPP Center. (16 February 2024). SMC-SAP & Company Consortium wins NAIA PPP Project. Retrieved from https://ppp.gov.ph/press_releases/smc-sap-company-consortium-wins-naia-ppp-project/

32 Iglesias, M. (16 January 2023). NAIA privatization in the works; tourism, MSMEs to benefit. Retrieved from https://malaya.com.ph/news_business/naia-privatization-in-the-works-tourism-msmes-to-benefit/

33 Fernandez A. (14 September 2024). San Miguel-led consortium formally takes over NAIA. Retrieved from: <https://mb.com.ph/2024/9/14/san-miguel-led-consortium-takes-over-naia>

34 Gita-Carlos, R. A. (16 February 2023). P6.4 billion allotted to boost PH tourism image in 2023. Retrieved from pna.gov.ph/articles/1195414

35 Department of Tourism. (24 January 2024). Retrieved from <https://www.facebook.com/photo/?fbid=798038635701602&set=pb.100064864171029.-2207520000>

worth an estimated PHP 270 billion that are meant to boost tourism and address gaps in the country's healthcare system. Included on the list of National Economic and Development Authority (NEDA) board-approved projects is the PHP 4.5 billion rehabilitation of the Bohol-Panglao International Airport, which would be funded via PPP. At present, the airport can accommodate two million passengers annually. Once the upgrade is completed, the airport would be able to accommodate 3.9 million travellers per year.³⁶ Still, the DOT should continue to closely coordinate with the Department of Health (DOH) and other concerned agencies in establishing and improving health facilities in various tourist spots in the country, particularly in far-flung areas. This will facilitate ease of travel in the Philippines and further promote tourist arrivals. Essentially, building a modern, efficient infrastructure is critical to attracting more tourists to the Philippines.

Bridge the digital infrastructure gap and improve internet connectivity in Philippine airports for ease of communication for travellers

As gateways to the Philippines, airports play an important role in offering tourists a favourable impression of the Philippines. To fully utilise the potential for domestic and international tourism in the country, modernising the digital infrastructure of airports is required. This includes the improvement of internet connectivity in Philippine airports, especially the provincial ones, for ease of communication for travellers. In 2022, the DOTr and other Philippine airport authorities signed a memorandum agreement with an internet service provider to provide free public Wi-Fi at select airports nationwide.³⁷ In addition, the Department of Budget and Management (DBM) has granted the release of almost PHP 2.5 billion to the Department of Information and Communications Technology (DICT) for the implementation of the Free Public Internet Access Program (FPIAP). Over PHP 2.4 billion will be earmarked for free internet Wi-Fi connectivity in public places, while the remaining PHP 50 million goes to connectivity concerns for State Universities and Colleges (SUC).³⁸ Consistently, President Marcos has also pledged for faster internet access. In his 2025 State of the Nation Speech (SONA) he stated that he will expand public connectivity with the "Free Wi-Fi for All" initiative while also accomplishing reforms which will fasten the expansion of common towers, essential for infrastructure connectivity.³⁹

While the Tourism Committee welcomes these government initiatives, we emphasise the need to roll out not only free public Wi-Fi but also fast and improved internet connectivity both in international and domestic airports, most especially those located in the province. Such a move will enhance airport operations and processes as well as elevate the overall passenger experience. Moreover, the Committee highly urges the government to enhance internet connection across the country, notably in far-flung areas, as this will stimulate travel and longer stay of tourists in the Philippines. Together with its partners from the Joint Foreign Chambers (JFC) of the Philippines, the ECCP has actively supported the proposed Open Access in Data Transmission Act, which aims to create the space that will allow and empower as many different service providers as possible to build and operate data networks and give more choices to

36 Cigalal, I. N. P. (14 October 2023). Bongbong Marcos approves P270B worth of key projects. Retrieved from <https://business.inquirer.net/426249/marcos-approves-p270b-worth-of-key-projects>

37 Castillo, J. (21 November 2022). DOTr, airport authorities partner to roll out free public WIFI at nine airports nationwide. Retrieved from <https://mb.com.ph/2022/11/21/converge-dotr-airport-authorities-partner-to-roll-out-free-public-wifi-at-nine-airports-nationwide/>

38 PNA. (15 February 2024). DBM releases P2.5B for Free Public Internet Access Program. Retrieved from <https://www.pna.gov.ph/articles/1218933>

39 Sapit A. (10 July 2025). Marcos admin fulfills key Internet Connectivity Promises. Retrieved from: <https://pia.gov.ph/marcos-admin-fulfills-key-internet-connectivity-promises/>

broadband users anywhere in the country, especially in the countryside.⁴⁰ In relation to this, the Better Internet Act⁴¹ requires internet service providers (ISP) to expand their coverage and set a minimum Internet connection speed.

Insofar as airport operations are concerned, the Bureau of Immigration (BI) is gearing up for extensive modernisation projects in 2024 that align with the country's ambitious tourism targets.⁴² Notably, the Department of Budget and Management in July 2025 stated that it has already given a total of P.1.347 billion for the ongoing E-gates for the major international gateways across the country. The E-Gates modernizes and digitizes the primary inspection process at the country's primary international airports, aiming to enhance national security, streamline passenger processing, and reduce immigration congestion.⁴³ The Aviation and Tourism Committees continue to advocate for strengthened digitalisation efforts with the aim of improving the whole passenger experience. This introduces an opportunity for travellers to further streamline their journey with advanced sharing of information and a contactless process at airports, including biometric recognition and the use of e-boarding pass thru mobile applications for immigration processing time.

Promote Domestic and International Tourism

Streamline travel requirements and improve visa application of foreign nationals to further attract tourists to the Philippines

The ECCP and its Tourism Committee are deeply committed to making the Philippines a more competitive destination for local and foreign investments. Given the increased travel demand of tourists in the wake of fully reopened borders, we emphasise the urgency of simplifying travel regulations. The Committee underlines that considerably shorter visa application processes and a simpler list of travel requirements will enhance the country's position as a preferred tourist and investment destination. As such, the Chamber's Tourism Committee supports the move of the Department of Justice (DOJ) to suspend the implementation of the revised guidelines on departure formalities following concerns by lawmakers and travellers over the supposed overreach of the right to travel. The BI directed all airport personnel not to temporarily implement the 2023 Revised Guidelines on Departure Formalities.^{44 45}

In regards to the travel requirements of expatriates seeking entry to the Philippines, concerns have been raised by industry players on the tedious process of coordinating with various government agencies that create bottlenecks in visa application and processing. Specifically,

40 Ochave, R. M. D. (19 January 2023). Foreign chambers press for Senate action on Open Access in Data Transmission measure. Retrieved from <https://www.bworldonline.com/economy/2023/01/19/499743/foreign-chambers-press-for-senate-action-on-open-access-in-data-transmission-measure/>

41 As of 13 March 2023, there have been bills filed at the Senate on the Better Internet Act – Senate Bill Nos. 282, 329, 386, 701, 1381. Further in August 2024, House Bill (HB) No. 10699, also known as the "Sana All May Internet Act," was approved with a vote of 203. Retrieved from: <https://bit.ly/4nkFxV0>

42 Barretto, N. C. (15 January 2024). BI aligns upgrades with tourism. Retrieved from <https://www.bworldonline.com/the-nation/2024/01/15/569027/bi-aligns-upgrades-with-tourism/>

43 Cordero. (10 June 2025). DBM released P1.347B for E-gates project. Retrieved from: <https://www.gmanetwork.com/news/topstories/nation/948942/dbm-released-p1-347b-for-e-gates-project/story/>

44 Servallos, N. J. (1 September 2023). DOJ suspends 'stricter' outbound travel rules. Retrieved from <https://www.philstar.com/headlines/2023/09/01/2292896/doj-suspends-stricter-outbound-travel-rules>

45 Official Gazette. (25 August 2023). 2023 Revised Inter-Agency Council Against Trafficking (IACAT) Guidelines On Departure Formalities For International-Bound Filipino Passengers. Retrieved from https://www.officialgazette.gov.ph/downloads/2023/08aug/2023_Revised_IACAT_Guidelines_on_Departure_Formalities_for_International-Bound_Filipino_Passengers.pdf

the Tourism Committee strongly urges the government to align the overall timeline of visa application processing with the BI Citizen's Charter; to improve the turnaround time in releasing work permits of foreign nationals from DOLE and issuance of working visas and emigration clearance certificates (ECC) from the BI; and to effectively ensure that the list of visa requirements on the websites of the Philippine government agencies and embassies/consulates are updated and complete to avoid back-and-forth transactions.

In line with the government's push to reduce red tape and expedite business and non-business related transactions in government, considerably shorter 9(A) visa application processes and a simpler list of travel requirements will help the country compete as a favoured tourist and investment destination. Non-pandemic-related documents other than the minimum requirements for travellers to enter the country should likewise be streamlined.

Moreover, the Committee calls for the extension of the validity of the Alien Certificate of Registration Identity Card (ACR I-Card) and simultaneous filing of ACR I-Card cancellation and ECC application at satellite offices to significantly reduce processing time. Regional offices must also integrate the Alien Employment Permit (AEP) filing system into online submission same as the DOLE National Capital Region (NCR) office. By the same token, the BI ought to consolidate corporate documents within an online portal, facilitating Petitioners in submitting updated documents for compliance. Additionally, the BI should have the capability to prompt the portal if new or revised corporate documentation is necessary. This approach aims to streamline the application process by reducing the number of required documents for each applicant and minimising the volume of documents to be reviewed by BI officers. Moreover, avoiding the duplication of corporate documents will contribute to a reduction in paper consumption.

The Committee reiterates that there is an urgent necessity to enhance visa application processes, as the current inefficiencies not only consume stakeholders' time and resources but also result in delays for expatriates' travel plans. Failure to address the concerns of expatriates seeking entry into the country may hamper the promotion of the Philippines as a top tourism and investment destination. As such, the ECCP commends the DOLE and BI in its Ceremonial Signing for a Data Sharing Agreement (DSA) last 26 February 2024. With the aim to expand the information exchange pertaining to foreign nationals issued with AEP, the DSA will streamline operations and eliminate duplication of documentary requirements as both agencies will be sharing relevant data and information in the processing of AEP and 9(G) visas. Particularly, the agreement will enable BI real-time online verification and authentication of AEPs being shown by foreigners seeking employment in the Philippines, and at the same time, provide DOLE updates on who has been issued 9(G) working visas, provisional work permits, and special work permits. In relation to this, it was announced that the processing of 9(G) visas will be online starting 1 June 2024.⁴⁶

Prior to this, DOLE issued Labor Advisory No. 16-21 in compliance with the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF) issued Resolution No. 131-A⁴⁷ to govern the issuance of AEP or Certificate of Exemption/Exclusion for foreign nationals working for more than six months in the country. In addition, the BI issued Operations Order

46 PNA. (28 February 2024). DOLE, BI ink pact on sharing of foreign workers' data. Retrieved from <https://www.pna.gov.ph/articles/1219734>

47 IATF. (2021). Resolution No. 131-A. Retrieved from <http://calabarzon.dole.gov.ph/fndr/mis/files/IATF-RESOLUTION-NO-131-A-S-2021.pdf>

No. JHM-2021-004 which provided specific guidelines in relation to the issuance of 9(G) visas, while the Department of Justice (DOJ) issued its guidelines for the processing of applications for the issuance of Special Non-Immigrant Visas pursuant to Section 47(a)(2) of the Philippine Immigration Act. The ECCP, together with its Human Capital and Tourism Committees, supports these developments made on easing the restrictions on foreign employment.

Furthermore, the government is now in the process of rolling out its improved electronic visas (e-visa) as well as the reduced visa requirements to attract more tourists from its target. The said measures were part of the NTDP 2023-2028.⁴⁸ In line with our support of the current administration's commitment to digitalise services, particularly in the areas of government payments, company and business registrations, issuance of permits and licenses, loan applications, and revenue collection, we believe that this crucial undertaking will provide better and quality services to the public.

Implement regulation that promotes fair and equitable distribution of service charges among all workers in service charge-collecting establishments in the tourism industry

In the dynamic landscape of the Philippine tourism sector, the call for comprehensive measures to address the welfare of industry players has never been more urgent. As the country grapples with the multifaceted challenges stemming from the global pandemic and its impact on the travel and hospitality industry, it is pivotal to develop equitable policies for tourism workers. The formulation and implementation of effective structures are crucial steps toward cultivating a tourism environment that values human capital.

In February 2024, the DOLE issued DO No. 242, otherwise known as the Revised IRR of Article 96 of the Labor Code of the Philippines on the Service Charges Collected by Hotels, Restaurants, and other Similar Establishments. The new DO still excludes managerial employees from benefiting from the collected service charge.⁴⁹ Upon examination of the service process in hotels and resorts, it becomes evident that all employees contribute to ensuring total guest satisfaction. The Committee reiterates that in the realm of the hospitality sector, encompassing hotels and resorts, every employee contributes to the provision of service. Exclusionary practices against managerial staff from service charge beneficiaries may affect the quality of service they provide to their customers as service charges are forms of incentives.

It is in this light that the Tourism Committee recommends revisiting the policies in place to advocate for equal distribution of service charges to all employees, regardless of their employment status or position title. Given that everyone in the service industry is expected to contribute to overall guest satisfaction, such a policy adjustment aligns with the fundamental principles of fairness and equality.

To address the ambiguity surrounding the distribution of service charges in the hospitality industry, it is imperative to establish clear and transparent policies that outline the parameters for their allocation. By providing clarity on service charge distribution, policymakers can mitigate the potential for varied interpretations and ensure fairness and equity for all stakeholders involved. Moreover, fostering open dialogue and collaboration among industry

stakeholders, including business organisations, labor unions, and regulatory bodies, will be essential in formulating policies that strike a balance between the interests of employees and the sustainability of businesses in the hospitality sector.

In the same way, the ECCP and its Tourism Committee call for a long-term and sustainable risk mitigation and crisis readiness plan for the sector minimise possible industry-related economic shocks caused by other imminent local and international calamities aside from public health emergencies. This response plan should be able to emphasise sustained business operations, capacitated workforce, and protected vulnerable groups. Job recovery-focused assistance must also be extended to the industry's highly vulnerable sectors such as boat operators, souvenir shops, and other *pasalubong* workers. The government should accordingly develop mechanisms to effectively identify sectors or workers that are taking part in the promotions of the hospitality industry to expand recovery-focused assistance programs. In order to efficiently craft this framework, close coordination with local government units (LGUs) is imperative to identify and address regional-specific issues related to tourism and not only focus on the tourism climate in Metro Manila.

Enhance training programs to level up the tourism workforce

The tourism industry stands at a critical juncture where the caliber of its workforce plays an increasingly vital role. As destinations strive to distinguish themselves in a competitive global landscape, there is a need to cultivate a skilled and adaptable workforce for the Philippines. To meet the evolving demands of the tourism sector, it is imperative to enhance training programs aimed at upskilling and empowering the industry workforce.

The DOT's training thrusts highlight Gateway Training, Digital Training, Advocacy Training, Certificate Training Language Courses and Halal Trainings. These involve seminars on how to assist persons with disabilities (PWDs); autism sensitivity and response seminar; Tourism Integrates, Supports, and Minds Women's Rights and Child Safety (TourISM WoRCS Seminar); food safety and hygiene; digital skills training; and standard first aid training, among others.⁵⁰ Additionally, the DOT continues to prioritize the safety and protection of visitors as a core component of sustainable tourism development. As of May 2025, the Tourist-Oriented Police for Community Order and Protection (TOPCOP) program, in partnership with the Philippine National Police (PNP), has trained 8,610 police officers and activated 30 Tourist Police Units nationwide. To strengthen on-the-ground support, the initiative has also established 104 Tourist Police Assistance Centers and 1,243 Tourist Assistance Desks in key tourism hubs across the country.⁵¹

In 2023, the DOT also breached its target of training 100,000 frontline tourism workers on the Filipino Brand of Service Excellence (FBSE). Trainees include workers across a variety of sectors, such as accommodation, travel and tour, transport, academe, meetings, incentives, conferences and exhibitions (MICE), farm tourism, tour guide, and tourist police. Undertaken by the DOT Office of Industry Manpower Development (OIMD), the FBSE program is one of the centerpiece programs of the Agency, which focuses on soft skills training.⁵² And as of July

48 Medinilla, S. P. (6 November 2023). Govt 'fine-tuning' e-visa system to boost tourism. Retrieved from <https://businessmirror.com.ph/2023/11/06/govt-fine-tuning-e-visa-system-to-boost-tourism/>

49 Department of Labor and Employment. (1 February 2024). Department Order No. 242. Retrieved from <https://bwc.dole.gov.ph/images/Issuances/DepartmentOrder/DO-242-24.pdf>

50 Department of Tourism. (2023). Presentation of Assistant Secretary Rica Bueno during the ECCP Tourism Committee Meeting on 22 February 2023.

51 Department of Tourism. (04 May 2025). Training Programs, Police Force Express Gratitude and Support to DOT training Programs.

52 Philippine News Agency. (15 October 2023). Filipino hospitality soars with DOT surpassing 100K target trainees. Retrieved from <https://www.pna.gov.ph/articles/1211834>

2025, the DOT has already trained 322,000 individuals under the FBSE program.⁵³ Building on the Philippine Tourism Human Capital Development Plan 2021-2025, which sets out strategic actions toward a harmonised education system for tourism professionals,⁵⁴ The ECCP Tourism Committee highlights the need to invest in comprehensive training initiatives that encompass diverse skill sets. Notwithstanding the efforts of the government, the Committee recommends the continued allocation of sufficient resources and funds to training programs for the tourism workforce.

Underscoring the importance of advancing and meeting the continuously evolving needs of the tourism sector, the Committee urges the DOT to design a roadmap for training, upskilling, and re-skilling programs, with the aim of accommodating potential demand for tourism employment as the Philippines opens up to travellers. In developing the blueprint, the DOT should collaborate with the DOLE, the academe, as well as the Technical Education and Skills Development Authority (TESDA). Such a move will also highlight the top-class Filipino brand of hospitality. The government should also work closely with colleges and universities that offer hotel and tourism courses for more on-the-job training in the tourism industry, which will help manage and boost the workforce.

Strengthen the implementation and enforcement framework of policies ensuring the safety and security of tourism facilities including resorts

The Philippines, with over 7,000 islands, provides exceptional recreational water activities for tourists including snorkelers, marine wildlife enthusiasts, and divers. Recently, the country won for five consecutive years as Asia's Leading Dive Destination at the World Travel Awards (WTA).⁵⁵ In order to maintain the Philippines' standing as a key travel destination, safety and security should be prioritised as vital aspects of tourism. As such, the Tourism Committee looks forward to the effective implementation and strategic establishment of DOT's emergency baywatch facilities in top beach destinations in the Philippines.⁵⁶

From January to November 2022, the PSA recorded about 3,000 deaths due to accidental drowning in the country, including incidents occurring during holidays at beach resorts and destinations with pool facilities.⁵⁷ From April to June 2023 alone, 24 drowning-related injuries and deaths have been recorded, making it among the top causes of injuries this quarter.⁵⁸ In an effort to spur international and domestic tourism in the Philippines, the Committee urges the national government agencies and LGUs alike to efficiently implement policies to guarantee the safety and security of tourists. Apart from addressing criminal activities, the government should efficiently enforce and ensure compliance of industry players with respect to guidelines for making tourism activities in the Philippines safe.

More specifically, the Committee strongly urges the strict implementation of the Philippine Coast Guard Memorandum Circular 03-14 dated 16 April 2014 otherwise known as Guidelines for Safety and Security Requirements of Coastal Beaches and Beach Resorts and Vessels with Pool Facilities Including Qualification and Requirements of Lifeguards for the Promotion of Safety of Life at Sea.⁵⁹ This policy shall promote security, water safety, water rescue, lifesaving, and lifeguarding of the beach-going public. Developing an improved enforcement framework for this memorandum circular will bring about a high influx of tourists as recreational activities available in the destinations become safer. We also recommend that the scope of this policy shall be expanded to cover water parks operated for public or collective use.

In 2023, the DOT unveiled the Tourist Assistance Call Center, which shall serve as the hotline and one-stop shop for local and foreign tourists, made available to provide tourism- and travel-related information and extend assistance to any untoward incidents that may occur during the tourist's visit.⁶⁰ The Agency reported that as of 2023 yearend, there were 2,497 calls to the new hotline.⁶¹ Further, the hotline recently expanded its services in February 2025 with Korean-speaking agents,⁶² and followed by the addition of Mandarin-speaking agents in September 2025 to better entertain foreign tourists.⁶³ Moreover, the DOT, Department of National Defense (DND), and Department of the Interior and Local Government (DILG), have signed a Memorandum of Agreement (MOA) on 31 May 2023 to strengthen inter-agency partnership by ensuring that peace, security, and order are prioritised in tourism development programs, with a specific focus on Mindanao.⁶⁴ The Tourism Committee supports this initiative so as to promote domestic tourism in other destinations in the country and not only in Luzon and in Visayas.

Enact laws to restructure the Civil Aviation Authority of the Philippines (CAAP) into a regulatory body, including the ratification of the Montreal Protocol 2014 to tackle the growing issue of unruly passengers

Strengthening the CAAP as the agency in charge of safety and regulatory oversight necessitates legislative action. With this, the Chamber backs the enactment of the Civil Aviation Authority Act of 2008 amendments to streamline its existing functions as operator and investigator, allowing the agency to focus on its role as a safety regulator. Turning CAAP into a purely regulatory body is necessary because currently, CAAP serves as the inspector and the implementer of the safety and security of airports and aerospace, affecting the credibility of its functions.

Furthermore, the Chamber supports the move of the policymakers in the 19th Congress to establish an independent agency focused on the development of Philippine airports through the Philippine Airports Authority (or Corporation) with the aim of providing a unified approach

53 PCO. (29 July 20250) PBBM orders DOT to Create More Tourism-Based Employment. Retrieved from: https://pco.gov.ph/news_releases/pbbm-orders-dot-to-create-more-tourism-based-employment/

54 Department of Tourism. (September 2022). Philippine Tourism Human Capital Development Plan 2021 - 2025. Retrieved from <http://tourism.gov.ph/files/09-2022/09-20-2022/Printing/PTHCD.pdf>

55 Ayeng, R. (6 December 2023). Phil bags 4 major int'l travel awards. Retrieved from <https://tribune.net.ph/2023/12/05/phil-bags-4-major-intl-travel-awards>

56 Arnaldo, M. S. F. (20 September 2023). Philippines nears international arrivals goal. Retrieved from <https://businessmirror.com.ph/2023/10/02/phil-nears-international-arrivals-goal-of-4-8m-dot/>

57 Philippine Statistics Authority. (2023). 2022 Causes of Deaths in the Philippines. Retrieved from <https://psa.gov.ph/press-releases/id/176676>

58 Department of Health. (2023). Online National Electronic Injury Surveillance System (ONEISS): April - June 2023 Surveillance Report. Retrieved from <https://drive.google.com/file/d/1T1iDoJowCao32zbzmaOyNnoNoDWkRg3/view>

59 Philippine Coast Guard. (2014). Memorandum Circular 03-14. Retrieved from <https://coastguard.gov.ph/images/philcoastguard/mcannexes/May02/MC0314.pdf>

60 Department of Tourism. (2 October 2023). DOT launches Tourist Assistance Call Center. Retrieved from https://beta.tourism.gov.ph/news_and_updates/dot-launches-tourist-assistance-call-center/

61 Department of Tourism. (24 January 2024). Retrieved from <https://www.facebook.com/photo/?fbid=798038635701602&set=pb.100064864171029.-2207520000>

62 Casucian JA. (04 February 2025). DOT's Tourist Assistance Hotline Now has Korean-Speaking Agents. Retrieved from: <https://www.gmanetwork.com/news/topstories/nation/935166/dot-s-tourist-assistance-hotline-now-has-korean-speaking-agents/story/>

63 DOT. (16 April 2025). Mandarin-Speaking Agents Available to Tourists. Retrieved from: <https://tribune.net.ph/2025/04/15/mandarin-speaking-agents-available-to-tourists>

64 Department of Tourism. (31 May 2023). DOT, DND, DILG forge pact to make Mindanao a peaceful and viable tourist destination. Retrieved from https://beta.tourism.gov.ph/news_and_updates/dot-dnd-dilg-forge-pact-to-make-mindanao-a-peaceful-and-viable-tourist-destination/

to the operations and maintenance of domestic and international airports. The airport authority or corporation will be an independent body that will manage the existing functions of the CAAP of planning, developing, and maintaining all airports, as well as regulating privatised airports. The privatisation of CAAP and having the Philippine Airport Corporation/Authority (PAA) will also promote modernisation in the aviation and tourism industries. Nevertheless, setting a clear framework for the regulation of current privatised airports is imperative to ensure the quality and reliability of infrastructure assets and services.

The ECCP has likewise been supporting the creation of a Philippine Transportation Safety Board. Following the veto of the PTSB bill by the Office of the President in 2022, the Chamber, together with the JFC, Safe Travel Alliance, and IATA, issued a public statement expressing their disappointment over the veto⁶⁵ and committing to support its approval in the current Congress, especially after technical glitches in the country's air traffic system led to the shutdown of the Philippine airspace in January 2023.⁶⁶ The ECCP strongly believes that the passage of the PTSB bill would strengthen good governance and ensure orderliness. Presently, various agencies handle different sectors of transportation with regard to accident investigations. The country has no single, autonomous authority in charge of investigating transportation-related incidents.⁶⁷

On the issue of safety, a number of governments and associations have reported an increase in the issue of disruptive and unruly passengers at the onset of the pandemic. Data from IATA show that there is a rate of 1 incident for every 1,340 flights in the first 7 months of 2021 versus 1 incident for every 1,561 for the 17-month period from 1 January 2020 to 31 July 2021. This is driven by the deliberate non-compliance of some travellers with the safety measures set by airlines to contain the spread of the coronavirus.⁶⁸

To this end, the ECCP strongly believes that the enactment of laws and regulations aimed at strengthening good governance and ensuring orderliness is of high importance. One of these measures is the ratification of the Montreal Protocol 2014, which aims to enhance the state's ability to control the degree and frequency of disorderly behavior on board airplanes by implementing the protocol on how unruly passengers should be dealt with. Recently, the DOTr transmitted its endorsement of the MP14 to the Department of Foreign Affairs (DFA), which is a step forward. Once approved and supported by the DFA, MP14 will then be reviewed by the Office of the President, which will then transmit its endorsement to the legislative branch. IATA expects some semblance of full approval in 2024, with full implementation by 2025.

Incorporate sustainability in a long-term strategy for the development of the Philippine tourism industry

Tourism, while it is a driving force for growth, creates unintended negative impacts on the

65 Joint Foreign Chambers of the Philippines. (04 August 2022). Stakeholders disappointed by veto of bill creating Philippine Transportation Safety Board. Retrieved from <https://www.investphilippines.info/arangkada/media-release-stakeholders-disappointed-by-veto-of-bill-creating-philippine-transportation-safety-board/>

66 Joint Foreign Chambers of the Philippines. (30 January 2023). Foreign Chambers, other stakeholders call for Passage of PTSB Bill after NAIA Air Traffic System glitch. Retrieved from <https://www.investphilippines.info/arangkada/foreign-chambers-other-stakeholders-call-for-passage-of-ptsb-bill-after-naia-air-traffic-system-glitch/>

67 Ibid.

68 International Air Transport Association. (2022). Unruly Passengers Fact Sheet. Retrieved from <https://www.iata.org/en/iata-repository/pressroom/fact-sheets/fact-sheet--unruly-passengers/>

environment. These impacts include the depletion of local natural resources, air emissions, noise pollution, solid waste, and littering problems, among others. With respect to this, the DOT under the current administration designed sustainability plans and programs, including equalised tourism promotion and development, and the national accreditation standards revisions to include sustainable and green practices incentives, among others.⁶⁹ Moreover, the Tourism Department published the Philippines Tourism Manual on Climate Change to present a framework aimed at providing stakeholders with more options in dealing with climate change. The DOT Standard Local Tourism Statistics System (SLTSS) Manual also recommends data gathering and monitoring systems that support LGUs in making destinations resilient and sustainable.⁷⁰

The government is also looking at the possibility of incentivising sustainable tourism practices. This introduces incentives for the private sector that would implement green policies, put a value on the preservation of the environment, as well as the introduction of measures that encourage environmental protection and energy-efficient consumption.⁷¹ In this light, the ECCP and its Tourism Committee urge the government to set up a policy framework and tangible support for both the consumers and the private sector to be actively involved in the holistic approach to realising sustainable tourism. More sustainable locations in the Philippines should also be identified for an improved tourist experience that will benefit communities economically and socially. The Committee also urges the national government agencies to provide financial support to MSMEs to invest in green technology, while practicing a circular economy and adopting zero-waste initiatives. Raising awareness on sustainable tourism and its benefits as well as conducting sustainability training for tourism workers are also needed to provide the Philippine tourism sector a leading edge in Southeast Asia. Furthermore, we recognise that transparency and independence are crucial in the Philippine sustainable tourism strategy. It is in this view that the Chamber calls for the inclusion of green practices in the updated accreditation standards to support the role of industry players in sustainable tourism as the cornerstone of Philippine tourism development.

Sustainable tourism certifications are designed to voluntarily assess and monitor the environmental and social impacts of tourism organizations or destinations that facilitate tourism activities. These badges indicate to consumers that a baseline of generally recognised standards for sustainable tourism is fulfilled and that the company is committed to a sustainable approach to the environment and the local community. It is also imperative for the government to have a strong push towards having tourism businesses' sustainability performance independently validated, verified, and inspected by a Global Sustainable Tourism Council (GSTC)⁷² accredited certification body to avoid greenwashing and ensure the credibility of the process and the certification itself.

69 PNA. (05 December 2022). PH hospitality, sustainable tourism highlighted at WTTC Summit. Retrieved from <https://www.pna.gov.ph/articles/1190070>

70 Presentation of DOT Tourism Development Planning Division Chief Hon. Ramil Basuel during the ECCP Tourism Committee Meeting on 21 March 2024

71 Rocamora, J. A. (26 July 2022). Gov't eyes incentivizing sustainable tourism practices. Retrieved from <https://www.pna.gov.ph/articles/1179802>

72 In 2007, the Partnership for Global Sustainable Tourism Criteria was formed as a coalition of 32 partners, initiated by the Rainforest Alliance, the United Nations Environment Programme (UNEP), the United Nations Foundation (UN Foundation), and the United Nations World Tourism Organization (UNWTO). The purpose was to foster an increased understanding of sustainable tourism practices and the adoption of universal sustainable tourism principles.

ASSESSMENT OF THE 2024 RECOMMENDATIONS

ISSUE	RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Improvement of international and domestic connectivity	Upgrade airports and other tourism-related infrastructure	
	Bridge the digital infrastructure gap and improve internet connectivity in Philippine airports for ease of communication for travellers	The Department of Information and Communications Technology (DICT) received a record allocation of P 7.5 billion under the 2025 General Appropriations Act (GAA) for the Free Public Internet Access Program (FPIAP). This represents a threefold increase from the previous year's budget, aimed at expanding digital connectivity and providing wider internet access to Filipinos, in remote areas. The eTravel platform, an online registration system for travellers to the Philippines and returning residents, was launched in December 2022 as part of the government's efforts to streamline its entry procedures and data-gathering processes.

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
In February 2024, the DOTr announced the San Miguel Corp. (SMC)-SAP & Co. Consortium as a winning bidder for the NAIA rehabilitation project. The NAIA upgrade project involves the restoration of passenger terminals and airside facilities such as the runway, aircraft parking area, and airfield lighting, as well as the installation of infrastructure to allow for intermodal transfers at the terminal. Through TRIP, the DPWH allocated PHP 17.69 billion for the construction and improvement of roads and infrastructure facilities in tourist zones. As of 2023, the DOT reported that 158 kilometers of tourism roads have been completed to increase connectivity with the DPWH under TRIP.	

ISSUE	RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Promote Domestic and International Tourism	Streamline travel requirements to further attract tourists to the Philippines	
	Extend COVID-19-related support to micro-, small, and medium-sized enterprises (MSMEs) in the tourism industry and expand assistance programs to vulnerable groups in the sector through uninterrupted processing of loan applications	

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
The Anti-Red Tape Authority (ARTA) conducted a series of clarificatory meetings in 2023 with the private sector and concerned government agencies on the rampant visa processing issues for foreign nationals. In December 2023, ARTA also conducted a clarificatory meeting to discuss the reported delays and difficulties encountered by foreign nationals in securing visas for work in the Philippines, as well as with other visa-related requirements such as the Alien Certificate of Registration Identity Card (ACR I-Card). On 26 February 2024, the DOLE and BI signed a Data Sharing Agreement (DSA) to expand the information exchange pertaining to foreign nationals issued with Alien Employment Permit (AEP). The AEP, issued by DOLE, is a prerequisite in the application for a Pre-arranged Employment Visa (9G) issued by the BI.	
	The travel and tourism sector has lagged behind multi-sectoral MSMEs in obtaining government loan assistance due to the impact of the previously extended lockdown on the tourism sector. SB Corp. has granted only PHP 278 million in tourism loans, although PHP 524 million has already been in the pipeline for processing as of February 2022. More recently, the DOT stated that the DTI and SB Corp., unfortunately, intend to transfer the focus of loan programs to other industries instead of the tourism sector.

ISSUE	RECOMMENDATION	COMPLETED/ SUBSTANTIAL PROGRESS
Promote Domestic and International Tourism	Enhance training programs to level up the tourism workforce	
	Strengthen the implementation and enforcement framework of policies ensuring the safety and security in tourism facilities including resorts	
Enact laws to strengthen the Civil Aviation Authority of the Philippines (CAAP), including through the ratification of the Montreal Protocol 2014 to tackle the growing issue of unruly passengers		
Incorporate sustainability in a long-term strategy for the development of the Philippine tourism industry		

SOME PROGRESS	NO PROGRESS/ RETROGRESSION
As of 31 December 2023, there were 126,343 FBSE-trained tourism workers. Trainees include workers across a variety of sectors, such as accommodation, travel and tour, transport, academe, meetings, incentives, conferences and exhibitions (MICE), farm tourism, tour guide and tourist police.	
In 2023, the DOT unveiled the Tourist Assistance Call Center, which shall serve as the hotline and one-stop shop for local and foreign tourists, made available to provide tourism- and travel-related information and extend assistance to any untoward incidents that may occur during the tourist's visit. DOT is working with the Tourism Infrastructure and Enterprise Zone Authority and the DOH to build "Baywatch emergency sensors."	
In the 19th Congress, SBN 1121 and HBN 1801 have been filed to push for the PTSB creation. Senate Committee Report No. 38 was filed in March 2023 while HBN 1801 is still with the Committee on Government Reorganisation since August 2022. In the Lower House, HBN 2234, or An Act Creating the Philippine Airports Corporation has been pending with the Committee on Government Enterprises and Privatisation since August 2022. SBN 1073, filed by Senator Grace Poe, has been pending at the Committee level since September 2022. HBN 6774 was filed to amend the Civil Aviation Authority Act of 2008 and separate the regulatory and commercial functions of the Civil Aviation Authority of the Philippines. Recently, the DOTr transmitted its endorsement of the MP14 to the Department of Foreign Affairs (DFA). Once approved and supported by the DFA, MP14 will then be reviewed by the Office of the President, which will then transmit its endorsement to the legislative branch.	
The government is looking at the possibility of incentivising sustainable tourism practices. This introduces incentives for the private sector that would implement green policies, put a value on the preservation of the environment, as well as the introduction of measures that encourage environmental protection and energy-efficient consumption.	



ECCP ADVOCACY PAPERS 2025



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